

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

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2022.**

OR

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

Commission File Number: 333-179121



Hughes Satellite Systems Corporation

(Exact name of registrant as specified in its charter)

Colorado

(State or other jurisdiction of incorporation or organization)

45-0897865

(I.R.S. Employer Identification No.)

100 Inverness Terrace East, Englewood, Colorado

(Address of principal executive offices)

80112-5308

(Zip Code)

(303) 706-4000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of April 28, 2022, the registrant's outstanding common stock consisted of 1,078 shares of common stock, \$0.01 par value per share.

The Registrant meets the conditions set forth in General Instructions (H)(1)(a) and (b) of Form 10-Q and is therefore filing this Quarterly Report on Form 10-Q with the reduced disclosure format.

* The Registrant currently is not subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 and is filing this Quarterly Report on Form 10-Q on a voluntary basis. The Registrant 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 as if it were subject to such filing requirements during such period.

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* This item has been omitted pursuant to the reduced disclosure format as set forth in General Instructions (H)(2) of Form 10-Q.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Form 10-Q”) contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including but not limited to statements about our estimates, expectations, future developments, plans, objectives, strategies, financial condition, expected impact of regulatory developments and legal proceedings, opportunities in our industries and businesses and other trends and projections for the next fiscal quarter and beyond. All statements, other than statements of historical facts, may be forward-looking statements. Forward-looking statements may also be identified by words such as “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “estimate,” “expect,” “predict,” “project,” “continue,” “future,” “will,” “would,” “could,” “can,” “may” and similar terms. These forward-looking statements are based on information available to us as of the date of this Form 10-Q and represent management’s current views and assumptions based on past experience and trends, current economic and industry conditions, expected future developments and other relevant factors. Forward-looking statements are not guarantees of future performance, events or results and involve potential known and unknown risks, uncertainties, including the impact of the coronavirus pandemic (COVID-19), and other factors, many of which may be beyond our control and may pose a risk to our operating and financial condition both the near- and long-term. Accordingly, actual performance, events or results could differ materially from those expressed or implied in the forward-looking statements due to a number of factors including, but not limited to:

- significant risks related to our ability to operate and control our satellites, operational and environmental risks related to our owned and leased satellites, and risks related to our satellites under construction;
- our ability and the ability of third parties with whom we engage to operate our business as a result of the COVID-19 pandemic, including regulatory and competitive considerations;
- our ability to implement and/or realize benefits of our investments and other strategic initiatives;
- legal proceedings relating to the BSS Transaction or other matters that could result in substantial costs and material adverse effects to our business;
- risks related to our foreign operations and other uncertainties associated with doing business internationally;
- risks related to our dependency upon third-party providers; and
- risks related to our human capital resources.

Other factors that could cause or contribute to such differences include, but are not limited to, those discussed under the caption Risk Factors in Part II, Item 1A of this Form 10-Q and in Part I, Item 1A of our most recent Annual Report on Form 10-K (“Form 10-K”) filed with the Securities and Exchange Commission (“SEC”), those discussed in Management’s Narrative Analysis of Results of Operations in Part I, Item 2 of this Form 10-Q and in Part II, Item 7 of our Form 10-K and those discussed in other documents we file with the 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 and uncertainties described herein and should not place undue reliance on any forward-looking statements. We do not undertake, and specifically disclaim, any obligation to publicly release the results of any revisions that may be made to any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Although we believe that the expectations reflected in any forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievements. We do not assume responsibility for the accuracy and completeness of any forward-looking statements. We assume no responsibility for updating forward-looking information contained or incorporated by reference herein or in any documents we file with the SEC, except as required by law.

Should one or more of the risks or uncertainties described herein or in any documents we file with the SEC occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED BALANCE SHEETS(Amounts in thousands, except share and per share amounts)
(Unaudited)

	As of	
	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 770,639	\$ 429,168
Marketable investment securities	442,552	854,502
Trade accounts receivable and contract assets, net	199,306	182,063
Other current assets, net	281,748	276,844
Total current assets	1,694,245	1,742,577
Non-current assets:		
Property and equipment, net	1,518,892	1,523,447
Operating lease right-of-use assets	150,025	148,221
Goodwill	535,394	511,086
Regulatory authorizations, net	409,410	408,959
Other intangible assets, net	17,792	13,984
Other investments, net	89,511	91,226
Other non-current assets, net	300,500	302,840
Total non-current assets	3,021,524	2,999,763
Total assets	\$ 4,715,769	\$ 4,742,340
Liabilities and Shareholder's Equity		
Current liabilities:		
Trade accounts payable	\$ 107,953	\$ 105,477
Contract liabilities	138,201	141,343
Accrued expenses and other current liabilities	276,234	308,879
Total current liabilities	522,388	555,699
Non-current liabilities:		
Long-term debt, net	1,496,185	1,495,994
Deferred tax liabilities, net	343,173	334,406
Operating lease liabilities	135,848	134,001
Other non-current liabilities	141,075	153,251
Total non-current liabilities	2,116,281	2,117,652
Total liabilities	2,638,669	2,673,351
Commitments and contingencies		

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)
(Unaudited)

Shareholder's equity:		
Preferred stock, \$0.001 par value, 1,000,000 shares authorized, none issued and outstanding at both March 31, 2022 and 2021	—	—
Common stock, \$0.01 par value, 1,000,000 shares authorized, 1,078 shares issued and outstanding at both March 31, 2022 and 2021	—	—
Additional paid-in capital	1,476,465	1,489,776
Accumulated other comprehensive income (loss)	(136,721)	(173,381)
Accumulated earnings (losses)	625,642	692,341
Total Hughes Satellite Systems Corporation shareholder's equity	1,965,386	2,008,736
Non-controlling interests	111,714	60,253
Total shareholder's equity	2,077,100	2,068,989
Total liabilities and shareholder's equity	\$ 4,715,769	\$ 4,742,340

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands)
(Unaudited)

	For the three months ended March 31,	
	2022	2021
Revenue:		
Services and other revenue	\$ 420,941	\$ 432,991
Equipment revenue	82,717	52,239
Total revenue	503,658	485,230
Costs and expenses:		
Cost of sales - services and other (exclusive of depreciation and amortization)	139,354	131,412
Cost of sales - equipment (exclusive of depreciation and amortization)	69,105	45,140
Selling, general and administrative expenses	111,618	104,370
Research and development expenses	7,616	7,545
Depreciation and amortization	113,678	122,664
Impairment of long-lived assets	—	210
Total costs and expenses	441,371	411,341
Operating income (loss)	62,287	73,889
Other income (expense):		
Interest income, net	2,280	2,394
Interest expense, net of amounts capitalized	(23,378)	(41,922)
Equity in earnings (losses) of unconsolidated affiliates, net	(1,714)	(1,761)
Foreign currency transaction gains (losses), net	6,655	(3,360)
Other, net	(189)	(973)
Total other income (expense), net	(16,346)	(45,622)
Income (loss) before income taxes	45,941	28,267
Income tax benefit (provision), net	(15,128)	(10,637)
Net income (loss)	30,813	17,630
Less: Net loss (income) attributable to non-controlling interests	2,488	947
Net income (loss) attributable to HSSC	\$ 33,301	\$ 18,577

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Amounts in thousands)
(Unaudited)

	For the three months ended March 31,	
	2022	2021
Net income (loss)	\$ 30,813	\$ 17,630
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	46,686	(33,742)
Unrealized gains (losses) on available-for-sale securities	(470)	(88)
Total other comprehensive income (loss), net of tax	46,216	(33,830)
Comprehensive income (loss)	77,029	(16,200)
Less: Comprehensive loss (income) attributable to non-controlling interests	(7,068)	6,557
Comprehensive income (loss) attributable to HSSC	\$ 69,961	\$ (9,643)

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Amounts in thousands)
(Unaudited)

	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Losses)	Non-controlling Interests	Total
Balance, December 31, 2020	\$ 1,486,730	\$ (146,840)	\$ 671,570	\$ 64,916	\$ 2,076,376
Stock-based compensation	860	—	—	—	860
Contribution by non-controlling interest holder	—	—	—	5,400	5,400
Other comprehensive income (loss)	—	(28,220)	—	(5,610)	(33,830)
Net income (loss)	—	—	18,577	(947)	17,630
Balance, March 31, 2021	<u>\$ 1,487,590</u>	<u>\$ (175,060)</u>	<u>\$ 690,147</u>	<u>\$ 63,759</u>	<u>\$ 2,066,436</u>
Balance, December 31, 2021	\$ 1,489,776	\$ (173,381)	\$ 692,341	\$ 60,253	\$ 2,068,989
Stock-based compensation	779	—	—	—	779
Issuance of equity and contribution of assets pursuant to the India JV formation	(14,090)	—	—	44,393	30,303
Dividend paid to EchoStar	—	—	(100,000)	—	(100,000)
Other comprehensive income (loss)	—	36,660	—	9,556	46,216
Net income (loss)	—	—	33,301	(2,488)	30,813
Balance, March 31, 2022	<u>\$ 1,476,465</u>	<u>\$ (136,721)</u>	<u>\$ 625,642</u>	<u>\$ 111,714</u>	<u>\$ 2,077,100</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	For the three months ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ 30,813	\$ 17,630
Adjustments to reconcile net income (loss) to cash flows provided by (used for) operating activities:		
Depreciation and amortization	113,678	122,664
Impairment of long-lived assets	—	210
Equity in losses (earnings) of unconsolidated affiliates, net	1,714	1,761
Foreign currency transaction losses (gains), net	(6,655)	3,360
Deferred tax provision (benefit), net	7,575	6,584
Stock-based compensation	779	860
Amortization of debt issuance costs	191	1,118
Other, net	(1,627)	10,981
Changes in assets and liabilities, net:		
Trade accounts receivable and contract assets, net	(8,526)	(6,078)
Other current assets, net	3,181	1,826
Trade accounts payable	8,284	(15,484)
Contract liabilities	(3,142)	7,938
Accrued expenses and other current liabilities	(31,511)	(33,091)
Non-current assets and non-current liabilities, net	(9,570)	1,170
Net cash provided by (used for) operating activities	105,184	121,449
Cash flows from investing activities:		
Purchases of marketable investment securities	(76,228)	(310,528)
Sales and maturities of marketable investment securities	485,730	1,003,198
Expenditures for property and equipment	(61,021)	(82,196)
Expenditures for externally marketed software	(5,093)	(7,846)
India JV formation	(7,892)	—
Net cash provided by (used for) investing activities	335,496	602,628
Cash flows from financing activities:		
Repurchase and maturity of the 2021 Senior Unsecured Notes	—	(62,588)
Payment of finance lease obligations	(85)	(329)
Payment of in-orbit incentive obligations	(1,444)	(1,104)
Contribution by non-controlling interest holder	—	5,400
Dividend paid to EchoStar	(100,000)	—
Other, net	—	(292)
Net cash provided by (used for) financing activities	(101,529)	(58,913)
Effect of exchange rates on cash and cash equivalents	3,490	(1,700)
Net increase (decrease) in cash and cash equivalents	342,641	663,464
Cash and cash equivalents, including restricted amounts, beginning of period	430,148	741,297
Cash and cash equivalents, including restricted amounts, end of period	\$ 772,789	\$ 1,404,761

The accompanying notes are an integral part of these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. ORGANIZATION AND BUSINESS ACTIVITIES**Principal Business**

Hughes Satellite Systems Corporation (which, together with its subsidiaries, is referred to as “HSSC,” the “Company,” “we,” “us” and “our”) is a holding company and a subsidiary of EchoStar Corporation (“EchoStar” and “parent”). We are an industry leader in both networking technologies and services, innovating to deliver the global solutions that power a connected future for people, enterprises and things everywhere. We provide broadband satellite technologies, broadband internet services for consumer customers, which include home and small to medium-sized businesses, and satellite services. We also deliver innovative network technologies, managed services and communications solutions for enterprise customers, which include aeronautical and government enterprises. We operate in the following two business segments:

- **Hughes segment** — which provides broadband satellite technologies and broadband internet services to domestic and international consumer customers and broadband network technologies, managed services, equipment, hardware, satellite services and communication solutions to service providers and enterprise customers. The Hughes segment also designs, provides and installs gateway and terminal equipment to customers for other satellite systems. In addition, our Hughes segment designs, develops, constructs and provides telecommunication networks comprising satellite ground segment systems and terminals to mobile system operators and our enterprise customers.
- **Echostar Satellite Services segment (“ESS segment”)** — which uses certain of our owned and leased in-orbit satellites and related licenses to provide satellite services on a full-time and/or occasional-use basis to U.S. government service providers, internet service providers, broadcast news organizations, content providers and private enterprise customers.

Our operations also include various corporate departments (primarily Executive, Treasury, Strategic Development, Human Resources, Information Technology, Finance, Accounting, Real Estate and Legal) and other activities, such as costs incurred in certain satellite development programs and other business development activities, and gains or losses from certain of our investments, that have not been assigned to our business segments. These activities, costs and income, as well as eliminations of intersegment transactions, are accounted for in Corporate and Other segment in our segment reporting. We also divide our operations by primary geographic market as follows: (i) North America (the U.S. and its territories, Mexico, and Canada); (ii) South and Central America and (iii) Other (Asia, Africa, Australia, Europe, India, and the Middle East). Refer to *Note 15. Segment Reporting* for further detail.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Presentation**

These unaudited Consolidated Financial Statements and the accompanying notes (collectively, the “Consolidated Financial Statements”) are prepared in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) and the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, they do not include all of the information and notes required for complete financial statements prepared in conformity with U.S. GAAP. In our opinion, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. However, our results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

All amounts presented in these Consolidated Financial Statements are expressed in thousands of U.S. dollars, except share and per share amounts and unless otherwise noted.

Refer to *Note 2. Summary of Significant Accounting Policies* to the Consolidated Financial Statements in our Form 10-K for a summary and discussion of our significant accounting policies, except as updated below.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Use of Estimates

We are required to make certain estimates and assumptions that affect the amounts reported in these Consolidated Financial Statements. The most significant estimates and assumptions are used in determining: (i) inputs used to recognize revenue over time, including amortization periods for deferred contract acquisition costs; (ii) allowances for doubtful accounts; (iii) deferred taxes and related valuation allowances, including uncertain tax positions; (iv) loss contingencies; (v) fair value of financial instruments; (vi) fair value of assets and liabilities acquired in business combinations; and (vii) asset impairment testing.

We base our estimates and assumptions on historical experience, observable market inputs and on various other factors that we believe to be relevant under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results may differ from previously estimated amounts and such differences may be material to our financial statements. Additionally, changing economic conditions may increase the inherent uncertainty in the estimates and assumptions indicated above. We review our estimates and assumptions periodically and the effects of revisions thereto are reflected in the period they occur or prospectively if the revised estimate affects future periods.

Principles of Consolidation

We consolidate all entities in which we have a controlling financial interest. We are deemed to have a controlling financial interest in variable interest entities in which we are the primary beneficiary and in other entities in which we own more than 50% of the outstanding voting shares and other shareholders do not have substantive rights to participate in management. For entities we control but do not wholly own, we record a non-controlling interest within shareholder's equity for the portion of the entity's equity attributed to the non-controlling ownership interests. All significant intercompany balances and transactions have been eliminated in consolidation.

Recently Adopted Accounting Pronouncements

On January 1, 2021, we adopted Accounting Standard Update ("ASU") No. 2019-12 - Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12"). ASU 2019-12 is part of the Financial Accounting Standards Board ("FASB") overall simplification initiative and seeks to simplify the accounting for income taxes by updating certain guidance and removing certain exceptions. Our adoption of this ASU did not have a material impact on our Consolidated Financial Statements.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*, which requires business entities (except for not-for-profit entities and employee benefit plans) to disclose information about certain government assistance they receive. The Topic 832 disclosure requirements include: (i) the nature of the transactions and the related accounting policy used; (ii) the line items on the balance sheet and income statement that are affected and the amounts applicable to each financial statement line item; and (iii) significant terms and conditions of the transactions. Our adoption of this ASU did not have a material impact on our Consolidated Financial Statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU No. 2020-04 - Reference Rate Reform (Topic 848), codified as ASC 848 ("ASC 848"). The purpose of ASC 848 is to provide optional guidance to ease the potential effects on financial reporting of the market-wide migration away from Interbank Offered Rates to alternative reference rates. ASC 848 applies only to contracts, hedging relationships, and other transactions that reference a reference rate expected to be discontinued because of reference rate reform. The guidance may be applied upon issuance of ASC 848 through December 31, 2022. We expect to utilize the optional expedients provided by the guidance for contracts amended solely to use an alternative reference rate. We have evaluated the impact of adopting this new guidance and do not expect it to have a material impact on our Consolidated Financial Statements.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which provides an exception to fair value measurement for contract assets and contract liabilities related to revenue contracts acquired in a business

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

combination. The ASU requires an entity (acquirer) to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The ASU is effective for the Company for annual and interim periods in fiscal years beginning after December 15, 2023. Early adoption is permitted. The ASU is applied to business combinations occurring on or after the effective date.

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The amendments in this update eliminate the accounting guidance for troubled debt restructurings by creditors while enhancing disclosure requirements for certain loan refinancing and restructurings by creditors made to borrowers experiencing financial difficulty. The amendments also require disclosure of current-period gross write-offs by year of origination for financing receivables. The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. We are evaluating the impact of adopting this new guidance on our Consolidated Financial Statements.

NOTE 3. REVENUE RECOGNITION

Contract Balances

The following table presents the components of our contract balances:

	As of	
	March 31, 2022	December 31, 2021
Trade accounts receivable and contract assets, net:		
Sales and services	\$ 160,325	\$ 154,676
Leasing	5,722	5,668
Total trade accounts receivable	166,047	160,344
Contract assets	49,783	36,307
Allowance for doubtful accounts	(16,524)	(14,588)
Total trade accounts receivable and contract assets, net	<u>\$ 199,306</u>	<u>\$ 182,063</u>
Contract liabilities:		
Current	\$ 138,201	\$ 141,343
Non-current	10,292	10,669
Total contract liabilities	<u>\$ 148,493</u>	<u>\$ 152,012</u>

The following table presents the revenue recognized in the Consolidated Statements of Operations that was previously included within contract liabilities:

	For the three months ended March 31,	
	2022	2021
Revenue	<u>\$ 88,947</u>	<u>\$ 63,081</u>

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Contract Acquisition Costs

The following table presents the activity in our contract acquisition costs, net:

	For the three months ended March 31,	
	2022	2021
Balance at beginning of period	\$ 82,986	\$ 99,837
Additions	15,788	18,400
Amortization expense	(20,197)	(22,769)
Foreign currency translation	1,995	(875)
Balance at end of period	\$ 80,572	\$ 94,593

Performance Obligations

As of March 31, 2022, the remaining performance obligations for our customer contracts with original expected durations of more than one year was \$890.4 million. Performance obligations expected to be satisfied within one year and greater than one year are 48.0% and 52.0%, respectively. This amount and percentages exclude agreements with consumer customers in our Hughes segment, our leasing arrangements and agreements with certain customers under which collectability of all amounts due through the term of contracts is uncertain.

Disaggregation of Revenue

Geographic Information

The following tables present our revenue from customer contracts disaggregated by primary geographic market and by segment:

	Hughes	ESS	Corporate and Other	Consolidated Total
For the three months ended March 31, 2022				
North America	\$ 399,422	\$ 4,474	\$ (198)	\$ 403,698
South and Central America	42,872	—	—	42,872
Other	51,812	—	5,276	57,088
Total revenue	<u>\$ 494,106</u>	<u>\$ 4,474</u>	<u>\$ 5,078</u>	<u>\$ 503,658</u>

For the three months ended March 31, 2021				
North America	\$ 398,759	\$ 4,089	\$ (88)	\$ 402,760
South and Central America	43,030	—	—	43,030
Other	34,070	—	5,370	39,440
Total revenue	<u>\$ 475,859</u>	<u>\$ 4,089</u>	<u>\$ 5,282</u>	<u>\$ 485,230</u>

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Nature of Products and Services

The following tables present our revenue disaggregated by the nature of products and services and by segment:

	Hughes	ESS	Corporate and Other	Consolidated Total
For the three months ended March 31, 2022				
Services and other revenue:				
Services	\$ 400,402	\$ 2,935	\$ —	\$ 403,337
Lease revenue	10,987	1,539	5,078	17,604
Total services and other revenue	411,389	4,474	5,078	420,941
Equipment revenue:				
Equipment	25,885	—	—	25,885
Design, development and construction services	55,905	—	—	55,905
Lease revenue	927	—	—	927
Total equipment revenue	82,717	—	—	82,717
Total revenue	\$ 494,106	\$ 4,474	\$ 5,078	\$ 503,658
For the three months ended March 31, 2021				
Services and other revenue:				
Services	\$ 413,519	\$ 2,690	\$ —	\$ 416,209
Lease revenue	10,101	1,399	5,282	16,782
Total services and other revenue	423,620	4,089	5,282	432,991
Equipment revenue:				
Equipment	28,521	—	—	28,521
Design, development and construction services	21,636	—	—	21,636
Lease revenue	2,082	—	—	2,082
Total equipment revenue	52,239	—	—	52,239
Total revenue	\$ 475,859	\$ 4,089	\$ 5,282	\$ 485,230

Lease Revenue

The following table presents our lease revenue by type of lease:

	For the three months ended March 31,	
	2022	2021
Sales-type lease revenue:		
Revenue at lease commencement	\$ 638	\$ 2,082
Interest income	289	73
Total sales-type lease revenue	927	2,155
Operating lease revenue	17,604	16,709
Total lease revenue	\$ 18,531	\$ 18,864

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

NOTE 4. BUSINESS COMBINATIONS

In May 2019, we entered into an agreement with Bharti Airtel Limited (“BAL”) and its subsidiary, Bharti Airtel Services Limited (together with BAL, “Bharti”), pursuant to which Bharti agreed to contribute its very small aperture terminal (“VSAT”) telecommunications services and hardware business in India to Hughes Communications India Private Limited (“HCIPL”) and its subsidiaries, our less than wholly owned Indian subsidiaries, that conduct our VSAT services and hardware business in India. On January 4, 2022, this joint venture was formed (the “India JV”) and subsequent to the formation of the India JV, we hold a 67% ownership interest and Bharti holds a 33% ownership interest in HCIPL. The India JV combines the VSAT businesses of both companies to offer flexible and scalable enterprise networking solutions using satellite connectivity for primary transport, back-up and hybrid implementation in India. The results of operations related to the India JV have been included in these Consolidated Financial Statements from the date of formation. The costs associated with the closing of the India JV were not material and were expensed as incurred.

The fair value of the consideration transferred was \$38.2 million. Net cash paid was \$7.9 million, inclusive of amounts paid for the acquisition of, or of HCIPL shares from, entities that were shareholders of HCIPL prior to closing the India JV.

All assets and liabilities acquired in the India JV formation have been recorded at fair value. The following table presents our preliminary allocation of the purchase price:

	Amounts
Assets:	
Trade accounts receivable and contract assets, net	\$ 6,160
Other current assets	2,085
Property and equipment	4,669
Goodwill	23,086
Other intangible assets	4,428
Total assets	\$ 40,428
Liabilities:	
Trade accounts payable	\$ 133
Accrued expenses and other current liabilities	986
Deferred tax liabilities	1,114
Total liabilities	\$ 2,233
Total purchase price	\$ 38,195

The preliminary valuation of assets acquired and liabilities assumed in the India JV were derived using primarily unobservable Level 3 inputs, which require significant management judgment and estimation, and resulted in a customer relationship intangible of \$4.4 million with an estimated life of 5 years and is reported in Other intangible assets, net.

Goodwill associated with the India JV is attributable to expected synergies, the projected long-term business growth in current and new markets and an assembled workforce. Goodwill has been allocated entirely to our Hughes segment.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

NOTE 5. MARKETABLE INVESTMENT SECURITIES

The following table presents our *Marketable investment securities*:

	As of	
	March 31, 2022	December 31, 2021
Marketable investment securities:		
Available-for-sale debt securities:		
Corporate bonds	\$ 189,084	\$ 284,787
Commercial paper	221,670	491,360
Other debt securities	31,798	78,355
Total available-for-sale debt securities	442,552	854,502
Equity securities	—	—
Total marketable investment securities	\$ 442,552	\$ 854,502

Debt Securities
Available-for-Sale

The following table presents the components of our available-for-sale debt securities:

	Amortized Cost	Unrealized		Estimated Fair Value
		Gains	Losses	
As of March 31, 2022				
Corporate bonds	\$ 189,878	\$ —	\$ (794)	\$ 189,084
Commercial paper	221,670	—	—	221,670
Other debt securities	31,896	—	(98)	31,798
Total available-for-sale debt securities	\$ 443,444	\$ —	\$ (892)	\$ 442,552
As of December 31, 2021				
Corporate bonds	\$ 285,169	\$ —	\$ (382)	\$ 284,787
Commercial paper	491,360	—	—	491,360
Other debt securities	78,395	—	(40)	78,355
Total available-for-sale debt securities	\$ 854,924	\$ —	\$ (422)	\$ 854,502

The following table presents the activity on our available-for-sale debt securities:

	For the three months ended March 31,	
	2022	2021
Proceeds from sales	\$ 29,018	\$ 95,765

As of March 31, 2022, we have \$433.7 million of available-for-sale debt securities with contractual maturities of one year or less and \$8.9 million with contractual maturities greater than one year.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Fair Value Measurements

The following table presents our marketable investment securities categorized by the fair value hierarchy, certain of which have historically experienced volatility:

	Level 1	Level 2	Total
As of March 31, 2022			
Cash equivalents (including restricted)	\$ 20,192	\$ 651,679	\$ 671,871
Available-for-sale debt securities:			
Corporate bonds	\$ —	\$ 189,084	\$ 189,084
Commercial paper	—	221,670	221,670
Other debt securities	—	31,798	31,798
Total available-for-sale debt securities	—	442,552	442,552
Equity securities	—	—	—
Total marketable investment securities	\$ —	\$ 442,552	\$ 442,552
As of December 31, 2021			
Cash equivalents (including restricted)	\$ 4,032	\$ 320,732	\$ 324,764
Available-for-sale debt securities:			
Corporate bonds	\$ —	\$ 284,787	\$ 284,787
Commercial paper	—	491,360	491,360
Other debt securities	—	78,355	78,355
Total available-for-sale debt securities	—	854,502	854,502
Equity securities	—	—	—
Total marketable investment securities	\$ —	\$ 854,502	\$ 854,502

As of March 31, 2022 and December 31, 2021, we did not have any investments that were categorized within Level 3 of the fair value hierarchy.

NOTE 6. PROPERTY AND EQUIPMENT

The following table presents the components of *Property and equipment, net*:

	As of	
	March 31, 2022	December 31, 2021
Property and equipment, net:		
Satellites, net	\$ 838,054	\$ 847,613
Other property and equipment, net	680,838	675,834
Total property and equipment, net	\$ 1,518,892	\$ 1,523,447

Satellites

As of March 31, 2022, our satellite fleet consisted of eight geosynchronous ("GEO") satellites, five of which are owned and three of which are leased. They are all in geosynchronous orbit, approximately 22,300 miles above the equator.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

The following table presents our GEO satellite fleet as of March 31, 2022:

GEO Satellite	Segment	Launch Date	Nominal Degree Orbital Location (Longitude)	Depreciable Life (In Years)
Owned:				
SPACEWAY 3 ⁽¹⁾	Hughes	August 2007	95 W	10
EchoStar XVII	Hughes	July 2012	107 W	15
EchoStar XIX	Hughes	December 2016	97.1 W	15
Al Yah 3 ⁽²⁾	Hughes	January 2018	20 W	7
EchoStar IX ^{(3) (4)}	ESS	August 2003	121 W	12
Finance leases:				
Eutelsat 65 West A	Hughes	March 2016	65 W	15
Telesat T19V	Hughes	July 2018	63 W	15
EchoStar 105/SES-11	ESS	October 2017	105 W	15

- (1) Depreciable life represents the remaining useful life as of June 8, 2011, the date EchoStar completed the acquisition of Hughes Communications, Inc. ("Hughes Communications") and its subsidiaries (the "Hughes Acquisition").
- (2) Upon consummation of our joint venture with Al Yah Satellite Communications Company PrJSC ("Yahsat") in Brazil in November 2019, we acquired the Brazilian Ka-band payload on this satellite. Depreciable life represents the remaining useful life as of November 2019.
- (3) We own the Ka-band and Ku-band payloads on this satellite.
- (4) EchoStar IX is approaching its end of station-kept life. The Company expects to place the satellite in an inclined-orbit in the fourth quarter of 2022 or first quarter of 2023, but this ability is dependent upon events beyond our control and may not occur on schedule if at all. Inclined-orbit will extend its life but impact revenue generating capabilities.

The following table presents the components of our satellites, net:

	Depreciable Life (In Years)	As of	
		March 31, 2022	December 31, 2021
Satellites, net:			
Satellites - owned	7 to 15	\$ 1,507,482	\$ 1,500,836
Satellites - acquired under finance leases	15	370,728	354,170
Total satellites		1,878,210	1,855,006
Accumulated depreciation:			
Satellites - owned		(932,762)	(911,722)
Satellites - acquired under finance leases		(107,394)	(95,671)
Total accumulated depreciation		(1,040,156)	(1,007,393)
Total satellites, net		\$ 838,054	\$ 847,613

The following table presents the depreciation expense associated with our satellites, net:

	For the three months ended March 31,	
	2022	2021
Depreciation expense:		
Satellites - owned	\$ 18,915	\$ 27,068
Satellites - acquired under finance leases	5,987	7,201
Total depreciation expense	\$ 24,902	\$ 34,269

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

The following table presents capitalized interest associated with our satellites and satellite-related ground infrastructure:

	For the three months ended March 31,	
	2022	2021
Capitalized interest	\$ 1,963	\$ 1,246

Satellite-Related Commitments

As of March 31, 2022 and December 31, 2021 our satellite-related commitments were \$167.9 million and \$179.7 million, respectively. These primarily include payments pursuant to regulatory authorizations, non-lease costs associated with our finance lease satellites, in-orbit incentives relating to certain satellites and commitments for satellite service arrangements.

In certain circumstances, the dates on which we are obligated to pay our contractual obligations could change.

Satellite Anomalies and Impairments

We are not aware of any anomalies with respect to our owned or leased satellites or payloads that have had any significant adverse effect on their remaining useful lives, the commercial operation of the satellites or payloads or our operating results or financial position as of and for the three months ended March 31, 2022.

Fair Value of In-Orbit Incentives

As of March 31, 2022 and December 31, 2021, the fair values of our in-orbit incentive obligations approximated their carrying amounts of \$51.7 million and \$53.2 million, respectively.

NOTE 7. REGULATORY AUTHORIZATIONS

The following table presents our *Regulatory authorizations, net*:

	Finite lived			Indefinite lived	Total
	Cost	Accumulated Amortization	Total		
Balance, December 31, 2020	11,505	(1,054)	10,451	400,000	410,451
Amortization expense	—	(208)	(208)	—	(208)
Currency translation adjustments	(321)	38	(283)	—	(283)
Balance, March 31, 2021	<u>11,184</u>	<u>(1,224)</u>	<u>9,960</u>	<u>400,000</u>	<u>409,960</u>
Balance, December 31, 2021	10,733	(1,774)	8,959	400,000	408,959
Amortization expense	—	(203)	(203)	—	(203)
Currency translation adjustments	818	(164)	654	—	654
Balance, March 31, 2022	<u>\$ 11,551</u>	<u>\$ (2,141)</u>	<u>\$ 9,410</u>	<u>\$ 400,000</u>	<u>\$ 409,410</u>
Weighted-average useful life (in years)	<u>14</u>				

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

NOTE 8. OTHER INVESTMENTS

The following table presents our *Other investments, net*:

	As of	
	March 31, 2022	December 31, 2021
Other investments, net:		
Equity method investments	\$ 89,511	\$ 91,226
Total other investments, net	<u>\$ 89,511</u>	<u>\$ 91,226</u>

Equity Method Investments*Deluxe/EchoStar LLC*

We own 50% of Deluxe/EchoStar LLC (“Deluxe”), a joint venture that we entered into in 2010 to build an advanced digital cinema satellite distribution network targeting delivery to digitally equipped theaters in the U.S. and Canada.

Broadband Connectivity Solutions (Restricted) Limited

We own 20% of Broadband Connectivity Solutions (Restricted) Limited (together with its subsidiaries, “BCS”), a joint venture that we entered into in 2018 to provide commercial Ka-band satellite broadband services across Africa, the Middle East and southwest Asia operating over Yahsat’s Al Yah 2 and Al Yah 3 Ka-band satellites.

Financial Information for Our Equity Method Investments

The following table presents revenue recognized:

	For the three months ended March 31,	
	2022	2021
Deluxe	\$ 1,323	\$ 1,631
BCS	<u>\$ 1,771</u>	<u>\$ 1,348</u>

The following table presents trade accounts receivable:

	As of	
	March 31, 2022	December 31, 2021
Deluxe	\$ 1,040	\$ 934
BCS	<u>\$ 6,575</u>	<u>\$ 5,544</u>

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

NOTE 9. LONG-TERM DEBT

The following table presents the carrying amount and fair values of our *Long-term debt, net*:

	Effective Interest Rate	As of			
		March 31, 2022		December 31, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior Secured Notes:					
5 1/4% Senior Secured Notes due 2026	5.320%	\$ 750,000	\$ 765,668	\$ 750,000	\$ 825,555
Senior Unsecured Notes:					
6 5/8% Senior Unsecured Notes due 2026	6.688%	750,000	777,023	750,000	838,740
Less: Unamortized debt issuance costs		(3,815)	—	(4,006)	—
Total long-term debt, net		<u>\$ 1,496,185</u>	<u>\$ 1,542,691</u>	<u>\$ 1,495,994</u>	<u>\$ 1,664,295</u>

NOTE 10. INCOME TAXES

Our income tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, in the relevant period. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment.

Our interim income tax provision and our interim estimate of our annual effective tax rate are influenced by several factors, including foreign losses and capital gains and losses for which related deferred tax assets are partially offset by a valuation allowance, changes in tax laws and relative changes in unrecognized tax benefits. Additionally, our effective tax rate can be affected by the amount of pre-tax income or loss. For example, the impact of discrete items and non-deductible expenses on our effective tax rate is greater when our pre-tax income or loss is lower.

Our income tax provision was \$15.1 million for the three months ended March 31, 2022 compared to our income tax provision of \$10.6 million for the three months ended March 31, 2021. Our estimated effective income tax rate was 32.9% and 37.6% for the three months ended March 31, 2022 and 2021, respectively. The variations in our effective tax rate from the U.S. federal statutory rate for the three months ended March 31, 2022 were primarily due to excluded foreign losses where the Company carries a full valuation allowance and the impact of state and local taxes. The variations in our effective tax rate from the U.S. federal statutory rate for the three months ended March 31, 2021 were primarily due to excluded foreign losses where the Company carries a full valuation allowance.

NOTE 11. RELATED PARTY TRANSACTIONS - ECHOSTAR

The following is a summary of the transactions and the terms of the underlying principal agreements that have had or may have an impact on our consolidated financial condition and results of operations.

Shared Corporate Services. We and EchoStar, including EchoStar's other subsidiaries, have agreed that we shall each have the right, but not the obligation, to receive from the other certain shared corporate services, including among other things: treasury, tax, accounting and reporting, risk management, cybersecurity, legal, internal audit, human resources, and information technology. These shared corporate services are generally provided at cost. Effective March 2017, and as a result of the Share Exchange (as defined below), we implemented a new methodology for determining the cost of these shared corporate services. We and EchoStar, including EchoStar's other subsidiaries, may each terminate a particular shared corporate service for any reason upon at least 30 days' notice. We recorded these expenses within Operating expenses - EchoStar for shared corporate services received from EchoStar and its other subsidiaries of \$2.6 million and \$0.4 million for the three months ended March 31, 2022 and 2021, respectively.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Services and Other Revenue — EchoStar

The following table presents our *Services and other revenue* from EchoStar:

	For the three months ended March 31,	
	2022	2021
Services and other revenue - EchoStar	\$ 5,277	\$ 5,371

The following table presents the corresponding related party receivables:

	As of	
	March 31, 2022	December 31, 2021
Related party receivables - EchoStar - current	\$ 119,576	\$ 122,619
Related party receivables - EchoStar - non-current	55,047	56,055
Total related party receivables - EchoStar	\$ 174,623	\$ 178,674

Receivables. EchoStar and its other subsidiaries reimburse us from time to time for amounts paid by us for costs and expenses attributable to EchoStar and its other subsidiaries. We report receivables under these arrangements within Related party receivables - EchoStar - current. No repayment schedule for these receivables has been determined.

Operating Expenses — EchoStar

The following table presents our operating expenses from EchoStar:

	For the three months ended March 31,	
	2022	2021
Operating expenses - EchoStar	\$ 17,530	\$ 15,387

The following table presents the corresponding related party payables:

	As of	
	March 31, 2022	December 31, 2021
Related party payables - EchoStar - current	\$ 124,348	\$ 124,578
Related party payables - EchoStar - non-current	23,871	24,118
Total related party payables - EchoStar	\$ 148,219	\$ 148,696

Payables. We reimburse EchoStar and its other subsidiaries from time to time for amounts paid by EchoStar and its other subsidiaries for costs and expenses attributable to us. We report payables under these arrangements within Related party payables - EchoStar - current. No repayment schedule for these payables has been determined.

Real Estate. We occupy certain office space in buildings owned or leased by EchoStar and its other subsidiaries and pay a portion of the taxes, insurance, utilities and maintenance of the premises in accordance with the percentage of the space we occupy.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Cash Advances. EchoStar and certain of its other subsidiaries have also provided cash advances to certain of our foreign subsidiaries to fund certain expenditures pursuant to loan agreements that mature in 2022. Advances under these agreements bear interest at annual rates ranging from one to three percent, subject to periodic adjustment based on the one-year U.S. LIBOR rate. We report amounts payable under these agreements within Related party payables - EchoStar - non-current.

BSS Transaction. Pursuant to the pre-closing restructuring contemplated by the Master Transaction Agreement (as defined below), and as part of the BSS Transaction (as defined below), we and our subsidiaries transferred certain of the BSS Business (as defined below) to BSS Corp. (as defined below), and we distributed all of the shares of BSS Corp. to EchoStar as a dividend.

Share Exchange Agreement. Prior to consummation of the Share Exchange, EchoStar was required to complete steps necessary for the transferring of certain assets and liabilities to DISH Network Corporation ("DISH") and its subsidiaries (together with DISH, "DISH Network"). As part of these steps, subsidiaries of EchoStar that, prior to the consummation of the Share Exchange, owned EchoStar's business of providing online video delivery and satellite video delivery for broadcasters and pay-TV operators, including satellite uplinking/downlinking, transmission services, signal processing and conditional access management, and other services and related assets and liabilities were contributed to one of our subsidiaries in consideration for additional shares of HSSC's common stock that were then issued to a subsidiary of EchoStar.

EchoStar Mobile Limited Service Agreements. We provide services and lease equipment to support the business of EchoStar Mobile Limited, a subsidiary of EchoStar that is licensed by the EU to provide mobile satellite services and complementary ground component services covering the entire EU using S-band spectrum. Generally, the amounts EchoStar's other subsidiaries pay for these services are based on cost plus a fixed margin. We recorded revenue in *Services and other revenue* of \$5.3 million and \$5.4 million for the three months ended March 31, 2022 and 2021, respectively, related to these services. Additionally, we have converted the receivables for certain of these services into loans, bearing an annual interest rate of 5%, that mature in 2023. We report these loans within Related party receivables - EchoStar - non-current.

Construction Management Services for EchoStar XXIV satellite. In August 2017, a subsidiary of EchoStar entered into a contract with Maxar Space, LLC (formerly Space Systems/Loral, LLC), for the design and construction of the EchoStar XXIV satellite, a new, next-generation, high throughput geostationary satellite, with an expected launch in the first quarter of 2023. We provide construction management services to EchoStar's subsidiary for the construction of the EchoStar XXIV satellite. We charged EchoStar's subsidiary and reduced our operating expenses by the costs of such services of \$0.3 million and \$0.3 million for the three months ended March 31, 2022 and 2021, respectively.

Dividends. On March 17, 2022, our Board of Directors declared and approved payment of a cash dividend on our outstanding common stock to our shareholder and parent, EchoStar, in the amount of \$100.0 million. Payment of this dividend was made in the first quarter of 2022.

NOTE 12. RELATED PARTY TRANSACTIONS - DISH NETWORK

Overview

EchoStar Corporation and DISH have operated as separate publicly-traded companies since 2008 (the "Spin-off"). A substantial majority of the voting power of the shares of each of EchoStar Corporation and DISH is owned beneficially by Charles W. Ergen, our Chairman, and by certain entities established for the benefit of his family.

In January 2017, EchoStar and certain of its subsidiaries entered into a share exchange agreement (the "Share Exchange Agreement") with DISH and certain of its subsidiaries pursuant to which, in February 2017, we received all of the shares of preferred tracking stock previously issued by us and one of our subsidiaries (the "Tracking Stock"), representing an 80% economic interest in the residential retail satellite broadband business of our Hughes segment, in exchange for 100% of the equity interests of certain EchoStar subsidiaries that held substantially all of our EchoStar Technologies businesses and certain other assets (collectively, the "Share Exchange"). The Tracking Stock was retired in March 2017.

HUGHES SATELLITE SYSTEMS CORPORATION
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(Unaudited)

In September 2019, pursuant to a master transaction agreement (the “Master Transaction Agreement”) with DISH and a wholly-owned subsidiary of DISH (“Merger Sub”), (i) we transferred certain real property and the various businesses, products, licenses, technology, revenues, billings, operating activities, assets and liabilities primarily related to the former portion of our ESS segment that managed, marketed and provided (1) broadcast satellite services primarily to DISH Network and our joint venture Dish Mexico, S. de R.L. de C.V. and its subsidiaries (“Dish Mexico”), and (2) telemetry, tracking and control (“TT&C”) services for satellites owned by DISH Network and a portion of our other businesses (collectively, the “BSS Business”) to one of our former subsidiaries, EchoStar BSS Corporation (“BSS Corp.”), (ii) we distributed to each holder of shares of our Class A or Class B common stock entitled to receive consideration in the transaction an amount of shares of common stock of BSS Corp., par value \$0.001 per share (“BSS Common Stock”), equal to one share of BSS Common Stock for each share of our Class A or Class B common stock owned by such stockholder (the “Distribution”); and (iii) immediately after the Distribution, (1) Merger Sub merged with and into BSS Corp. (the “Merger”), such that BSS Corp. became a wholly-owned subsidiary of DISH and with DISH then owning and operating the BSS Business, and (2) each issued and outstanding share of BSS Common Stock owned by EchoStar stockholders was converted into the right to receive 0.23523769 shares of DISH Class A common stock, par value \$0.001 per share (“DISH Common Stock”) ((i) - (iii) collectively, the “BSS Transaction”).

In connection with and following the Spin-off, the Share Exchange and the BSS Transaction, EchoStar, we and certain other of EchoStar's subsidiaries and DISH Network entered into certain agreements pursuant to which we, EchoStar and certain of its other subsidiaries, on the one hand, obtain certain products, services and rights from DISH Network, on the other hand; DISH Network, on the one hand, obtains certain products, services and rights from us, EchoStar and certain of its other subsidiaries, on the other hand; and such entities indemnify each other against certain liabilities arising from their respective businesses. Generally, the amounts we and/or EchoStar and its other subsidiaries or DISH Network pay for products and services provided under the agreements are based on cost plus a fixed margin (unless noted differently below), which varies depending on the nature of the products and services provided. We and/or EchoStar and its other subsidiaries may also enter into additional agreements with DISH Network in the future.

The following is a summary of the transactions and the terms of the underlying principal agreements that have had or may have an impact on our consolidated financial condition and results of operations.

Services and Other Revenue — DISH Network

The following table presents our *Services and other revenue - DISH Network*:

	For the three months ended March 31,	
	2022	2021
Services and other revenue - DISH Network	\$ 4,812	\$ 5,727

The following table presents the related trade accounts receivable:

	As of	
	March 31, 2022	December 31, 2021
Trade accounts receivable - DISH Network	\$ 3,526	\$ 3,457

Satellite Capacity Leased to DISH Network. Effective January 2008, DISH Network began leasing satellite capacity from us on the EchoStar IX satellite. Subject to availability, DISH Network generally has the right to continue leasing satellite capacity from us on the EchoStar IX satellite on a month-to-month basis.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Telesat Obligation Agreement. In September 2009, we entered into an agreement with Telesat Canada to lease satellite capacity from Telesat Canada on all 32 direct broadcast satellite (“DBS”) transponders on the Nimiq 5 satellite at the 72.7 degree west longitude orbital location (the “Telesat Transponder Agreement”). In September 2009, we entered into an agreement with DISH Network, pursuant to which DISH Network leased satellite capacity from us on all 32 of the DBS transponders covered by the Telesat Transponder Agreement (the “DISH Nimiq 5 Agreement”). Under the terms of the DISH Nimiq 5 Agreement, DISH Network made certain monthly payments to us that commenced in September 2009, when the Nimiq 5 satellite was placed into service. We transferred the Telesat Transponder Agreement to DISH Network in September 2019 as part of the BSS Transaction; however, we retained certain obligations related to DISH Network’s performance under that agreement and we entered into an agreement with DISH Network whereby DISH Network compensates us for retaining such obligations.

TerreStar Agreement. In March 2012, DISH Network completed its acquisition of substantially all the assets of TerreStar Networks Inc. (“TerreStar”). Prior to DISH Network’s acquisition of substantially all the assets of TerreStar and EchoStar’s completion of the Hughes Acquisition, TerreStar and HNS entered into various agreements pursuant to which we provide, among other things, warranty, operations and maintenance and hosting services for TerreStar’s ground-based communications equipment (the “TerreStar Agreements”). In December 2017, we and DISH Network amended these agreements, effective as of January 1, 2018, to reduce certain pricing terms through December 31, 2023 and to modify certain termination provisions. DISH Network generally has the right to continue to receive warranty services from us for our products on a month-to-month basis unless terminated by DISH Network upon at least 21 days’ written notice to us. DISH Network generally has the right to continue to receive operations and maintenance services from us on a quarter-to-quarter basis unless these services are terminated by DISH Network upon at least 90 days’ written notice to us. The provision of hosting services will continue until May 2022. In addition, DISH Network generally may terminate any and all services for convenience subject to providing us with prior notice and/or payment of termination charges. In March 2020, we entered into an agreement with DISH Network pursuant to which we perform certain work and provide certain credits to amounts owed to us under the TerreStar Agreements in exchange for DISH Network’s granting us rights to use certain satellite capacity under the Amended and Restated Professional Services Agreement (as defined below). As a result, we and DISH Network amended the TerreStar Agreements to suspend our provision of warranty services to DISH Network from April 2020 through December 2020. Following the expiration of this suspension, we have recommenced providing warranty services to DISH Network.

Hughes Broadband Distribution Agreement. Effective October 2012, we and DISH Network entered into a distribution agreement (the “Distribution Agreement”) pursuant to which DISH Network has the right, but not the obligation, to market, sell and distribute our Gen 4 HughesNet service. DISH Network pays us a monthly per subscriber wholesale service fee for our Gen 4 HughesNet service based upon a subscriber’s service level and based upon certain volume subscription thresholds. The Distribution Agreement also provides that DISH Network has the right, but not the obligation, to purchase certain broadband equipment from us to support the sale of the Gen 4 HughesNet service. The Distribution Agreement had an initial term of five years with automatic renewal for successive one-year terms unless terminated by either party with a written notice at least 180 days’ before the expiration of the then-current term. In February 2014, we and DISH Network entered into an amendment to the Distribution Agreement which, among other things, extended the initial term of the Distribution Agreement until March 2024. Upon expiration or termination of the Distribution Agreement, we and DISH Network will continue to provide our Gen 4 HughesNet service to the then-current DISH Network subscribers pursuant to the terms and conditions of the Distribution Agreement.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

DBSD North America Agreement. In March 2012, DISH Network completed its acquisition of all of the equity of DBSD North America, Inc. (“DBSD North America”). Prior to DISH Network’s acquisition of DBSD North America and EchoStar’s completion of the Hughes Acquisition, DBSD North America and HNS entered into various agreements pursuant to which we provide, among other things, warranty, operations and maintenance and hosting services of DBSD North America’s gateway and ground-based communications equipment. In December 2017, we and DBSD North America amended these agreements, effective as of January 1, 2018, to reduce certain pricing terms through December 31, 2023 and to modify certain termination provisions. DBSD North America has the right to continue to receive operations and maintenance services from us on a quarter-to-quarter basis, unless terminated by DBSD North America upon at least 120 days’ written notice to us. In February 2019, we further amended these agreements to provide DBSD North America with the right to continue to receive warranty services from us on a month-to-month basis until December 2023, unless terminated by DBSD North America upon at least 21 days’ written notice to us. The provision of hosting services will continue until February 2027 unless terminated by DBSD North America upon at least 180 days’ written notice to us. In addition, DBSD North America generally may terminate any and all such services for convenience, subject to providing us with prior notice and/or payment of termination charges.

Hughes Equipment and Services Agreement. In February 2019, we and DISH Network entered into an agreement pursuant to which we will sell to DISH Network our HughesNet Service and HughesNet equipment that has been modified to meet DISH Network’s internet-of-things specifications for the transfer of data to DISH Network’s network operations centers. This agreement has an initial term of five years expiring February 2024 with automatic renewal for successive one-year terms unless terminated by DISH Network with at least 180 days’ written notice to us or by us with at least 365 days’ written notice to DISH Network.

Operating Expenses — DISH Network

The following table presents our operating expenses related to DISH Network:

	For the three months ended March 31,	
	2022	2021
Operating expenses - DISH Network	\$ 1,094	\$ 1,099

The following table presents the related trade accounts payable:

	As of	
	March 31, 2022	December 31, 2021
Trade accounts payable - DISH Network	\$ 608	\$ 587

HUGHES SATELLITE SYSTEMS CORPORATION
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(Unaudited)

Amended and Restated Professional Services Agreement. In connection with the Spin-off, EchoStar entered into various agreements with DISH Network including a transition services agreement, satellite procurement agreement and services agreement, all of which expired in January 2010 and were replaced by a professional services agreement (the "Professional Services Agreement"). In January 2010, EchoStar and DISH Network agreed that EchoStar and its subsidiaries shall continue to have the right, but not the obligation, to receive the following services from DISH Network, among others, certain of which were previously provided under a 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, EchoStar and DISH Network agreed that DISH Network would continue to have the right, but not the obligation, to engage EchoStar and its subsidiaries to manage the process of procuring new satellite capacity for DISH Network (previously provided under a satellite procurement agreement), receive logistics, procurement and quality assurance services from EchoStar and its subsidiaries (previously provided under a services agreement) and provide other support services. In connection with the consummation of the Share Exchange, EchoStar and DISH amended and restated the Professional Services Agreement to provide that EchoStar and its subsidiaries and DISH Network shall have the right to receive additional services that either EchoStar and its subsidiaries or DISH Network may require as a result of the Share Exchange, including access to antennas owned by DISH Network for our use in performing TT&C services and maintenance and support services for our antennas (collectively, the "TT&C Antennas"). In September 2019, in connection with the BSS Transaction, EchoStar and DISH further amended the Professional Services Agreement (the "Amended and Restated Professional Services Agreement") to provide that EchoStar and its subsidiaries and DISH Network shall have the right to receive additional services that either EchoStar and its subsidiaries or DISH Network may require as a result of the BSS Transaction and to remove our access to and the maintenance and support services for the TT&C Antennas. A portion of these costs and expenses have been allocated to us in the manner described in Note 11. Related Party Transactions - EchoStar. The term of the Amended and Restated Professional Services Agreement is through January 1, 2023 and renews automatically for successive one-year periods thereafter, unless the agreement is terminated earlier by either party upon at least 60 days' notice. However, either party may generally terminate the Amended and Restated Professional Services Agreement in part with respect to any particular service it receives for any reason upon at least 30 days' notice, unless the statement of work for particular services states otherwise. Certain services provided under the Amended and Restated Professional Services Agreement may survive the termination of the agreement.

Collocation and Antenna Space Agreements. We and DISH Network entered into an agreement pursuant to which DISH Network provided us with collocation space in El Paso, Texas. This agreement was for an initial period ending in July 2015, and provided us with renewal options for four consecutive three-year terms. We exercised our first renewal option for a period commencing in August 2015 and ending in July 2018, in April 2018 we exercised our second renewal option for a period ending in July 2021, and in May 2021 we exercised our third renewal option for a period ending in July 2024. In connection with the Share Exchange, effective March 2017, we also entered into certain agreements pursuant to which DISH Network provides collocation and antenna space to EchoStar through February 2022 at the following locations: Cheyenne, Wyoming; Gilbert, Arizona; New Braunfels, Texas; Monee, Illinois; Spokane, Washington; and Englewood, Colorado. In October 2019, we provided a termination notice for our New Braunfels, Texas agreement to be effective May 2020. In November 2020, we provided a termination notice for one of our Englewood, Colorado agreements to be effective May 2021. In August 2017, we and DISH Network also entered into certain other agreements pursuant to which DISH Network provides additional collocation and antenna space to us in Monee, Illinois and Spokane, Washington through August 2022. In November 2021, we exercised our right to renew the collocation agreements at Gilbert, Arizona, Cheyenne, Wyoming, Spokane, Washington, Englewood, Colorado and Monee, Illinois for a period ending in February 2025. Generally, we may renew our collocation and antenna space agreements for three-year periods by providing DISH Network with prior written notice no more than 120 days but no less than 90 days prior to the end of the then-current term. We may terminate certain of these agreements with 180 days' prior written notice. In September 2019, in connection with the BSS Transaction, we entered into an agreement pursuant to which DISH Network provided us with certain additional collocation space in Cheyenne, Wyoming for a period that ended in September 2020. The fees for the services provided under these agreements depend on the number of racks located at the location.

Also in connection with the BSS Transaction, in September 2019, we entered into an agreement pursuant to which DISH Network provides us with antenna space and power in Cheyenne, Wyoming for a period of five years commencing in August 2020, with four three-year renewal terms, with prior written notice of renewal required no more than 120 days but no less than 90 days prior to the end of the then-current term. In March 2021, we entered

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
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into additional agreements pursuant to which DISH Network provides us with antenna space and power in Cheyenne, Wyoming, and the right to use an antenna and certain space in Gilbert, Arizona. Both agreements are for a period of five years with four three-year renewal terms, with prior written notice of renewal required no more than 120 days but no less than 90 days prior to the end of the then-current term.

Hughes Broadband Master Services Agreement. In conjunction with the launch of our EchoStar XIX satellite, in March 2017, we and DISH Network entered into a master service agreement (the “Hughes Broadband MSA”) pursuant to which DISH Network, among other things: (i) has the right, but not the obligation, to market, promote and solicit orders and upgrades for our Gen 5 HughesNet satellite internet service (the “HughesNet service”) and related equipment and other telecommunication services and (ii) installs Gen 5 HughesNet service equipment with respect to activations generated by DISH Network. Under the Hughes Broadband MSA, we and DISH Network make certain payments to each other relating to sales, upgrades, purchases and installation services. The current term of the Hughes Broadband MSA is through March 2023 with automatic renewal for successive one-year terms. Either party has the ability to terminate the Hughes Broadband MSA, in whole or in part, for any reason upon at least 90 days’ notice to the other party. Upon expiration or termination of the Hughes Broadband MSA, we will continue to provide our Gen 5 HughesNet service to subscribers and make certain payments to DISH Network pursuant to the terms and conditions of the Hughes Broadband MSA. We incurred sales incentives and other costs under the Hughes Broadband MSA totaling \$1.7 million and \$1.9 million for the three months ended March 31, 2022 and 2021, respectively.

2019 TT&C Agreement. In September 2019, in connection with the BSS Transaction, we and a subsidiary of EchoStar entered into an agreement pursuant to which DISH Network provides TT&C services to us and EchoStar and its other subsidiaries for a period ending in September 2021, with the option for a subsidiary of EchoStar to renew for a one-year period upon written notice at least 90 days prior to the initial expiration (the “2019 TT&C Agreement”). In June 2021, we amended the 2019 TT&C Agreement to extend the term until September 2022 and added the option for us to renew the 2019 TT&C Agreement up to an additional three years. The fees for services provided under the 2019 TT&C Agreement are calculated at either: (i) a fixed fee or (ii) cost plus a fixed margin, which will vary depending on the nature of the services provided. Any party is able to terminate the 2019 TT&C Agreement for any reason upon 12 months’ notice.

Referral Marketing Agreement. In June 2021, we and DISH Network entered into an agreement pursuant to which we will pre-qualify prospects contacting Hughes call centers and transfer those prospects to DISH Network for introduction to DISH Network’s video services, for prospects that convert Hughes will receive a commission. This agreement has an indefinite term and, after June 2022, may be terminated by either party upon 90 days’ prior written notice.

Other Receivables - DISH Network

Tax Sharing Agreement. Effective December 2007, EchoStar and DISH Network entered into a tax sharing agreement (the “Tax Sharing Agreement”) in connection with the Spin-off. This agreement governs EchoStar and DISH and their respective subsidiaries’ 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 indemnifies EchoStar and its subsidiaries for such taxes. However, DISH Network is not liable for and does not indemnify EchoStar or its subsidiaries 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 Internal Revenue Code of 1986, as amended (the “Code”), because of: (i) a direct or indirect acquisition of any of EchoStar’s stock, stock options or assets; (ii) any action that EchoStar or its subsidiaries take or fail to take or (iii) any action that EchoStar or its subsidiaries 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, EchoStar and its subsidiaries 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.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

In light of the Tax Sharing Agreement, among other things, and in connection with EchoStar's consolidated federal income tax returns for certain tax years prior to and for the year of the Spin-off, in September 2013, EchoStar and DISH Network agreed upon a supplemental allocation of the tax benefits arising from certain tax items resolved in the course of the IRS's examination of EchoStar's consolidated tax returns. As a result, DISH Network agreed to pay EchoStar an amount that includes the federal tax benefit DISH received as a result of our operations.

In August 2018, EchoStar and DISH Network amended the Tax Sharing Agreement and the 2013 agreements (the "Tax Sharing Amendment"). Under the Tax Sharing Amendment, DISH Network is required to compensate EchoStar for certain past and future excess California research and development tax credits generated by EchoStar and its subsidiaries and used by DISH Network.

Other Agreements

Master Transaction Agreement. In May 2019, EchoStar and BSS Corp. entered into the Master Transaction Agreement with DISH and Merger Sub with respect to the BSS Transaction. Pursuant to the terms of the Master Transaction Agreement, on September 10, 2019: (i) EchoStar and its subsidiaries and we and our subsidiaries transferred the BSS Business to BSS Corp.; (ii) EchoStar completed the Distribution; and (iii) immediately after the Distribution, (1) BSS Corp. became a wholly-owned subsidiary of DISH such that DISH owns and operates the BSS Business and (2) each issued and outstanding share of BSS Common Stock owned by EchoStar stockholders was converted into the right to receive 0.23523769 shares of DISH Common Stock. Following the consummation of the BSS Transaction, we no longer operate the BSS Business, which was a substantial portion of our ESS segment. The Master Transaction Agreement contained customary representations and warranties by the parties, including EchoStar's representations relating to the assets, liabilities and financial condition of the BSS Business, and representations by DISH Network relating to its financial condition and liabilities. EchoStar and DISH Network have agreed to indemnify each other against certain losses with respect to breaches of certain representations and covenants and certain retained and assumed liabilities, respectively.

BSS Transaction Intellectual Property and Technology License Agreement. Effective September 2019, in connection with the BSS Transaction, we, EchoStar and DISH Network entered into an intellectual property and technology license agreement (the "BSS IPTLA") pursuant to which we, EchoStar and its other subsidiaries and DISH Network license to each other certain intellectual property and technology. The BSS IPTLA will continue in perpetuity, unless mutually terminated by the parties. Pursuant to the BSS IPTLA, we, EchoStar and its other subsidiaries granted to DISH Network a license to our and their intellectual property and technology for use by DISH Network, among other things, in connection with its continued operation of the BSS Business acquired pursuant to the BSS Transaction, including a limited license to use the "ESS" and "ECHOSTAR SATELLITE SERVICES" trademarks during a transition period. EchoStar retains full ownership of the "ESS" and "ECHOSTAR SATELLITE SERVICES" trademarks. In addition, DISH Network granted a license back to us, EchoStar and its other subsidiaries, among other things, for the continued use of all intellectual property and technology that is used in our, EchoStar and its other subsidiaries' retained businesses but the ownership of which was transferred to DISH Network pursuant to the BSS Transaction.

BSS Transaction Tax Matters Agreement. Effective September 2019, in connection with the BSS Transaction, EchoStar, BSS Corp. and DISH entered into a tax matters agreement. This agreement governs certain rights, responsibilities and obligations of EchoStar and its subsidiaries' with respect to taxes of the BSS Business transferred pursuant to the BSS Transaction. Generally, EchoStar is responsible for all tax returns and tax liabilities for the BSS Business for periods prior to the BSS Transaction and DISH is responsible for all tax returns and tax liabilities for the BSS Business from and after the BSS Transaction.

Both EchoStar and DISH made certain tax-related representations and are subject to various tax-related covenants after the consummation of the BSS Transaction. Both EchoStar and DISH Network have agreed to indemnify each other for certain losses if there is a breach of any of the tax representations or violation of any of the tax covenants in the tax matters agreement and that breach or violation results in the failure of the BSS Transaction being treated as a transaction that is tax-free for EchoStar or its stockholders for U.S. federal income tax purposes. In addition, DISH Network has agreed to indemnify EchoStar if the BSS Business is acquired, either directly or indirectly (e.g., via an acquisition of DISH Network), by one or more persons, where either it took an action, or knowingly facilitated, consented to or assisted with an action by its stockholders, that resulted in the failure of the BSS Transaction being

HUGHES SATELLITE SYSTEMS CORPORATION
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treated as a transaction that is tax-free for EchoStar and its stockholders for U.S. federal income tax purposes. This tax matters agreement supplements the Tax Sharing Agreement outlined above and the Share Exchange Tax Matters Agreement outlined below, both of which continue in full force and effect.

BSS Transaction Employee Matters Agreement. Effective September 2019, in connection with the BSS Transaction, EchoStar and DISH Network entered into an employee matters agreement that addressed the transfer of employees from us to DISH Network, including certain benefit and compensation matters and the allocation of responsibility for employee related liabilities relating to current and past employees of the BSS Business. DISH Network assumed employee-related liabilities relating to the BSS Business as part of the BSS Transaction, except that EchoStar is responsible for certain pre-BSS Transaction compensation and benefits for employees who transferred to DISH Network in connection with the BSS Transaction.

Share Exchange Agreement. In February 2017 EchoStar consummated the Share Exchange, following which EchoStar and certain of its and our subsidiaries no longer operate the transferred EchoStar Technologies businesses and the Tracking Stock was retired and is no longer outstanding and all agreements, arrangements and policy statements with respect to such Tracking Stock terminated and are of no further effect. Pursuant to the Share Exchange Agreement, EchoStar and certain of its and our subsidiaries transferred certain assets, investments in joint ventures, spectrum licenses and real estate properties and DISH Network assumed certain liabilities relating to the transferred assets and businesses. The Share Exchange Agreement contained customary representations and warranties by the parties, including representations by EchoStar related to the transferred assets, assumed liabilities and the financial condition of the transferred businesses. EchoStar and DISH Network also agreed to customary indemnification provisions whereby each party indemnifies the other against certain losses with respect to breaches of representations, warranties or covenants and certain liabilities and if certain actions undertaken by EchoStar or DISH causes the transaction to be taxable to the other party after closing.

Share Exchange Intellectual Property and Technology License Agreement. Effective March 2017, in connection with the Share Exchange, EchoStar and one of its other subsidiaries and DISH Network entered into an intellectual property and technology license agreement ("IPTLA") pursuant to which we, EchoStar and its other subsidiaries and DISH Network license to each other certain intellectual property and technology. The IPTLA will continue in perpetuity, unless mutually terminated by the parties. Pursuant to the IPTLA, we, EchoStar and its other subsidiaries granted to DISH Network a license to our and their intellectual property and technology for use by DISH Network, among other things, in connection with its continued operation of the businesses acquired pursuant to the Share Exchange, including a limited license to use the "ECHOSTAR" trademark during a transition period. EchoStar retains full ownership of the "ECHOSTAR" trademark. In addition, DISH Network granted a license back to us, EchoStar and its other subsidiaries, among other things, for the continued use of all intellectual property and technology that is used in our, EchoStar and its other subsidiaries' retained businesses but the ownership of which was transferred to DISH Network pursuant to the Share Exchange.

Share Exchange Tax Matters Agreement. Effective March 2017, in connection with the Share Exchange, EchoStar and DISH entered into a tax matters agreement. This agreement governs certain rights, responsibilities and obligations of EchoStar and its subsidiaries with respect to taxes of the transferred businesses pursuant to the Share Exchange. Generally, EchoStar is responsible for all tax returns and tax liabilities for the transferred businesses and assets for periods prior to the Share Exchange and DISH Network is responsible for all tax returns and tax liabilities for the transferred businesses and assets from and after the Share Exchange. Both EchoStar and DISH Network made certain tax-related representations and are subject to various tax-related covenants after the consummation of the Share Exchange. Both EchoStar and DISH Network have agreed to indemnify each other if there is a breach of any such tax representation or violation of any such tax covenant and that breach or violation results in the Share Exchange not qualifying for tax free treatment for the other party. In addition, DISH Network has agreed to indemnify EchoStar if the transferred businesses are acquired, either directly or indirectly (e.g., via an acquisition of DISH Network), by one or more persons and such acquisition results in the Share Exchange not qualifying for tax free treatment. The tax matters agreement supplements the Tax Sharing Agreement outlined above which continues in full force and effect.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

NOTE 13. RELATED PARTY TRANSACTIONS - OTHER

Hughes Systique Corporation

We contract with Hughes Systique Corporation (“Hughes Systique”) for software development services. In addition to our approximately 42% ownership in Hughes Systique, Mr. Pradman Kaul, the President of our subsidiary Hughes Communications and a member of our board of directors, and his brother, who is the Chief Executive Officer and President of Hughes Systique, own in the aggregate approximately 25%, on an undiluted basis, of Hughes Systique’s outstanding shares as of March 31, 2022. Furthermore, Mr. Pradman Kaul serves on the board of directors of Hughes Systique. Hughes Systique is a variable interest entity and we are considered the primary beneficiary of Hughes Systique due to, among other factors, our ability to direct the activities that most significantly impact the economic performance of Hughes Systique. As a result, we consolidate Hughes Systique’s financial statements in these Consolidated Financial Statements.

TerreStar Solutions

DISH Network owns more than 15% of TerreStar Solutions, Inc. (“TSI”). In May 2018, we and TSI entered into an equipment and services agreement pursuant to which we design, manufacture and install upgraded ground communications network equipment for TSI’s network and provide, among other things, warranty and support services. We recognized revenue of \$0.5 million and \$0.4 million for the three months ended March 31, 2022 and 2021, respectively. As of March 31, 2022 we had \$0.2 million of trade accounts receivable from TSI.

NOTE 14. CONTINGENCIES

Patents and Intellectual Property

Many entities, including some of our competitors, have, or may have in the future, patents and other intellectual property rights that cover or affect products or services directly or indirectly related to those that we offer. We may not be aware of all patents and other intellectual property rights that our products and services may potentially infringe. Damages in patent infringement cases can be substantial, and in certain circumstances can be tripled. Further, we cannot estimate the extent to which we may be required in the future to obtain licenses with respect to intellectual property rights held by others and the availability and cost of any such licenses. Various parties have asserted patent and other intellectual property rights with respect to our products and services. We cannot be certain that these parties do not own the rights they claim, that these rights are not valid or that our products and services do not infringe on these rights. Further, we cannot be certain that we would be able to obtain licenses from these parties on commercially reasonable terms or, if we were unable to obtain such licenses, that we would be able to redesign our products and services to avoid infringement.

HUGHES SATELLITE SYSTEMS CORPORATION
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Certain Arrangements with DISH Network

In connection with EchoStar's spin-off from DISH in 2008, EchoStar entered into a separation agreement with DISH Network that provides, among other things, for the division of certain liabilities, including liabilities resulting from litigation. Under the terms of the separation agreement, EchoStar assumed certain liabilities that relate to its and our business, including certain designated liabilities for acts or omissions that occurred prior to the Spin-off. Certain specific provisions govern intellectual property related claims under which EchoStar will generally only be liable for its and its subsidiaries' acts or omissions following the Spin-off and DISH Network will indemnify EchoStar 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. In connection with the Share Exchange and BSS Transaction, EchoStar and certain of its and our subsidiaries entered into the Share Exchange Agreement and the Master Transaction Agreement, respectively, and other agreements which provide, among other things, for the division of certain liabilities, including liabilities relating to taxes, intellectual property and employees and liabilities resulting from litigation and the assumption of certain liabilities that relate to the transferred businesses and assets. These agreements also contain additional indemnification provisions between EchoStar and us and DISH Network for, in the case of the Share Exchange, certain pre-existing liabilities and legal proceedings and, in the case of the BSS Transaction, certain losses with respect to breaches of certain representations and covenants and certain liabilities.

Litigation

We are involved in a number of legal proceedings concerning matters arising in connection with the conduct of our business activities. Many of these proceedings are at preliminary stages and/or seek an indeterminate amount of damages. We regularly evaluate the status of the legal proceedings in which we are involved to assess whether a loss is probable and to determine if accruals are appropriate. We record an accrual for litigation and other loss contingencies when we determine that a loss is probable, and the amount of the loss can be reasonably estimated. If accruals are not appropriate, we further evaluate each legal proceeding to assess whether an estimate of possible loss or range of loss can be made. There can be no assurance that legal proceedings against us will be resolved in amounts that will not differ from the amounts of our recorded accruals. Legal fees and other costs of defending legal proceedings are charged to expense as incurred.

For certain proceedings, management is unable to predict with any degree of certainty the outcome or provide a meaningful estimate of the possible loss or range of possible loss because, among other reasons: (i) the proceedings are in various stages; (ii) damages have not been sought or specified; (iii) damages are unsupported, indeterminate and/or exaggerated in management's opinion; (iv) there is uncertainty as to the outcome of pending trials, appeals, motions or other proceedings; (v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories to be presented or a large number of parties are involved (as with many patent-related cases). Except as described below, however, management does not believe, based on currently available information, that the outcomes of these proceedings will have a material effect on our financial condition, operating results or cash flows, though there is no assurance that the resolution and outcomes of these proceedings, individually or in the aggregate, will not be material to our financial condition, operating results or cash flows for any particular period, depending, in part, upon the operating results for such period.

We intend to vigorously defend the proceedings against us. In the event that a court, tribunal, other body or jury ultimately rules against us, we may be subject to adverse consequences, including, without limitation, substantial damages, which may include treble damages, fines, penalties, compensatory damages and/or other equitable or injunctive relief that could require us to materially modify our business operations or certain products or services that we offer to our consumers.

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Shareholder Litigation

On July 2, 2019, the City of Hallandale Beach Police Officers' and Firefighters' Personnel Retirement Trust, purporting to sue on behalf of a class of EchoStar Corporation's stockholders, filed a complaint in the District Court of Clark County, Nevada against EchoStar's directors, Charles W. Ergen, R. Stanton Dodge, Anthony M. Federico, Pradman P. Kaul, C. Michael Schroeder, Jeffrey R. Tarr, William D. Wade, and Michael T. Dugan; our chief financial officer, David J. Rayner; EchoStar; HSSC; our former subsidiary BSS Corp.; and DISH and its subsidiary Merger Sub. On September 5, 2019, the defendants filed motions to dismiss. On October 11, 2019, the plaintiffs filed an amended complaint removing Messrs. Dodge, Federico, Kaul, Schroeder, Tarr and Wade as defendants. The amended complaint alleges that Mr. Ergen, as our controlling stockholder, breached fiduciary duties to EchoStar's minority stockholders by structuring the BSS Transaction with inadequate consideration and improperly influencing our and EchoStar's boards of directors to approve the BSS Transaction. The amended complaint also alleges that the other defendants aided and abetted such alleged breaches. The plaintiffs seek equitable and monetary relief, including the issuance of additional DISH Common Stock, and other costs and disbursements, including attorneys' fees on behalf of the purported class. On November 11, 2019, we and the other defendants filed separate motions to dismiss plaintiff's amended complaint and during a hearing on January 13, 2020 the court denied these motions. On February 10, 2020, we and the other defendants filed answers to the amended complaint. The Court certified plaintiff's class on January 11, 2021. On June 18, 2021, the parties executed a settlement agreement to resolve all claims in this case. On the same day, the parties filed a joint motion for preliminary approval of the settlement agreement. The motion was granted by an order dated July 30, 2021. On December 9, 2021, the Court held a final settlement hearing. On December 10, 2021, the Court issued an Order granting final approval of the settlement agreement. The case is expected to be dismissed once the Court approves a class distribution order.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

License Fee Dispute with Government of India, Department of Telecommunications

In 1994, the Government of India promulgated a “National Telecommunications Policy” under which the government liberalized the telecommunications sector and required telecommunications service providers to pay fixed license fees. Pursuant to this policy, our subsidiary Hughes Communications India Private Limited (“HCIPL”), formerly known as Hughes Escorts Communications Limited, obtained a license to operate a data network over satellite using VSAT systems. In 2002, HCIPL’s license was amended pursuant to a new government policy that was first established in 1999. The new policy eliminated the fixed license fees and instead required each telecommunications service provider to pay license fees based on its adjusted gross revenue (“AGR”). In March 2005, the Indian Department of Telecommunications (“DOT”) notified HCIPL that, based on its review of HCIPL’s audited accounts and AGR statements, HCIPL must pay additional license fees and penalties and interest on such fees and penalties. HCIPL responded that the DOT had improperly calculated its AGR by including revenue from licensed and unlicensed activities. The DOT rejected this explanation and in 2006, HCIPL filed a petition with an administrative tribunal (the “Tribunal”), challenging the DOT’s calculation of its AGR. The DOT also issued license fee assessments to other telecommunications service providers and a number of similar petitions were filed by several other such providers with the Tribunal. These petitions were amended, consolidated, remanded and re-appealed several times. On April 23, 2015, the Tribunal issued a judgment affirming the DOT’s calculation of AGR for the telecommunications service providers but reversing the DOT’s imposition of interest, penalties and interest on such penalties as excessive. Over subsequent years, the DOT and HCIPL and other telecommunications service providers, respectively, filed several appeals of the Tribunal’s ruling. On October 24, 2019, the Supreme Court of India (“Supreme Court”) issued an order (the “October 2019 Order”) affirming the license fee assessments imposed by the DOT, including its imposition of interest, penalties and interest on the penalties, but without indicating the amount HCIPL is required to pay the DOT, and ordering payment by January 23, 2020. On November 23, 2019, HCIPL and other telecommunication service providers filed a petition asking the Supreme Court to reconsider the October 2019 Order. The petition was denied on January 20, 2020. On January 22, 2020, HCIPL and other telecommunication service providers filed an application requesting that the Supreme Court modify the October 2019 Order to permit the DOT to calculate the final amount due and extend HCIPL’s and the other telecommunication service providers’ payment deadline. On February 14, 2020, the Supreme Court directed HCIPL and the other telecommunication service providers to explain why the Supreme Court should not initiate contempt proceedings for failure to pay the amounts due. During a hearing on March 18, 2020, the Supreme Court ordered that all amounts that were due before the October 2019 Order must be paid, including interest, penalties and interest on the penalties. The Supreme Court also ordered that the parties appear for a further hearing addressing, potentially among other things, a proposal by the DOT to allow for extended or deferred payments of amounts due. On June 11, 2020, the Supreme Court ordered HCIPL and the other telecommunication service providers to submit affidavits addressing the proposal made by the DOT to extend the time frame for payment of the amounts owed and for HCIPL and the other telecommunication providers to provide security for such payments. On September 1, 2020, the Supreme Court issued a judgment permitting a 10-year payment schedule. Under this payment schedule, HCIPL is required to make an annual payment every March 31, through 2031. Following the Supreme Court of India’s October 2019 judgment, HCIPL made payments during the first quarter of 2020, and additional payments on March 31, 2021 and March 31, 2022.

The following table presents the components of the accrual:

	As of	
	March 31, 2022	December 31, 2021
Additional license fees	\$ 3,750	\$ 3,812
Penalties	3,849	3,912
Interest and interest on penalties	81,569	81,389
Less: Payments	(19,471)	(8,451)
Total accrual	\$ 69,697	\$ 80,662

Any eventual payments made with respect to the ultimate outcome of this matter may be different from our accrual and such differences could be significant.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

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. As part of our ongoing operations, we are subject to various inspections, audits, inquiries, investigations and similar actions by third parties, as well as by governmental/regulatory authorities responsible for enforcing the laws and regulations to which we may be subject. Further, under the federal False Claims Act, private parties have the right to bring qui tam, or “whistleblower,” suits against companies that submit false claims for payments to, or improperly retain overpayments from, the federal government. Some states have adopted similar state whistleblower and false claims provisions. In addition, we from time to time receive inquiries from federal, state and foreign agencies regarding compliance with various laws and regulations.

In our opinion, the amount of ultimate liability with respect to any of these other actions is unlikely to materially affect our financial position, results of operations or cash flows, though the resolutions and outcomes, individually or in the aggregate, could be material to our financial position, operating results or cash flows for any particular period, depending, in part, upon the operating results for such period.

We also indemnify our directors, officers and employees for certain liabilities that might arise from the performance of their responsibilities for us. Additionally, in the normal course of its business, we enter into contracts pursuant to which we may make a variety of representations and warranties and indemnify the counterparty for certain losses. Our possible exposure under these arrangements cannot be reasonably estimated as this involves the resolution of claims made, or future claims that may be made, against us or our officers, directors or employees, the outcomes of which are unknown and not currently predictable or estimable.

NOTE 15. SEGMENT REPORTING

Business segments are components of an enterprise for which separate financial information is available and regularly evaluated by our chief operating decision maker (“CODM”), who is our Chief Executive Officer. We operate in two business segments, Hughes segment and ESS segment.

The primary measure of segment profitability that is reported regularly to our CODM is earnings before interest, taxes, depreciation and amortization, and net income (loss) attributable to non-controlling interests (“EBITDA”).

Total assets by segment have not been reported herein because the information is not provided to our CODM on a regular basis.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

The following table presents total revenue, capital expenditures and EBITDA for each of our business segments:

	Hughes	ESS	Corporate and Other	Consolidated Total
For the three months ended March 31, 2022				
External revenue	\$ 494,106	\$ 4,276	\$ 5,276	\$ 503,658
Intersegment revenue	—	198	(198)	—
Total revenue	<u>\$ 494,106</u>	<u>\$ 4,474</u>	<u>\$ 5,078</u>	<u>\$ 503,658</u>
Capital expenditures	\$ 61,021	—	—	\$ 61,021
EBITDA	<u>\$ 191,170</u>	<u>\$ 2,691</u>	<u>\$ (10,656)</u>	<u>\$ 183,205</u>
For the three months ended March 31, 2021				
External revenue	\$ 475,859	\$ 4,001	\$ 5,370	\$ 485,230
Intersegment revenue	—	88	(88)	—
Total revenue	<u>\$ 475,859</u>	<u>\$ 4,089</u>	<u>\$ 5,282</u>	<u>\$ 485,230</u>
Capital expenditures	\$ 82,196	—	—	\$ 82,196
EBITDA	<u>\$ 198,578</u>	<u>\$ 1,919</u>	<u>\$ (9,091)</u>	<u>\$ 191,406</u>

The following table reconciles *Income (loss) before income taxes* in the Consolidated Statements of Operations to EBITDA:

	For the three months ended March 31,	
	2022	2021
Income (loss) before income taxes	\$ 45,941	\$ 28,267
Interest income, net	(2,280)	(2,394)
Interest expense, net of amounts capitalized	23,378	41,922
Depreciation and amortization	113,678	122,664
Net loss (income) attributable to non-controlling interests	2,488	947
EBITDA	<u>\$ 183,205</u>	<u>\$ 191,406</u>

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

NOTE 16. SUPPLEMENTAL FINANCIAL INFORMATION**Other Current Assets, Net and Other Non-current Assets, Net**

The following table presents the components of *Other current assets, net* and *Other non-current assets, net*:

	As of	
	March 31, 2022	December 31, 2021
Other current assets, net:		
Related party receivables - EchoStar	119,576	122,619
Inventory	109,860	102,907
Prepays and deposits	28,134	27,737
Trade accounts receivable - DISH Network	\$ 3,526	\$ 3,457
Other, net	20,652	20,124
Total other current assets	<u>\$ 281,748</u>	<u>\$ 276,844</u>
Other non-current assets, net:		
Capitalized software, net	\$ 120,965	\$ 124,701
Contract acquisition costs, net	80,572	82,986
Related party receivables - EchoStar	55,047	56,055
Deferred tax assets, net	5,678	5,411
Restricted cash	2,150	980
Contract fulfillment costs, net	1,655	1,721
Other, net	34,433	30,986
Total other non-current assets, net	<u>\$ 300,500</u>	<u>\$ 302,840</u>

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Accrued Expenses and Other Current Liabilities and Other Non-Current Liabilities

The following table presents the components of *Accrued expenses and other current liabilities* and *Other non-current liabilities*:

	As of	
	March 31, 2022	December 31, 2021
Accrued expenses and other current liabilities:		
Related party payables - EchoStar	\$ 124,348	\$ 124,578
Accrued compensation	39,510	45,630
Operating lease obligation	16,947	16,697
Accrued interest	15,650	39,289
Accrued taxes	11,708	9,790
Accrual for license fee dispute	11,157	11,178
Trade accounts payable - DISH Network	608	587
Other	56,306	61,130
Total accrued expenses and other current liabilities	<u>\$ 276,234</u>	<u>\$ 308,879</u>
Other non-current liabilities:		
Accrual for license fee dispute	58,540	69,484
Related party payables - EchoStar	\$ 23,871	\$ 24,118
Other	58,664	59,649
Total other non-current liabilities	<u>\$ 141,075</u>	<u>\$ 153,251</u>

Inventory

The following table presents the components of inventory:

	As of	
	March 31, 2022	December 31, 2021
Raw materials	\$ 18,720	\$ 13,778
Work-in-process	10,365	11,705
Finished goods	80,775	77,424
Total inventory	<u>\$ 109,860</u>	<u>\$ 102,907</u>

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Supplemental and Non-cash Investing and Financing Activities

The following table presents the supplemental and non-cash investing and financing activities:

	For the three months ended March 31,	
	2022	2021
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	\$ 43,226	\$ 45,329
Cash paid for income taxes	\$ 661	\$ 276
Non-cash investing and financing activities:		
Increase (decrease) in capital expenditures included in accounts payable, net	\$ (5,255)	\$ (973)
Non-cash net assets received as part of the India JV formation	\$ 36,701	\$ —

NOTE 17. SUPPLEMENTAL GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

Certain of our wholly-owned subsidiaries (together, the "Guarantor Subsidiaries") have fully and unconditionally guaranteed, on a joint and several basis, the obligations of our 5 1/4% Senior Secured Notes due August 1, 2026 and 6 5/8% Senior Unsecured Notes due August 1, 2026 (collectively, the "Notes").

The indentures governing the Notes contain restrictive covenants that, among other things, impose limitations on our ability and the ability of certain of our subsidiaries to pay dividends or make distributions, incur additional debt, make certain investments, create liens or enter into sale and leaseback transactions, merge or consolidate with another company, transfer and sell assets, enter into transactions with affiliates or allow to exist certain restrictions on the ability of certain of our subsidiaries to pay dividends, make distributions, make other payments, or transfer assets to us.

In lieu of separate financial statements of the Guarantor Subsidiaries, we have prepared the accompanying consolidating financial information in accordance with Rule 3-10(f) of Regulation S-X. This includes:

- the accompanying balance sheet;
- the accompanying statement of operations and comprehensive income (loss); and
- the accompanying statement of cash flows.

This also includes consolidating financial information as follows:

- the Guarantor Subsidiaries on a combined basis;
- the non-guarantor subsidiaries of HSSC on a combined basis; and
- the eliminations necessary to arrive at the corresponding information of HSSC on a consolidated basis.

This accompanying consolidating financial information should be read in conjunction with these Consolidated Financial Statements.

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Consolidating Balance Sheet as of March 31, 2022

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 670,948	\$ 21,382	\$ 78,309	\$ —	\$ 770,639
Marketable investment securities	442,552	—	—	—	442,552
Trade accounts receivable and contract assets, net	—	133,101	66,205	—	199,306
Other current assets, net	174,550	1,123,027	242,925	(1,258,754)	281,748
Total current assets	1,288,050	1,277,510	387,439	(1,258,754)	1,694,245
Non-current assets:					
Property and equipment, net	—	1,183,547	335,345	—	1,518,892
Operating lease right-of-use assets	—	120,004	30,021	—	150,025
Goodwill	—	504,173	31,221	—	535,394
Regulatory authorizations, net	—	400,000	9,410	—	409,410
Other intangible assets, net	—	13,612	4,180	—	17,792
Other investments, net	—	9,701	79,810	—	89,511
Investment in subsidiaries	3,200,500	400,250	—	(3,600,750)	—
Other non-current assets, net	1,180	289,130	174,680	(164,490)	300,500
Total non-current assets	3,201,680	2,920,417	664,667	(3,765,240)	3,021,524
Total assets	\$ 4,489,730	\$ 4,197,927	\$ 1,052,106	\$ (5,023,994)	\$ 4,715,769
Liabilities and Shareholder's Equity					
Current liabilities:					
Trade accounts payable	\$ —	\$ 96,464	\$ 11,489	\$ —	\$ 107,953
Contract liabilities	—	132,342	5,859	—	138,201
Accrued expenses and other current liabilities	1,028,159	200,399	306,430	(1,258,754)	276,234
Total current liabilities	1,028,159	429,205	323,778	(1,258,754)	522,388
Non-current liabilities:					
Long-term debt, net	1,496,185	—	—	—	1,496,185
Deferred tax liabilities, net	—	329,900	13,273	—	343,173
Operating lease liabilities	—	110,556	25,292	—	135,848
Other non-current liabilities	—	128,327	177,238	(164,490)	141,075
Total non-current liabilities	1,496,185	568,783	215,803	(164,490)	2,116,281
Total liabilities	2,524,344	997,988	539,581	(1,423,244)	2,638,669
Shareholder's equity:					
Total Hughes Satellite Systems Corporation shareholder's equity	1,965,386	3,199,939	400,811	(3,600,750)	1,965,386
Non-controlling interests	—	—	111,714	—	111,714
Total shareholder's equity	1,965,386	3,199,939	512,525	(3,600,750)	2,077,100
Total liabilities and shareholder's equity	\$ 4,489,730	\$ 4,197,927	\$ 1,052,106	\$ (5,023,994)	\$ 4,715,769

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Consolidating Balance Sheet as of December 31, 2021

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 324,764	\$ 42,550	\$ 61,854	\$ —	\$ 429,168
Marketable investment securities	854,502	—	—	—	854,502
Trade accounts receivable and contract assets, net	—	127,350	54,713	—	182,063
Other current assets, net	170,283	1,056,871	94,185	(1,044,495)	276,844
Total current assets	1,349,549	1,226,771	210,752	(1,044,495)	1,742,577
Non-current assets:					
Property and equipment, net	—	1,209,859	313,588	—	1,523,447
Operating lease right-of-use assets	—	117,912	30,309	—	148,221
Goodwill	—	504,173	6,913	—	511,086
Regulatory authorizations, net	—	400,000	8,959	—	408,959
Other intangible assets, net	—	13,984	—	—	13,984
Other investments, net	—	9,600	81,626	—	91,226
Investment in subsidiaries	3,126,926	292,211	—	(3,419,137)	—
Other non-current assets, net	1,191	299,149	97,305	(94,805)	302,840
Total non-current assets	3,128,117	2,846,888	538,700	(3,513,942)	2,999,763
Total assets	\$ 4,477,666	\$ 4,073,659	\$ 749,452	\$ (4,558,437)	\$ 4,742,340
Liabilities and Shareholder's Equity					
Current liabilities:					
Trade accounts payable	\$ —	\$ 92,156	\$ 13,321	\$ —	\$ 105,477
Contract liabilities	—	134,474	6,869	—	141,343
Accrued expenses and other current liabilities	972,936	218,463	161,975	(1,044,495)	308,879
Total current liabilities	972,936	445,093	182,165	(1,044,495)	555,699
Non-current liabilities:					
Long-term debt, net	1,495,994	—	—	—	1,495,994
Deferred tax liabilities, net	—	334,148	258	—	334,406
Operating lease liabilities	—	108,431	25,570	—	134,001
Other non-current liabilities	—	59,623	188,432	(94,804)	153,251
Total non-current liabilities	1,495,994	502,202	214,260	(94,804)	2,117,652
Total liabilities	2,468,930	947,295	396,425	(1,139,299)	2,673,351
Shareholder's equity:					
Total Hughes Satellite Systems Corporation shareholder's equity	2,008,736	3,126,364	292,774	(3,419,138)	2,008,736
Non-controlling interests	—	—	60,253	—	60,253
Total shareholder's equity	2,008,736	3,126,364	353,027	(3,419,138)	2,068,989
Total liabilities and shareholder's equity	\$ 4,477,666	\$ 4,073,659	\$ 749,452	\$ (4,558,437)	\$ 4,742,340

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Consolidating Statement of Operations and Comprehensive Income (Loss)
For the Three months ended March 31, 2022

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenue:					
Services and other revenue	\$ —	\$ 344,278	\$ 82,683	\$ (6,020)	\$ 420,941
Equipment revenue	—	82,985	6,033	(6,301)	82,717
Total revenue	—	427,263	88,716	(12,321)	503,658
Costs and expenses:					
Cost of sales - services and other (exclusive of depreciation and amortization)	—	105,621	41,857	(8,124)	139,354
Cost of sales - equipment (exclusive of depreciation and amortization)	—	69,418	3,433	(3,746)	69,105
Selling, general and administrative expenses	—	90,634	21,435	(451)	111,618
Research and development expenses	—	7,536	80	—	7,616
Depreciation and amortization	—	78,306	35,372	—	113,678
Total costs and expenses	—	351,515	102,177	(12,321)	441,371
Operating income (loss)	—	75,748	(13,461)	—	62,287
Other income (expense):					
Interest income	1,126	1,345	1,073	(1,264)	2,280
Interest expense, net of amounts capitalized	(22,457)	824	(3,009)	1,264	(23,378)
Equity in earnings (losses) of unconsolidated affiliates, net	—	102	(1,816)	—	(1,714)
Equity in earnings (losses) of subsidiaries, net	49,756	(9,842)	—	(39,914)	—
Foreign currency transaction gains (losses), net	—	897	5,758	—	6,655
Other, net	—	(55)	(134)	—	(189)
Total other income (expense), net	28,425	(6,729)	1,872	(39,914)	(16,346)
Income (loss) before income taxes	28,425	69,019	(11,589)	(39,914)	45,941
Income tax benefit (provision), net	4,876	(19,263)	(741)	—	(15,128)
Net income (loss)	33,301	49,756	(12,330)	(39,914)	30,813
Less: Net loss (income) attributable to non-controlling interests	—	—	2,488	—	2,488
Net income (loss) attributable to HSSC	\$ 33,301	\$ 49,756	\$ (9,842)	\$ (39,914)	\$ 33,301
Comprehensive income (loss):					
Net income (loss)	\$ 33,301	\$ 49,756	\$ (12,330)	\$ (39,914)	\$ 30,813
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments	—	—	46,686	—	46,686
Unrealized gains (losses) on available-for-sale securities	(470)	—	—	—	(470)
Amounts reclassified to net income (loss):					
Equity in other comprehensive income (loss) of subsidiaries, net	37,130	37,130	—	(74,260)	—
Total other comprehensive income (loss), net of tax	36,660	37,130	46,686	(74,260)	46,216
Comprehensive income (loss)	69,961	86,886	34,356	(114,174)	77,029
Less: Comprehensive loss (income) attributable to non-controlling interests	—	—	(7,068)	—	(7,068)
Comprehensive income (loss) attributable to HSSC	\$ 69,961	\$ 86,886	\$ 27,288	\$ (114,174)	\$ 69,961

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Consolidating Statement of Operations and Comprehensive Income (Loss)
For the Three months ended March 31, 2021

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenue:					
Services and other revenue	\$ —	\$ 363,697	\$ 77,703	\$ (8,409)	\$ 432,991
Equipment revenue	—	61,037	8,046	(16,844)	52,239
Total revenue	—	424,734	85,749	(25,253)	485,230
Costs and expenses:					
Cost of sales - services and other (exclusive of depreciation and amortization)	—	103,207	36,229	(8,024)	131,412
Cost of sales - equipment (exclusive of depreciation and amortization)	—	56,430	5,369	(16,659)	45,140
Selling, general and administrative expenses	—	83,543	21,397	(570)	104,370
Research and development expenses	—	7,358	187	—	7,545
Depreciation and amortization	—	94,252	28,412	—	122,664
Impairment of long-lived assets	—	210	—	—	210
Total costs and expenses	—	345,000	91,594	(25,253)	411,341
Operating income (loss)	—	79,734	(5,845)	—	73,889
Other income (expense):					
Interest income, net	1,036	1,287	1,281	(1,210)	2,394
Interest expense, net of amounts capitalized	(40,244)	45	(2,933)	1,210	(41,922)
Equity in earnings (losses) of unconsolidated affiliates, net	—	219	(1,980)	—	(1,761)
Equity in earnings (losses) of subsidiaries, net	50,143	(12,617)	—	(37,526)	—
Foreign currency transaction gains (losses), net	—	(3)	(3,357)	—	(3,360)
Other, net	(1,582)	744	(135)	—	(973)
Total other income (expense), net	9,353	(10,325)	(7,124)	(37,526)	(45,622)
Income (loss) before income taxes	9,353	69,409	(12,969)	(37,526)	28,267
Income tax benefit (provision), net	9,224	(19,266)	(595)	—	(10,637)
Net income (loss)	18,577	50,143	(13,564)	(37,526)	17,630
Less: Net loss (income) attributable to non-controlling interests	—	—	947	—	947
Net income (loss) attributable to HSSC	\$ 18,577	\$ 50,143	\$ (12,617)	\$ (37,526)	\$ 18,577
Comprehensive income (loss):					
Net income (loss)	\$ 18,577	\$ 50,143	\$ (13,564)	\$ (37,526)	\$ 17,630
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments	—	—	(33,742)	—	(33,742)
Unrealized gains (losses) on available-for-sale securities	(88)	—	—	—	(88)
Amounts reclassified to net income (loss):					
Equity in other comprehensive income (loss) of subsidiaries, net	(28,132)	(28,132)	—	56,264	—
Total other comprehensive income (loss), net of tax	(28,220)	(28,132)	(33,742)	56,264	(33,830)
Comprehensive income (loss)	(9,643)	22,011	(47,306)	18,738	(16,200)
Less: Comprehensive loss (income) attributable to non-controlling interests	—	—	6,557	—	6,557
Comprehensive income (loss) attributable to HSSC	\$ (9,643)	\$ 22,011	\$ (40,749)	\$ 18,738	\$ (9,643)

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Consolidating Statement of Cash Flows
For the Three months ended March 31, 2022

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash flows from operating activities:					
Net income (loss)	\$ 33,301	\$ 49,756	\$ (12,330)	\$ (39,914)	\$ 30,813
Adjustments to reconcile net income (loss) to net cash flows from operating activities	(179,357)	172,734	41,080	39,914	74,371
Net cash provided by (used for) operating activities	(146,056)	222,490	28,750	—	105,184
Cash flows from investing activities:					
Purchases of marketable investment securities	(76,228)	—	—	—	(76,228)
Sales and maturities of marketable investment securities	485,730	—	—	—	485,730
Expenditures for property and equipment	—	(46,491)	(14,530)	—	(61,021)
Expenditures for externally marketed software	—	(5,093)	—	—	(5,093)
Distributions (contributions) and advances from (to) subsidiaries, net	182,738	—	—	(182,738)	—
India JV formation	—	(7,892)	—	—	(7,892)
Net cash provided by (used for) investing activities	592,240	(59,476)	(14,530)	(182,738)	335,496
Cash flows from financing activities:					
Payment of finance lease obligations	—	—	(85)	—	(85)
Payment of in-orbit incentive obligations	—	(1,444)	—	—	(1,444)
Dividend paid to EchoStar	(100,000)	—	—	—	(100,000)
Contribution (distributions) and advances (to) from parent, net	—	(182,738)	—	182,738	—
Net cash provided by (used for) financing activities	(100,000)	(184,182)	(85)	182,738	(101,529)
Effect of exchange rates on cash and cash equivalents	—	—	3,490	—	3,490
Net increase (decrease) in cash and cash equivalents	346,184	(21,168)	17,625	—	342,641
Cash and cash equivalents, including restricted amounts, beginning of period	324,764	42,550	62,834	—	430,148
Cash and cash equivalents, including restricted amounts, end of period	<u>\$ 670,948</u>	<u>\$ 21,382</u>	<u>\$ 80,459</u>	<u>\$ —</u>	<u>\$ 772,789</u>

HUGHES SATELLITE SYSTEMS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

Consolidating Statement of Cash Flows
For the Three months ended March 31, 2021

	Hughes Satellite Systems Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash flows from operating activities:					
Net income (loss)	\$ 18,577	\$ 50,143	\$ (13,564)	\$ (37,526)	\$ 17,630
Adjustments to reconcile net income (loss) to net cash flows from operating activities	(61,725)	102,402	25,616	37,526	103,819
Net cash provided by (used for) operating activities	(43,148)	152,545	12,052	—	121,449
Cash flows from investing activities:					
Purchases of marketable investment securities	(310,528)	—	—	—	(310,528)
Sales and maturities of marketable investment securities	1,003,198	—	—	—	1,003,198
Expenditures for property and equipment	—	(52,246)	(29,950)	—	(82,196)
Expenditures for externally marketed software	—	(7,846)	—	—	(7,846)
Distributions (contributions) and advances from (to) subsidiaries, net	77,097	(24,100)	—	(52,997)	—
Net cash provided by (used for) investing activities	769,767	(84,192)	(29,950)	(52,997)	602,628
Cash flows from financing activities:					
Repurchase and maturity of the 2021 Senior Unsecured Notes	(62,588)	—	—	—	(62,588)
Payment of finance lease obligations	—	—	(329)	—	(329)
Payment of in-orbit incentive obligations	—	(1,104)	—	—	(1,104)
Contribution by non-controlling interest holder	—	—	5,400	—	5,400
Other, net	—	—	(292)	—	(292)
Contribution (distributions) and advances (to) from parent, net	—	(77,097)	24,100	52,997	—
Net cash provided by (used for) financing activities	(62,588)	(78,201)	28,879	52,997	(58,913)
Effect of exchange rates on cash and cash equivalents	—	—	(1,700)	—	(1,700)
Net increase (decrease) in cash and cash equivalents	664,031	(9,848)	9,281	—	663,464
Cash and cash equivalents, including restricted amounts, beginning of period	649,851	46,055	45,391	—	741,297
Cash and cash equivalents, including restricted amounts, end of period	\$ 1,313,882	\$ 36,207	\$ 54,672	\$ —	\$ 1,404,761

ITEM 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS

Unless the context indicates otherwise, the terms "we," "us," "HSSC," the "Company" and "our" refer to Hughes Satellite Systems Corporation and its subsidiaries. The following Management's Narrative Analysis of Results of Operations ("Management's Narrative Analysis") should be read in conjunction with our accompanying Consolidated Financial Statements and notes thereto ("Consolidated Financial Statements") in Item 1 of this Quarterly Report on Form 10-Q ("Form 10-Q"). This Management's Narrative Analysis is intended to help provide an understanding of our financial condition, changes in our financial condition and our results of operations. Many of the statements in this Management's Narrative Analysis are forward-looking statements that involve assumptions and are subject to risks and uncertainties that are often difficult to predict and beyond our control. Actual results could differ materially from those expressed or implied by such forward-looking statements. Refer to the Disclosure Regarding Forward-Looking Statements in this Form 10-Q for further discussion. For a discussion of additional risks, uncertainties and other factors that could impact our results of operations or financial condition, refer to the Risk Factors in Part II, Item 1A of this Form 10-Q and in Part I, Item 1A of our most recent Annual Report on Form 10-K ("Form 10-K") filed with the Securities and Exchange Commission ("SEC"). Further, such forward-looking statements speak only as of the date of this Form 10-Q and we undertake no obligation to update them.

EXECUTIVE SUMMARY

We are a holding company and a subsidiary of EchoStar Corporation ("EchoStar" and "parent"). We were formed as a Colorado corporation in March 2011. We are an industry leader in both networking technologies and services, innovating to deliver the global solutions that power a connected future for people, enterprises and things everywhere. We provide broadband satellite technologies and broadband internet products and services for consumer customers, which include home and small to medium-sized businesses, satellite services and solutions for enterprise customers, which include aeronautical and government enterprises.

We currently operate in two business segments: Hughes segment and EchoStar Satellite Services segment ("ESS segment"). These segments are consistent with the way we make decisions regarding the allocation of resources, as well as how operating results are reviewed by our chief operating decision maker, who is the Company's Chief Executive Officer.

Our operations include various corporate departments (primarily Executive, Treasury, Strategic Development, Human Resources, Information Technology, Finance, Accounting, Real Estate and Legal) and other activities, such as costs incurred in certain satellite development programs and other business development activities, and gains or losses from certain of our investments, that have not been assigned to our business segments. These activities, costs and income, as well as eliminations of intersegment transactions, are accounted for in our Corporate and Other segment in our segment reporting.

All amounts presented in this Management's Narrative Analysis, unless otherwise noted, are expressed in thousands of U.S. dollars, except share and per share amounts and unless otherwise noted.

Highlights from our financial results are as follows:

Consolidated Results of Operations for the Three Months Ended March 31, 2022:

- Revenue of \$503.7 million
- Operating income of \$62.3 million
- Net income of \$30.8 million
- Net income attributable to HSSC of \$33.3 million
- Earnings before interest, taxes, depreciation and amortization, and net income (loss) attributable to non-controlling interests ("EBITDA") of \$183.2 million (see reconciliation of this non-GAAP measure in Results of Operations)

Consolidated Financial Condition as of March 31, 2022:

- Total assets of \$4.7 billion

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED

- Total liabilities of \$2.6 billion
- Total shareholder's equity of \$2.1 billion
- Cash and cash equivalents and marketable investment securities of \$1.2 billion

Hughes Segment

Our Hughes segment is an industry leader in both networking technologies and services, innovating to deliver the global solutions that power a connected future for people, enterprises and things everywhere. We provide broadband satellite technologies and broadband internet products and services to consumer customers. We provide broadband network technologies, managed services, equipment, hardware, satellite services and communications solutions to government and enterprise customers. We also design, provide and install gateway and terminal equipment to customers for other satellite systems. In addition, we design, develop, construct and provide telecommunication networks comprising satellite ground segment systems and terminals to mobile system operators and our enterprise customers.

Our Hughes segment incorporates advances in technology to reduce costs and to increase the functionality and reliability of our products and services. Through advanced and proprietary methodologies, technologies, software and techniques, we continue to improve the efficiency of our networks. We invest in technologies to enhance our system and network management capabilities, specifically our managed services for enterprises. We also continue to invest in next generation technologies that can be applied to our future products and services.

Our Hughes segment continues to focus its efforts on optimizing financial returns of our existing satellites while planning for new satellite capacity to be launched, leased or acquired. In addition, we are also pursuing wireline and wireless capacity to utilize in markets that include residential, community WiFi, backhaul, and other enterprise broadband and multi-transport services. Our consumer revenue growth depends on our success in adding new and retaining existing subscribers, as well as increasing our Average Revenue Per User/subscriber ("ARPU"). Service and acquisition costs related to ongoing support for our direct and indirect customers and partners are typically impacted most significantly by our growth. The growth of our enterprise and consumer businesses relies heavily on global economic conditions and the competitive landscape for pricing relative to competitors and alternative technologies.

Our Hughes segment currently uses capacity from our owned and leased satellites, including additional satellite capacity leased from third-party providers to provide services to our customers. We also use other multi-transport capacity that includes cable, fiber, 5G, and 4G/LTE. In most areas of the U.S. we are nearing or have reached capacity, which has resulted in our consumer subscriber base becoming increasingly limited. Our Latin America consumer subscriber base in certain areas has also become capacity constrained. These constraints are expected to be addressed by the launch of the EchoStar XXIV satellite.

To date, we have not experienced a material adverse impact from the Russia-Ukraine conflict and the associated sanctions.

In May 2019, we entered into an agreement with Bharti Airtel Limited ("BAL") and its subsidiary, Bharti Airtel Services Limited (together with BAL, "Bharti"), pursuant to which Bharti agreed to contribute its very small aperture terminal ("VSAT") telecommunications services and hardware business in India to Hughes Communications India Private Limited ("HCIPL") and its subsidiaries, our less than wholly owned Indian subsidiaries, that conduct our VSAT services and hardware business in India. On January 4, 2022, this joint venture was formed (the "India JV") and subsequent to the formation of the India JV, we hold a 67% ownership interest and Bharti holds a 33% ownership interest in HCIPL. The India JV combines the VSAT businesses of both companies to offer flexible and scalable enterprise networking solutions using satellite connectivity for primary transport, back-up and hybrid implementation in India.

In August 2017, a subsidiary of EchoStar entered into a long-term contract for the design and construction of the EchoStar XXIV satellite, a new, next-generation, high throughput geostationary satellite. The EchoStar XXIV satellite is primarily intended to provide additional capacity for our HughesNet satellite internet service (the "HughesNet service") in North, Central and South America as well as enterprise broadband services. The EchoStar

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED

XXIV satellite is expected to be launched in the first quarter of 2023. Further delays or impediments could have a material adverse impact on our business operations, future revenues, financial position and prospects, and our planned expansion of satellite broadband services throughout North, South and Central America. In December 2020, we entered into an agreement with a launch provider for the launch of EchoStar XXIV. Capital expenditures associated with the construction and launch of the EchoStar XXIV satellite are included in EchoStar's Corporate and Other segment in its segment reporting.

Our broadband subscribers include customers that subscribe to our HughesNet services in the U.S. and Latin America through retail, wholesale and small/medium enterprise service channels.

The following table presents our approximate number of broadband subscribers:

	As of	
	March 31, 2022	December 31, 2021
United States	1,055,000	1,090,000
Latin America	351,000	372,000
Total broadband subscribers	1,406,000	1,462,000

The following table presents the approximate number of net subscriber additions:

	For the Three Months Ended	
	March 31, 2022	December 31, 2021
United States	(35,000)	(30,000)
Latin America	(21,000)	(18,000)
Total net subscriber additions	(56,000)	(48,000)

Our U.S. consumer subscriber base in certain areas continues to be capacity constrained and we are managing the available capacity to maintain service quality to our existing subscribers. Balancing of total subscribers relative to capacity utilization in the three months ended March 31, 2022 resulted in lower total subscribers. During the three months ended March 31, 2022, the lower net subscribers were due to both lower gross additions and higher churn as compared to the three months ended December 31, 2021.

Our Latin America consumer subscriber base in certain areas, similar to the U.S., continues to be capacity constrained. Continued high bandwidth demand in certain areas has resulted in the need to manage subscriber growth, and we are balancing capacity utilization with subscriber levels in the impacted areas which resulted in lower total subscribers. During the three months ended March 31, 2022, the lower net subscribers were due to both lower gross additions primarily driven by more selective customer screening and higher churn driven by adverse economic conditions in the region as compared to the three months ended December 31, 2021.

We continued to execute our strategy of maximizing financial returns by utilizing capacity for applications other than consumer subscribers, such as community WiFi, and for other enterprise and government opportunities in Latin America. Continued success of this strategy will further reduce the available capacity for consumer subscribers.

As of March 31, 2022, our Hughes segment had \$1.3 billion of contracted revenue backlog, a decrease of 1.8%, as compared to December 31, 2021, primarily due to a decrease in contracts from our domestic customers. We define Hughes segment contracted revenue backlog as our expected future revenue under enterprise customer contracts that are non-cancelable, including lease revenue.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED**ESS Segment**

Our ESS segment provides satellite services on a full-time and/or occasional-use basis to U.S. government service providers, internet service providers, broadcast news organizations, content providers and private enterprise customers. We operate our ESS business using primarily the EchoStar IX satellite and the EchoStar 105/SES-11 satellite and related infrastructure. Revenue in our ESS segment depends largely on our ability to continuously make use of our available satellite capacity with existing customers and our ability to enter into commercial relationships with new customers.

As of March 31, 2022, our ESS segment had \$14.0 million of contracted revenue backlog, an increase of 35%, as compared to December 31, 2021, primarily due to an increase in satellite service contracts with existing customers. We define contracted revenue backlog for our ESS segment as contracted future satellite lease revenue.

Other Business Opportunities

Our industry continues to evolve with the increasing worldwide demand for broadband internet access for information, entertainment and commerce. In addition to fiber and wireless systems, technologies such as geostationary high throughput satellites, low-earth orbit ("LEO") networks, medium-earth orbit ("MEO") systems and multi-transport networks using combinations of technologies are expected to continue to play significant roles in enabling global broadband access, networks and services. We intend to use our expertise, technologies, capital, investments, global presence, relationships and other capabilities to continue to provide broadband internet systems, equipment, networks and services for information, the internet-of-things, entertainment, education, remote-connectivity and commerce across industries and communities globally for consumer and enterprise customers. We are closely tracking the developments in next-generation satellite businesses, and we are seeking to utilize our services, technologies, licenses and expertise to find new commercial opportunities for our business.

We intend to continue to selectively explore opportunities to pursue investments, commercial alliances, partnerships, joint ventures, acquisitions, dispositions and other strategic initiatives and transactions, domestically and internationally, that we believe may allow us to increase our existing market share, increase our satellite capacity, expand into new satellite and other technologies, markets and customers, broaden our portfolio of services, products and intellectual property, make our business more valuable, align us for future growth and expansion, maximize the return on our investments and strengthen our business and relationships with our customers. We may allocate or dispose of significant resources for long-term value that may not have a short or medium-term or any positive impact on our revenue, results of operations, or cash flow.

Cybersecurity

We and the third parties with whom we work face a constantly evolving landscape of cybersecurity threats in which hackers and other parties use complex assortments of techniques and methods to execute cyberattacks. Cybersecurity incidents have increased significantly in quantity and severity and are expected to continue to increase. In addition to our efforts to mitigate cyber-attacks, we are making investments to alleviate the potential impact to our products. As a result of these efforts, we could discover new vulnerabilities within our products and systems. We may not discover all such vulnerabilities due to the scale of activities on our platforms, or due to other factors, including but not limited to issues outside of our control. In addition, our IT systems and infrastructure are vulnerable to damage from a variety of sources, including telecommunications or network failures, malicious acts, human errors and natural disasters. Moreover, despite network security and backup measures, some of our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems.

We are not aware of any cyber-incidents with respect to our owned or leased satellites or other networks, equipment or systems that have had a material adverse effect on our business, costs, operations, prospects, results of operation or financial position during the three months ended March 31, 2022. There can be no assurance, however, that any such incident can be detected or thwarted or will not have such a material adverse effect in the future.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED
RESULTS OF OPERATIONS
Three Months Ended March 31, 2022 Compared to the Three Months Ended March 31, 2021

The following table presents our consolidated results of operations for the three months ended March 31, 2022 compared to the three months ended March 31, 2021:

Statements of Operations Data ⁽¹⁾	For the three months ended March 31,		Variance	
	2022	2021	Amount	%
Revenue:				
Services and other revenue	\$ 420,941	\$ 432,991	\$ (12,050)	(2.8)
Equipment revenue	82,717	52,239	30,478	58.3
Total revenue	503,658	485,230	18,428	3.8
Costs and expenses:				
Cost of sales - services and other	139,354	131,412	7,942	6.0
% of total services and other revenue	33.1 %	30.3 %		
Cost of sales - equipment	69,105	45,140	23,965	53.1
% of total equipment revenue	83.5 %	86.4 %		
Selling, general and administrative expenses	111,618	104,370	7,248	6.9
% of total revenue	22.2 %	21.5 %		
Research and development expenses	7,616	7,545	71	0.9
% of total revenue	1.5 %	1.6 %		
Depreciation and amortization	113,678	122,664	(8,986)	(7.3)
Impairment of long-lived assets	—	210	(210)	(100.0)
Total costs and expenses	441,371	411,341	30,030	7.3
Operating income (loss)	62,287	73,889	(11,602)	(15.7)
Other income (expense):				
Interest income, net	2,280	2,394	(114)	(4.8)
Interest expense, net of amounts capitalized	(23,378)	(41,922)	18,544	(44.2)
Equity in earnings (losses) of unconsolidated affiliates, net	(1,714)	(1,761)	47	(2.7)
Foreign currency transaction gains (losses), net	6,655	(3,360)	10,015	*
Other, net	(189)	(973)	784	(80.6)
Total other income (expense), net	(16,346)	(45,622)	29,276	(64.2)
Income (loss) before income taxes	45,941	28,267	17,674	62.5
Income tax benefit (provision), net	(15,128)	(10,637)	(4,491)	42.2
Net income (loss)	30,813	17,630	13,183	74.8
Less: Net loss (income) attributable to non-controlling interests	2,488	947	1,541	*
Net income (loss) attributable to HSSC	\$ 33,301	\$ 18,577	\$ 14,724	79.3
Other data:				
EBITDA ⁽²⁾	\$ 183,205	\$ 191,406	\$ (8,201)	(4.3)
Subscribers, end of period	1,406,000	1,553,000	(147,000)	(9.5)

* Percentage is not meaningful.

(1) An explanation of our key metrics is included in Explanation of Key Metrics and Other Items.

(2) A reconciliation of EBITDA to Net income (loss), the most directly comparable U.S. generally accepted accounting principles ("U.S. GAAP") measure in our Consolidated Financial Statements, is included in Results of Operations. For further information on our use of EBITDA, see Explanation of Key Metrics and Other Items.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED

The following discussion relates to our results of operations for the three months ended March 31, 2022 and 2021.

Services and other revenue. Services and other revenue totaled \$420.9 million for the three months ended March 31, 2022, a decrease of \$12.1 million, or 2.8%, as compared to 2021. The decrease was primarily attributable to our Hughes segment related to lower sales of broadband services to our consumer customers of \$17.0 million due to lower broadband consumer customers, partially offset by higher sales of broadband services to our enterprise customers of \$3.3 million and to our mobile satellite system and other customers of \$1.5 million. These variances reflect the negative impact of exchange rate fluctuations of \$0.9 million, primarily attributable to our enterprise customers.

Equipment revenue. Equipment revenue totaled \$82.7 million for the three months ended March 31, 2022, an increase of \$30.5 million, or 58.3%, as compared to 2021. The increase was primarily attributable to increases in hardware sales to our enterprise customers of \$28.2 million mainly associated with a certain customer in North America and to international customers.

Cost of sales - services and other. Cost of sales - services and other totaled \$139.4 million for the three months ended March 31, 2022, an increase of \$7.9 million, or 6.0%, as compared to 2021. The increase was attributable to a non-recurring decrease in a certain international regulatory fee of \$4.5 million in 2021 and increases in costs provided to our consumer and enterprise customers, mainly related to service delivery expenses.

Cost of sales - equipment. Cost of sales - equipment totaled \$69.1 million for the three months ended March 31, 2022, an increase of \$24.0 million, or 53.1%, as compared to 2021. The increase was primarily attributable to the corresponding increase in equipment revenue and change in product mix.

Selling, general and administrative expenses. Selling, general and administrative expenses totaled \$111.6 million for the three months ended March 31, 2022, an increase of \$7.2 million, or 6.9%, as compared to 2021. The increase was primarily attributable to increases in bad debt expense of \$3.9 million primarily due to the recovery of bad debt reserves in 2021 and increases in other selling, general and administrative expenses of \$1.7 million.

Depreciation and amortization. Depreciation and amortization expenses totaled \$113.7 million for the three months ended March 31, 2022, a decrease of \$9.0 million, or 7.3%, as compared to 2021. The decrease was primarily attributable to (i) decreases in our satellite depreciation of \$9.4 million, mainly related to our SPACEWAY 3 satellite which was fully depreciated at the end of the first quarter of 2021, (ii) decreases in amortization of intangibles of \$1.5 million, and (iii) decreases in other property and equipment depreciation expense of \$1.6 million. These decreases were partially offset by increases in amortization of our capitalized software of \$3.1 million.

Interest income, net. Interest income, net totaled \$2.3 million for the three months ended March 31, 2022, a decrease of \$0.1 million, or 4.8%, as compared to 2021, primarily attributable to decreases in our marketable investment securities average balance.

Interest expense, net of amounts capitalized. Interest expense, net of amounts capitalized, totaled \$23.4 million for the three months ended March 31, 2022, a decrease of \$18.5 million, or 44.2%, as compared to 2021. The decrease was primarily attributable to a decrease of \$17.8 million in interest expense and the amortization of deferred financing cost as a result of the repurchases and maturity of our 7 5/8% Senior Unsecured Notes due 2021 and an increase of \$0.7 million in capitalized interest relating to the EchoStar XXIV satellite program.

Foreign currency transaction gains (losses), net. Foreign currency transaction gains (losses), net totaled \$6.7 million in gains for the three months ended March 31, 2022, as compared to \$3.4 million in losses for the three months ended March 31, 2021, a positive change of \$10.0 million. The change was due to the net impact of foreign exchange rate fluctuations of certain foreign currencies during the quarter.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED

Income tax benefit (provision), net. Income tax benefit (provision), net was \$(15.1) million for the three months ended March 31, 2022, as compared to \$(10.6) million for the three months ended March 31, 2021. Our effective income tax rate was 32.9% and 37.6% for the three months ended March 31, 2022 and 2021, respectively. The variations in our effective tax rate from the U.S. federal statutory rate for the three months ended March 31, 2022 were primarily due to excluded foreign losses where the Company carries a full valuation allowance and the impact of state and local taxes. For the three months ended March 31, 2021, the variations in our effective tax rate from the U.S. federal statutory rate were primarily due to excluded foreign losses where the Company carries a full valuation allowance.

Net income (loss) attributable to HSSC. The following table reconciles the change in Net income (loss) attributable to HSSC:

	Amounts
Net income (loss) attributable to HSSC for the three months ended March 31, 2021	\$ 18,577
Decrease (increase) in interest expense, net of amounts capitalized	18,544
Increase (decrease) in foreign currency transaction gains (losses), net	10,015
Decrease (increase) in net income (loss) attributable to non-controlling interests	1,541
Increase (decrease) in other, net	784
Decrease (increase) in equity in earnings (losses) of unconsolidated affiliates, net	47
Increase (decrease) in interest income, net	(114)
Decrease (increase) in income tax benefit (provision), net	(4,491)
Increase (decrease) in operating income (loss), including depreciation and amortization	(11,602)
Net income (loss) attributable to HSSC for the three months ended March 31, 2022	<u>\$ 33,301</u>

EBITDA. EBITDA is a non-GAAP financial measure and is described under Explanation of Key Metrics and Other Items below. The following table reconciles EBITDA to Net income (loss), the most directly comparable U.S. GAAP measure in our Consolidated Financial Statements:

	For the three months ended March		Variance	
	2022	2021	Amount	%
Net income (loss)	\$ 30,813	\$ 17,630	\$ 13,183	74.8
Interest income, net	(2,280)	(2,394)	114	(4.8)
Interest expense, net of amounts capitalized	23,378	41,922	(18,544)	(44.2)
Income tax provision (benefit), net	15,128	10,637	4,491	42.2
Depreciation and amortization	113,678	122,664	(8,986)	(7.3)
Net loss (income) attributable to non-controlling interests	2,488	947	1,541	*
EBITDA	<u>\$ 183,205</u>	<u>\$ 191,406</u>	<u>\$ (8,201)</u>	<u>(4.3)</u>

* Percentage is not meaningful.

The following table reconciles the change in EBITDA:

	Amounts
EBITDA for the three months ended March 31, 2021	\$ 191,406
Increase (decrease) in foreign currency transaction gains (losses), net	10,015
Decrease (increase) in net loss (income) attributable to non-controlling interests	1,541
Increase (decrease) in other, net	784
Decrease (increase) in equity in earnings (losses) of unconsolidated affiliates, net	47
Increase (decrease) in operating income (loss), excluding depreciation and amortization	\$ (20,588)
EBITDA for the three months ended March 31, 2022	<u>\$ 183,205</u>

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED
Segment Operating Results and Capital Expenditures

The following tables present our total revenue, capital expenditures and EBITDA by segment for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021:

	Hughes	ESS	Corporate and Other	Consolidated Total
For the three months ended March 31, 2022				
Total revenue	\$ 494,106	\$ 4,474	\$ 5,078	\$ 503,658
Capital expenditures	61,021	—	—	61,021
EBITDA	191,170	2,691	(10,656)	183,205
For the three months ended March 31, 2021				
Total revenue	\$ 475,859	\$ 4,089	\$ 5,282	\$ 485,230
Capital expenditures	82,196	—	—	82,196
EBITDA	198,578	1,919	(9,091)	191,406

Hughes Segment

	For the three months ended March 31,		Variance	
	2022	2021	Amount	%
Total revenue	\$ 494,106	\$ 475,859	\$ 18,247	3.8
Capital expenditures	61,021	82,196	(21,175)	(25.8)
EBITDA	191,170	198,578	(7,408)	(3.7)

Total revenue was \$494.1 million for the three months ended March 31, 2022, an increase of \$18.2 million, or 3.8%, as compared to 2021. Services and other revenue decreased primarily due to lower sales of broadband services to our consumer customers of \$17.0 million due to lower broadband consumer customers, partially offset by higher sales of broadband services to our enterprise customers of \$3.3 million and to our mobile satellite system and other customers of \$1.5 million. Equipment revenue increased primarily due to increases in hardware sales to our enterprise customers of \$28.2 million mainly associated with a certain customer in North America and to international customers. These variances reflect the negative impact of exchange rate fluctuations of \$0.9 million.

Capital expenditures were \$61.0 million for the three months ended March 31, 2022, a decrease of \$21.2 million, or 25.8%, as compared to 2021, primarily due to decreases in expenditures associated with our consumer business, partially offset by increased expenditures related to the construction of our satellite-related ground infrastructure in preparation of the launch of EchoStar XXIV.

The following table reconciles the change in the Hughes Segment EBITDA:

	Amounts
EBITDA for the three months ended March 31, 2021	\$ 198,578
Increase (decrease) in foreign currency transaction gains (losses), net	9,958
Decrease (increase) in net loss (income) attributable to non-controlling interests	1,541
Decrease (increase) in equity in earnings (losses) of unconsolidated affiliates, net	164
Increase (decrease) in other, net	(746)
Increase (decrease) in operating income (loss), excluding depreciation and amortization	(18,325)
EBITDA for the three months ended March 31, 2022	\$ 191,170

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED
ESS Segment

	For the three months ended March 31,		Variance	
	2022	2021	Amount	%
Total revenue	\$ 4,474	\$ 4,089	\$ 385	9.4
EBITDA	2,691	1,919	772	40.2

Total revenue was \$4.5 million for the three months ended March 31, 2022, an increase of \$0.4 million, or 9.4%, compared to 2021, primarily due to an increase in transponder services provided to third parties.

EBITDA was \$2.7 million for the three months ended March 31, 2022, an increase of \$0.8 million, or 40.2%, as compared to 2021, primarily due to the increase in overall ESS segment revenue and lower expenses.

Corporate and Other Segment

	For the three months ended March 31,		Variance	
	2022	2021	Amount	%
Total revenue	\$ 5,078	\$ 5,282	\$ (204)	(3.9)
EBITDA	(10,656)	(9,091)	(1,565)	17.2

Total revenue was \$5.1 million for the three months ended March 31, 2022, which is flat compared to 2021.

The following table reconciles the change in the Corporate and Other Segment EBITDA:

	Amounts
EBITDA for the three months ended March 31, 2021	\$ (9,091)
Increase (decrease) in other, net	1,582
Increase (decrease) in foreign currency transaction gains (losses), net	5
Decrease (increase) in equity in earnings (losses) of unconsolidated affiliates, net	(117)
Increase (decrease) in operating income (loss), excluding depreciation and amortization	(3,035)
EBITDA for the three months ended March 31, 2022	<u>\$ (10,656)</u>

EXPLANATION OF KEY METRICS AND OTHER ITEMS

Services and other revenue. Services and other revenue primarily includes the sales of consumer and enterprise broadband services, maintenance and other contracted services, revenue associated with satellite and transponder leases and services, satellite uplinking/downlinking, subscriber wholesale service fees for the HughesNet service professional services and facilities rental revenue.

Equipment revenue. Equipment revenue primarily includes broadband equipment and networks sold to customers in our consumer and enterprise markets.

Cost of sales - services and other. Cost of sales - services and other primarily includes the cost of broadband services provided to our consumer and enterprise customers, maintenance and other contracted services, costs associated with satellite and transponder leases and services, professional services and facilities rental.

Cost of sales - equipment. Cost of sales - equipment consists primarily of the cost of broadband equipment and networks provided to customers in our consumer and enterprise markets. It also includes certain other costs associated with the deployment of equipment to our customers.

Selling, general and administrative expenses. Selling, general and administrative expenses primarily include selling and marketing costs and employee-related costs associated with administrative services (e.g., information

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED

systems, human resources and other services), including stock-based compensation expense. It also includes professional fees (e.g. legal, information systems and accounting services) and other expenses associated with facilities and administrative services.

Research and development expenses. Research and development expenses primarily include costs associated with the design and development of products to support future growth and provide new technology and innovation to our customers.

Impairment of long-lived assets. Impairment of long-lived assets includes our impairment losses related to our property and equipment, goodwill, regulatory authorizations and other intangible assets.

Interest income, net. Interest income, net primarily includes interest earned on our cash, cash equivalents and marketable investment securities, and other investments including premium amortization and discount accretion on debt securities.

Interest expense, net of amounts capitalized. Interest expense, net of amounts capitalized primarily includes interest expense associated with our debt and finance lease obligations (net of capitalized interest), amortization of debt issuance costs and interest expense related to certain legal proceedings.

Gains (losses) on investments, net. Gains (losses) on investments, net primarily includes changes in fair value of our marketable equity securities and other investments for which we have elected the fair value option. It may also include realized gains and losses on the sale or exchange of our available-for-sale debt securities, other-than-temporary impairment losses on our available-for-sale securities, realized gains and losses on the sale or exchange of equity securities and debt securities without readily determinable fair value and adjustments to the carrying amount of investments in unconsolidated affiliates and marketable equity securities resulting from impairments and observable price changes.

Equity in earnings (losses) of unconsolidated affiliates, net. Equity in earnings (losses) of unconsolidated affiliates, net includes earnings or losses from our investments accounted for using the equity method.

Foreign currency transaction gains (losses), net. Foreign currency transaction gains (losses), net include gains and losses resulting from the re-measurement of transactions denominated in foreign currencies.

Other, net. Other, net primarily includes dividends received from our marketable investment securities and other non-operating income and expense items that are not appropriately classified elsewhere in the Consolidated Statements of Operations in our Consolidated Financial Statements.

Earnings before interest, taxes, depreciation and amortization, and Net income (loss) attributable to non-controlling interests ("EBITDA"). EBITDA is defined as Net income (loss) excluding Interest income and expense, net, Income tax benefit (provision), net, Depreciation and amortization, and Net income (loss) attributable to non-controlling interests. EBITDA is not a measure determined in accordance with U.S. GAAP. This non-GAAP measure is reconciled to Net income (loss) in our discussion of Results of Operations above. EBITDA should not be considered in isolation or as a substitute for operating income, net income or any other measure determined in accordance with U.S. 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 the underlying operating performance of our business and is appropriate to enhance an overall understanding of our financial performance. Management also believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to evaluate the performance of companies in our industry.

Subscribers. Subscribers include customers that subscribe to our HughesNet service, through retail, wholesale and small/medium enterprise service channels.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS - CONTINUED

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Form 10-Q. 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 Form 10-Q such that the information required to be disclosed in our Securities and Exchange Commission reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 15d-15(f) under the Securities Exchange Act of 1934, as amended) that occurred during the three months ended March 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We continue to review our internal control over financial reporting and may from time to time make changes aimed at enhancing its effectiveness and to ensure that our systems evolve with our business.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, refer to Part I, Item 1. Financial Statements - *Note 14. Contingencies* - Litigation in this Form 10-Q.

ITEM 1A. RISK FACTORS

Item 1A, Risk Factors, of our Form 10-K for the year ended December 31, 2021 includes a detailed discussion of our risk factors.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Financial Results

On May 5, 2022, EchoStar issued a press release (the "Press Release") announcing its financial results for the quarter ended March 31, 2022. A copy of the Press Release is furnished herewith as Exhibit 99.1. The foregoing information, including the exhibit related thereto, is furnished in response to Item 2.02 of Form 8-K and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise, and shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Securities Exchange Act of 1934, as amended, except as otherwise expressly stated in any such filing.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1*	Offer Letter to Hamid Akhavan (incorporated by reference to Exhibit 10.1 to EchoStar Corporation's Current Report on Form 8-K filed February 22, 2022, Commission File No. 001-33807)**
10.2(H)	Form of Stock Option Agreement for Hamid Akhavan**
10.3(H)	Form of Restricted Stock Unit Agreement for Hamid Akhavan**
31.1 (H)	Section 302 Certification of Chief Executive Officer.
31.2 (H)	Section 302 Certification of Chief Financial Officer.
32.1 (I)	Section 906 Certifications of Chief Executive Officer and Chief Financial Officer.
99.1 (I)	Press release dated May 5, 2022 issued by EchoStar Corporation regarding financial results for the period ended March 31, 2022.
101.INS	XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

(H) Filed herewith.

(I) Furnished herewith.

* Incorporated by reference.

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

HUGHES SATELLITE SYSTEMS CORPORATION

Date: May 5, 2022

By: /s/ Hamid Akhavan
Hamid Akhavan
Chief Executive Officer and President
(Principal Executive Officer)

Date: May 5, 2022

By: /s/ David J. Rayner
David J. Rayner
Executive Vice President, Chief Financial Officer, and Treasurer
(Principal Financial and Accounting Officer)

ECHOSTAR CORPORATION

EXECUTIVE OFFICER STOCK OPTION AGREEMENT

This Stock Option Agreement (the "Agreement") is entered into effective as of [Grant Date] (the "Grant Date"), by and between EchoStar Corporation, a Nevada corporation (the "Company"), and Hamid Akhavan ("Grantee").

RECITAL

WHEREAS, the Company, pursuant to its 2017 Stock Incentive Plan (as amended from time to time, the "Plan") desires to grant this stock option to Grantee, and Grantee desires to accept such stock option, each under the terms and conditions set forth in this Agreement; and

WHEREAS, the Option (as defined below) is intended to be consideration in exchange for the covenants herein contained and not in exchange for any right with respect to continuance of employment with or service to the Company or any of its direct or indirect subsidiaries.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Grant of Option

The Company hereby grants to Grantee, as of the Grant Date, the right and option (hereinafter called the "Option") to purchase all or any part of an aggregate of [Number of Shares Granted] shares of the Class A common stock of the Company, par value \$0.001 per share (the "Common Shares"), at the price of \$[Grant Price] per share (the "Option Price"), on the terms and conditions set forth in this Agreement, which price is equal to or greater than the fair market value of a Common Share on the Grant Date (or the last trading day prior to the Grant Date, if the Grant Date was not a trading day). The Option Price is subject to adjustment as provided in this Agreement and the Plan. The Option is intended to be an incentive stock option (an "ISO") within the meaning of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") to the full extent permitted under the provisions of the Code; provided that any portion of the Option that is not eligible to be an ISO under the Code shall be a non-statutory stock option that does not qualify as an "incentive stock option" within the meaning of the Code. Grantee understands, acknowledges, agrees and hereby stipulates that to the extent that the aggregate fair market value (as determined by the Company in its sole and absolute discretion for any reason or no reason at any time and from time to time as of the Grant Date) of the Common Shares with respect to which all ISOs are exercisable for the first time by Grantee during any calendar year exceeds one-hundred thousand dollars (\$100,000), in accordance with Section 422(d) of the Code, such options, including without limitation, all or a portion of the Option, shall be treated as options that do not qualify as ISOs.

Notwithstanding anything in the Plan to the contrary, this Agreement and the Option granted hereunder shall be null and void and of no further force and effect unless and until the Grantee shall have accepted and acknowledged this Agreement within thirty (30) days after the Grant Date by following the current procedures implemented by the Company's administrator for the Plan (the "Administrator"), as such Administrator and procedures are designated by the Company in its sole and absolute discretion for any reason or no reason from time to time.

2. Duration and Exercisability

(a) Subject to the terms and conditions set forth in this Agreement and the Plan and Grantee being an employee of the Company or its direct or indirect subsidiaries, if any, on each of the following vesting dates (each, a "Vesting Date"), the Option shall vest on, and may be exercised by Grantee in accordance with, the following vesting schedule:

On each Vesting Date	Option Vesting and Exercisable on Such Vesting Date

Notwithstanding the foregoing, the above vesting schedule shall immediately cease or accelerate (in full or in part), as applicable, upon the occurrence of any of the events provided for in Sections 3(a)-(f), as applicable.

(b) Except as permitted pursuant to the Plan, (i) during the lifetime of Grantee, the Option shall be exercisable only by Grantee or, if permissible under applicable law, by Grantee's guardian or legal representative, (ii) the Option shall not be assignable or transferable by Grantee, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code, Title I of the Employee Retirement Income Security Act, or the rules promulgated thereunder, and (iii) the Option may not be sold, assigned, transferred or otherwise disposed of, or pledged, alienated, attached, hypothecated, or otherwise encumbered in any manner (whether by operation of law or otherwise), and will not be subject to execution, attachment or other process. Any purported sale, assignment, transfer, pledge, alienation, attachment or encumbrance in violation of the terms of this Agreement or the Plan shall be void and unenforceable against the Company or any of its subsidiaries. Any sale, assignment, transfer, pledge, hypothecation, or other disposition of the Option or any attempt to make any such levy of execution, attachment or other encumbrance will cause the Option to terminate immediately, unless the Board of Directors of the Company or the Committee (as defined in the Plan), in their sole and absolute discretion for any reason or no reason at any time and from time to time, specifically waives applicability of this provision.

(c) Notwithstanding any other provisions in this Agreement or the Plan, the Option shall expire and terminate, and shall cease to be exercisable, on [Date of Expiration] (the "Expiration Date").

(d) The Company assumes no responsibility for individual income taxes, penalties or interest related to the grant, vesting, forfeiture, termination, recoupment, adjustment or exercise of the Option or any subsequent disposition of Common Shares. Additionally, the Company assumes no responsibility in the event that the Option or any portion thereof is ultimately determined to not be an ISO or the tax treatment therefore is ultimately determined to be other than the tax treatment afforded for ISOs, whether such other treatment is the result of changes in the tax laws, a disqualifying disposition by Grantee, or for any other reason. **Grantee should consult with Grantee's personal tax advisor regarding the tax ramifications, if any, which result from the grant, vesting, adjustment, forfeiture, termination, recoupment or exercise of the Option, and any subsequent disposition of Common Shares.** If, in the Company's sole and absolute discretion for any reason or no reason at any time and from time to time, it is necessary or appropriate to collect or withhold federal, state or local taxes in connection with the grant, vesting, forfeiture, termination, recoupment, adjustment or exercise of any portion of the Option and/or any subsequent disposition of Common Shares, the Company shall be entitled to require the payment of such amounts as a condition to exercise. Prior to any relevant taxable or tax withholding event, as applicable, Grantee shall pay or make arrangements satisfactory to the Company to satisfy all withholding obligations. In furtherance and without limiting the generality of the foregoing, Grantee (on its own behalf and on behalf of each and every other proper party as described in Section 2(b) and/or Section 3(b) of this Agreement) hereby authorizes the Company, in its sole and absolute discretion for any reason or no reason at any time and from time to time (including without limitation, pursuant to the then-current procedures implemented by the Administrator, as such

Administrator and procedures are designated by the Company in its sole and absolute discretion for any reason or no reason at any time and from time to time), to satisfy all withholding and all other obligations with regard to any individual income taxes, penalties or interest related to the grant, vesting, forfeiture, termination, recoupment, adjustment or exercise of the Option and/or any subsequent disposition of Common Shares by one or a combination of the following:

- i. withholding from any wages or other cash or equity compensation payable to Grantee by the Company;
- ii. withholding Common Shares that are otherwise issuable upon exercise of the Option;
- iii. arranging for the sale of Common Shares that are otherwise issuable upon exercise of the Option, including, without limitation, selling Common Shares as part of a block trade with other grantees under the Plan or otherwise; and/or
- iv. withholding from the proceeds of the sale of Common Shares issued upon exercise of the Option or other Common Shares issuable to the Grantee.

(e) In accepting the terms and conditions of this Agreement and the Option and in considering the exercise of the Option, Grantee understands, acknowledges, agrees and hereby stipulates that he has used and shall use the same independent investment judgment that Grantee would use in making other investments in corporate securities. Among other things, stock prices will fluctuate over any reasonable period of time and the price of the Common Shares may go down as well as up. No guarantees are made as to the future prospects of the Company or the Common Shares, or that any market for sale of the Common Shares will exist in the future. No representations are made by the Company except as may be contained in any active registration statement on file with the United States Securities and Exchange Commission (“SEC”) relating to the Plan at the time of the applicable exercise of the Option.

3. Qualifying Termination; Violation of Covenants; Covenants Found Unenforceable; Death or Disability; Certain Unusual Events

(a) In the event that (i) Grantee’s employment with the Company and/or its direct or indirect subsidiaries, if any, is terminated by the Company or one of its subsidiaries for Cause, (ii) Grantee violates any one or more of the covenants set forth in Section 5 of this Agreement as determined by the Company, or (iii) any one or more of the covenants set forth in Section 5 of this Agreement is found to be unenforceable against the Grantee to any extent by the final non-appealable resolution of any litigation or other legal proceeding stemming from an actual, threatened, or attempted violation of any such covenants by Grantee, then the **entire** Option (both vested and unvested) shall be deemed to have terminated and cannot be exercised and no Common Shares shall be issuable in connection therewith as of the date of the earliest to occur of: (A) Grantee’s termination for Cause; (B) any violation of the covenants set forth in Section 5 of this Agreement as determined by the Company; or (C) any finding of unenforceability against the Grantee of any one or more of the covenants set forth in Section 5 of this Agreement to any extent by the final non-appealable resolution of any litigation or other legal proceeding stemming from an actual, threatened or attempted violation of any such covenants by Grantee. The termination of the Option by reason of this Section 3(a) shall be without prejudice to any right or remedy which the Company may have against the Grantee or other holder of the Option or any Common Shares issued or issuable upon exercise of the Option. For clarification purposes, with respect to interpreting any and all violation(s) (or other logical formulation thereof such as “violates”) of the covenants set forth in this Agreement (including without limitation, the covenants in Section 5 of this Agreement), such violation(s) shall include, but is not limited to, any actual, threatened or attempted violation of any such covenants by the Grantee that may result in, among other things, the Company or any of its direct or indirect subsidiaries having to seek a temporary restraining order, preliminary injunction, or other similar relief against the Grantee to attempt to prevent any such actual, threatened or attempted violation.

- (b)
- i. In the event that Grantee shall die during the course of conducting business for the Company or its direct or indirect subsidiaries, and not engaged in personal activity, or if Grantee's employment with the Company and/or its direct or indirect subsidiaries, is terminated because Grantee has become disabled (within the meaning of Section 22(e)(3) of the Code and regulations thereunder) during the course of conducting business for the Company or its direct or indirect subsidiaries, and not engaged in personal activity, then the portions of the Option not previously vested shall vest and become exercisable in accordance with the table set forth in Section 3(d) of this Agreement, below, with the date of the "Qualifying Termination" being the date of such death or termination on account of disability described in the sentence above, and such Option may be exercised at any time within twelve months after the date of such death or termination on account of disability by Grantee or the personal representatives or administrators, executor or guardians of Grantee, as applicable, or by any person or persons to whom the Option is transferred by will or the applicable laws of descent and distribution, subject to the conditions that (i) any vested or exercisable portion of the Option not exercised within that twelve month period shall terminate and cannot be exercised following expiration of that twelve month period, and (ii) no portion of the Option shall be exercisable after the Expiration Date. The termination of the Option by reason of this Section 3(b) shall be without prejudice to any right or remedy which the Company may have against the Grantee or other holder of the Option or any Common Shares issued or issuable upon exercise of the Option.
 - ii. the event that Grantee shall die while in the employ of the Company or its direct or indirect subsidiaries, if any, or within one month after cessation of employment for reasons provided in Section 3(c) of this Agreement, or if Grantee's employment with the Company and/or its direct or indirect subsidiaries, if any, is terminated because Grantee has become disabled (within the meaning of Section 22(e)(3) of the Code and regulations thereunder) while in the employ of the Company or its direct or indirect subsidiaries, if any, and Grantee shall not have exercised the Option to the extent of the full number of vested Common Shares that Grantee was entitled to exercise under the Option as of the date of such death or termination on account of disability, as applicable, then such Option may be exercised at any time within twelve months after the date of such death or termination on account of disability, as applicable, by Grantee or the personal representatives or administrators, executor or guardians of Grantee, as applicable, or by any person or persons to whom the Option is transferred by will or the applicable laws of descent and distribution, **but only** to the extent of the full number of vested Common Shares that Grantee was entitled to exercise under the Option on the date of such death or termination on account of disability, as applicable, subject to the conditions that (i) any vested or exercisable portion of the Option not exercised within that twelve month period shall terminate and cannot be exercised following expiration of that twelve month period, (ii) any portion of the Option not vested or otherwise not exercisable as of the date of such death or termination on account of disability, as applicable, shall be deemed to have terminated and cannot be exercised as or after such date, and (iii) no portion of the Option shall be exercisable (whether vested or unvested) after the Expiration Date. The termination of the Option by reason of this Section 3(c) shall be without prejudice to any right or remedy which the Company may have against the Grantee or other holder of the Option or any Common Shares issued or issuable upon exercise of the Option.

(c) In the event that Grantee shall cease to be employed by the Company and/or its direct or indirect subsidiaries, if any, for any reason other than as a result of or in connection with the circumstances described in Sections 3(a) or 3(d) of this Agreement or Grantee's death or disability (as described in Section 3(b) of this Agreement), Grantee shall have the right to exercise the Option at any time within one month after such cessation of employment, **but only** to the extent of the full number of vested Common Shares that Grantee was entitled to exercise under the Option on the date of such cessation of employment, subject to the conditions that (i) any vested or exercisable portion of the Option not exercised within that one month period shall terminate and cannot be exercised following expiration of that one month period, (ii) any portion of the Option not vested or otherwise not exercisable as of the date of such cessation of employment shall be deemed to have terminated and cannot be exercised as or after such date, and (iii) no portion of the Option shall be exercisable (whether vested or unvested) after the Expiration Date. The termination of the Option by reason of this Section 3(c) shall be without prejudice to any right or remedy which the Company may have against the Grantee or other holder of the Option or any Common Shares issued or issuable upon exercise of the Option.

(d) In the event that Grantee's employment with the Company and/or its direct or indirect subsidiaries, if any, is terminated (i) by the Company or one of its subsidiaries without Cause (and not due to death or disability pursuant to Section 3(b) of this Agreement), or (ii) by Grantee due to his resignation for Constructive Termination (either such termination, a "Qualifying Termination"), in either case, prior to the Third Vesting Date, then:

- i. the portion of the Option that is scheduled to vest on the next scheduled Vesting Date pursuant to Section 2(a) of this Agreement shall vest in full upon the effective date of the Qualifying Termination, and
- ii. if the Qualifying Termination occurs prior to the Second Vesting Date, an additional portion of the Option will vest, reflecting vesting "credit" for any completed six-month period that has elapsed during the then-current twelve-month vesting period.

For the sake of clarity, if Grantee experiences a Qualifying Termination prior to the Third Vesting Date, the following number of Common Shares subject to the Option will become vested and exercisable as of the effective date of such Qualifying Termination:

Qualifying Termination Date	Number of Common Shares subject to the Option that will vest and become exercisable

For the sake of further clarity, if Grantee experiences a Qualifying Termination on either the First Vesting Date or the Second Vesting Date, the applicable number of Common Stock set forth above will become vested and exercisable in addition to the portion of the Option that is scheduled to vest on such date pursuant to Section 2(a) of this Agreement. Any portion of the Option not vested or exercisable following Grantee's Qualifying Termination (after giving effect to the accelerated vesting and exercisability in this Section 3(d)) shall be deemed to have terminated for no consideration effective as of the date of such Qualifying Termination, and cannot be exercised following such date.

Grantee shall have the right to exercise all vested and unexercised portions of the Option after giving effect to the treatment described in this Section 3(d) within three months after the effective date of any Qualifying Termination (regardless of when it occurs), subject to the conditions that (i) any portion of the Option not exercised within such three month period shall terminate and cannot be exercised following expiration of that three month period, and (ii) no portion of the Option (whether vested or unvested) shall be exercisable after the Expiration Date. Grantee's entitlement to the vesting and exercisability described in this Section 3(d) is contingent upon his execution and non-revocation of a release of claims in favor of the Company in a form to be provided by the Company in connection with his Qualifying Termination. The termination of the Option (if at all) by reason of this Section 3(d) shall be without prejudice to any right or remedy which the Company may have against the Grantee or other holder of the Option or any Common Shares issued or issuable upon exercise of the Option.

(e) Upon the first to occur of (i) the Company's Capital Stock no longer being publicly traded on the NASDAQ Stock Market or any other established securities market, and (ii) the consummation of a DISH Change in Control, the Option shall be treated as though Grantee had experienced a Qualifying Termination upon the date of such occurrence, subject to Grantee's continuous employment with the Company or one of its subsidiaries as of such date.

(f) In the event that, during the period of Grantee's continuous employment with the Company and its subsidiaries, neither the Principal nor any Related Party has the authority to elect the majority of the members of the Board of Directors, then all portions of the Option not previously vested shall immediately vest and become exercisable on the date of such occurrence, and Grantee shall have the right to exercise all vested unexercised portions of the Option within three months after such occurrence, subject to the conditions that (i) any portion of the Option not exercised within such three month period shall terminate and cannot be exercised following expiration of that three month period, and (ii) no portion of the Option (whether vested or unvested) shall be exercisable after the Expiration Date.

For the purpose of this Agreement, the capitalized terms shall have the following meanings:

"Capital Stock" means: any and all shares, interests, participations, rights or other equivalents, however designated, of corporate stock or partnership or membership interests, whether common or preferred.

"Cause" means: (i) the willful and continued failure of Grantee to substantially perform his duties consistent with past practices; (ii) any illegal conduct or gross misconduct which is materially injurious to the Company or its affiliates, including, without limitation, wrongful appropriation of the Company's or its subsidiaries' funds, or theft of the Company's or its subsidiaries' property; (iii) Grantee has been convicted of or pleaded guilty or nolo contendere to a felony or any crime involving moral turpitude or dishonesty; or (iv) Grantee has been convicted of or pleaded guilty or nolo contendere to a felony, crime or engaged in conduct which results in a prohibition on the Grantee from serving, for any period of time, as an officer or director of a publicly traded company by any federal, state or other regulatory governing body (including without limitation, an exchange or association such as NYSE or the NASDAQ Stock Market).

"Constructive Termination" means: without Grantee's prior consent, (i) a change in Grantee's title to one that is subordinate to that of Chief Executive Officer; or (ii) a material reduction in Grantee's responsibilities. A termination of employment by Grantee due to Constructive Termination shall be effectuated by giving the Company written notice of termination setting forth the conduct of the Company that constitutes a Constructive Termination within 60 days of the first day on which Grantee has knowledge of such conduct. Grantee shall further provide the Company with at least 60 days following the date upon which such notice is provided to cure such conduct. Failing such cure, a termination of employment by Grantee due to Constructive Termination shall be effective on the day following the expiration of the cure period. Notwithstanding the foregoing, if the Board of Directors reasonably believes that Grantee may have engaged in conduct that could constitute Cause, the Board of Directors may, in its sole and absolute discretion, suspend Grantee from performing Grantee's duties, and in no event shall any such suspension constitute a Constructive Termination.

"DISH Change in Control" means: a transaction or a series of transactions the result of which is that DISH Network Corporation beneficially owns more than fifty percent (50%) of the total voting power of the voting Equity Interests of either (A) the Company or (B) the surviving entity in any such transaction(s) or a controlling affiliate of such surviving entity in such transaction(s).

"Equity Interest" means: any Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Principal" means Charles W. Ergen.

"Related Party" means, with respect to the Principal, (a) the spouse and each immediate family member of the Principal; (b) each trust, corporation, partnership or other entity of which the Principal and/or the Principal's spouse and/or immediate family members beneficially holds an eighty percent (80%) or more controlling interest; and (c) all trusts, including grantor retained annuity trusts, established by the Principal for the benefit of his family.

(g) Notwithstanding any other provision in this Agreement or the Plan or any termination or expiration of the Option, the covenants set forth in Section 5 of this Agreement shall continue in force in accordance with their terms unless otherwise terminated by the Company.

4. Manner of Exercise

(a) The Option can be exercised only by Grantee or other proper party as described in Section 2(b), Section 3(b), Section 3(c), Section 3(d), Section 3(e), Section 3(f) and/or Section 4(c) of this Agreement, in whole Common Shares, upon meeting the applicable vesting requirements for the Option represented by this Agreement and by following, prior to the earlier of any forfeiture or termination or the Expiration Date, the then-current procedures implemented by the Administrator, as such Administrator and procedures are designated by the Company in its sole and absolute discretion for any reason or no reason at any time and from time to time. The instruction to exercise the Option must be made by a person entitled to exercise the Option and shall (i) include, among other things, the number of Common Shares as to which the Option is being exercised, (ii) contain a representation and agreement as to Grantee's investment intent with respect to the Common Shares in a form satisfactory to the Company (unless a Prospectus meeting applicable requirements of the Securities Act of 1933, as amended ("Securities Act"), is in effect for the Common Shares being purchased pursuant to exercise of the Option), and (iii) be accompanied by payment in full of the Option Price for all Common Shares designated in the instruction. The instruction to exercise shall be sent as set forth in Section 7(n) of this Agreement or in such other manner pursuant to the then-applicable procedures implemented by the Administrator.

(b) Except as otherwise provided for by the then-current procedures implemented by the Administrator or as otherwise specified in Section 4(c) of this Agreement, Grantee shall pay the Option Price for the Common Shares purchased in cash or by certified or bank cashier's check.

(c) If, upon the close of trading on the NASDAQ Stock Market (or, in the event that the Common Shares are no longer listed and traded on the NASDAQ Stock Market, such other stock exchange on which the Common Shares are then listed and traded) (the "Market Close") on the Expiration Date (or the last trading day prior to the Expiration Date (if the Expiration Date is not a trading day)) (the "Expiration Exercise Date"), all or any portion of the Option is vested and exercisable, then the vested and exercisable portion of the Option shall be automatically exercised upon the Market Close on the Expiration Exercise Date without any further action by Grantee (or any other proper party as described in Section 2(b) and/or Section 3(b) of this Agreement) pursuant to the applicable then-current procedures implemented by the Administrator (the "Expiration Exercise Procedures"), as such Administrator and Expiration Exercise Procedures are designated by the Company in its sole and absolute discretion for any reason or no reason at any time and from time to time.

Pursuant to the Expiration Exercise Procedures: (i) the following costs and expenses will be satisfied by withholding otherwise deliverable Common Shares to be issued upon the automatic exercise of the Option: (A) the Option Price for the full number of vested Common Shares that are automatically exercised under the Option pursuant to this Section 4(c); (B) the Administrator's fees and commissions, if any; (C) other brokerage fees and commissions, if any; and (D) all withholding and all other obligations with regard to any individual income taxes (which Grantee understands, acknowledges, agrees and hereby stipulates may be withheld at the highest then-current tax rate), penalties or interest related to the grant, vesting, forfeiture, termination, recoupment, adjustment or exercise of the Option and/or any subsequent disposition of Common Shares in connection with the Expiration Exercise Procedures or otherwise; and (ii) the number of whole Common Shares, if any, remaining after completion of all withholding as described in subsection (i) of these Expiration Exercise Procedures shall be issued to Grantee. Without limitation of the generality of Section 2(d) of this Agreement, in the event that the amounts withheld pursuant to the Expiration Exercise Procedures are insufficient to satisfy Grantee's actual individual income tax, penalty and/or interest obligations, Grantee understands, acknowledges, agrees and hereby stipulates that Grantee, and not the Company, shall be solely responsible and liable for payment of any deficiencies. Only an Option that is "in-the-money" at Market Close on the Expiration Exercise Date shall be automatically exercised pursuant to this Section 4(c). An Option shall be considered "in-the-money" for purposes of this Section 4(c) if the fair market value of a Common Share upon the Market Close on the Expiration Exercise Date is at least one percent (1%) greater than the Option Price. Furthermore, and without limitation of the generality of the preceding sentence, any exercise of the Option that would result in the issuance of less than one whole Common Share to Grantee pursuant to the Expiration Exercise Procedures shall not be automatically exercised pursuant to this Section 4(c). Grantee (on its own behalf and on behalf of each and every other proper party as described in Section 2(b) and/or Section 3(b) of this Agreement) hereby expressly authorizes and agrees to the automatic exercise of the Option as provided in this Section 4(c) (and shall be deemed to have given all instructions and representations required under Section 4(a) of this Agreement in connection with the automatic exercise of the Option as provided in this Section 4(c)), and neither the approval of the Administrator, nor the consent of Grantee (or any other proper party as described in Section 2(b) and/or Section 3(b) of this Agreement) shall be required at the time of the automatic exercise of the Option pursuant to this Section 4(c). For the avoidance of doubt, Grantee may exercise any vested and exercisable portion of the Option prior to Market Close on the Expiration Exercise Date. **Grantee understands, acknowledges, agrees and hereby stipulates that the automatic exercise procedure pursuant to this Section 4(c) is provided solely as a convenience to Grantee as protection against Grantee's inadvertent failure to exercise all or any portion of an "in-the-money" Option that is vested and exercisable before such Option expires under this Agreement. Because any exercise of all or any portion of the Option is solely Grantee's responsibility, Grantee hereby waives and releases and agrees to indemnify and hold the Company harmless from and against any and all claims of any kind whatsoever against the Company and/or any other party (including without limitation, the Administrator and the Company's Grantees and agents) arising out of or relating to the automatic exercise procedure pursuant to this Section 4(c) (or any failure thereof), including without limitation any resulting individual income tax, penalty and/or interest liability and/or any other liability if the automatic exercise of the Option does occur, or does not occur for any reason or no reason whatsoever and/or the Option actually expires.**

(d) Unless notified by the Company or the Administrator to the contrary, the Common Shares issuable on exercise of the Option shall be deemed issued on the date specified by the Company within five (5) business days following the date that the Company determines that all requirements for issuance of the Common Shares have been properly completed, including, without limitation, payment of all applicable withholding taxes. The Company shall have no obligation to issue the Common Shares upon the exercise of any portion of the Option until it has confirmed to its satisfaction that all requirements for the issuance have been accomplished. Any notice of exercise shall be void and of no effect if all requisite events have not been accomplished.

(e) Unless the Company waives applicability of this provision, the certificate or certificates for the Common Shares, if any, as to which the Option shall be exercised or the book entries, as applicable, may be registered only in the name of Grantee (or if Grantee so requests in the notice of exercise of the Option, jointly in the name of Grantee and with a member of Grantee's family, with the right of survivorship, or in the event of the death of Grantee, in the name of such survivor of Grantee as the person with the right to exercise the Option shall designate).

5. Covenant Not to Compete; Non-Solicitation; Protection of Confidential Information and Trade Secrets

(a) Grantee shall serve the Company and its direct and indirect subsidiaries (collectively, the "Company" for purposes of this Section 5), loyally and in good faith and use Grantee's best efforts to promote the Company's interests. Grantee hereby agrees not to compete with the Company, not to solicit employees of the Company, not to solicit customers of the Company, and agrees to protect from disclosure (for clarification purposes, such agreement to protect from disclosure shall include, without limitation, an agreement not to use) Confidential Information and Trade Secrets (as defined in Section 5(e) of this Agreement) (for clarification purposes, these restrictions shall include, without limitation, the Grantee becoming employed by, assisting or otherwise providing services or benefit to any applicable Competitor (as defined below) whereby Grantee may use and/or disclose Confidential Information and/or Trade Secrets), pursuant to the terms and conditions hereinafter set forth.

(b) Non-Competition.

(i) *Scope and Competitors.* Grantee agrees that during the Non-Compete Period (as defined below), he shall not directly or indirectly become employed by, assist or otherwise provide services or benefit in the United States and/or in any and all other jurisdictions and/or locations anywhere in the world to the business of any person or entity which, at the time of such employment, assistance or provision of services or benefit, is a "Competitor" (as described below) in any location in the United States and/or in any such other jurisdiction(s) and/or locations anywhere in the world, including, without limitation, as a director, trustee, principal, agent, employee, contractor or consultant of a Competitor.

The term "Competitor" includes any and all of the following:

- (A) the restricted persons and/or entities (inclusive of subsidiaries, affiliates, divisions, lines, ventures or other operations of such persons or entities, as applicable) enumerated below for the Company's lines of business (i.e., the applicable combination of the Broadband Business Line and/or Satellite Services Business Line, each as described below, a "Company Business Line", and referred to collectively in this Agreement as the "Company Business Lines"), to the extent that Grantee devotes a significant amount of his time and effort to such Company Business Line(s) (as described in Section 5(b)(ii) of this Agreement); and
- (B) any other persons and/or entities (inclusive of subsidiaries, affiliates, divisions, lines, ventures or other operations of such persons or entities, as applicable) that are not enumerated below for the Company Business Lines but whose primary business is competitive with one or more of the Company Business Lines or other business lines that the Company may enter or has entered into at any time and from time to time, to the extent that Grantee devotes a significant amount of his time and effort to such Company Business Line(s) and/or other business line(s) (as described in Section 5(b)(ii) of this Agreement).

(ii) *Relevant Competitors.* Grantee understands, acknowledges, agrees and hereby stipulates that, with respect to the Company Business Line(s) to which Grantee devotes a significant amount of his time and effort as of the date of this Agreement, the restrictions set forth in this Section 5 shall apply to Grantee immediately and for the duration of the period in which Grantee is employed by the Company. Grantee further understands, acknowledges, agrees and hereby stipulates that in the event that during the course of his employment with the Company, Grantee begins to devote a significant amount of his time and effort to any other Company Business Line or any other business line that the Company may enter or has entered into at any time and from time to time, the restrictions set forth in this Section 5 shall apply to Grantee with respect to any and all such other Company Business Line(s) and other business line(s) immediately thereafter and for the duration of the period in which Grantee is employed by the Company. For the remainder of the Non-Compete Period (commencing on the date that Grantee ceases to be employed by the Company) the restrictions set forth in this Section 5 shall apply to Grantee with respect to each Company Business Line and each other business line that the Company may enter or has entered into at any time and from time to time to which Grantee devoted a significant amount of his time and effort at any time during the twelve month period immediately preceding the date on which Grantee ceases to be employed by the Company for any reason whatsoever.

Broadband Business Line. The “Broadband Business Line” means the Company’s line of business that provides satellite broadband internet access to consumers and broadband network services and systems to enterprise markets and also provides managed services and networking systems solutions to customers for mobile satellite and wireless backhaul systems, including, without limitation, the business conducted by Hughes Network Systems, LLC and its direct and indirect subsidiaries. Without limiting the generality of the foregoing description or definition of Competitor above, the enumerated restricted persons and entities that apply to the Broadband Business Line includes any and all subsidiaries, affiliates, divisions, lines, ventures or other operations of the following persons and entities: (1) ViaSat, Inc.; (2) Gilat Satellite Networks Ltd.; (3) Newtec Cy N.V.; (4) iDirect Technologies; (5) any of the foregoing later known by a different name; (6) any person or entity which acquires, is acquired by, merges with, is spun off by, or otherwise combines with or separates from any of the foregoing or enters into an agreement to do so; (7) any person or entity directly or indirectly controlling, controlled by, or under common control with any of the foregoing, including without limitation any direct or indirect subsidiaries, affiliates, and ventures of any of the foregoing; and (8) any successor or assign of any of the foregoing.

Satellite Services Business Line. The “Satellite Services Business Line” means the Company’s line of business that provides satellite services and leases satellite capacity, including, without limitation, the business conducted by EchoStar Satellite Services L.L.C and its direct and indirect subsidiaries. Without limiting the generality of the foregoing description or definition of Competitor above, the enumerated restricted persons and entities that apply to the Satellite Services Business Line includes any and all subsidiaries, affiliates, divisions, lines, ventures or other operations of the following persons and entities: (1) Intelsat S.A.; (2) SES S.A.; (3) Eutelsat S.A., (4) Inmarsat plc; (5) Telesat Canada; (6) Asia Satellite Telecommunications Company Limited; (7) direct-to-home (DTH) satellite business of AT&T, Inc.; (8) any of the foregoing later known by a different name; (9) any person or entity which acquires, is acquired by, merges with, is spun off by, or otherwise combines with or separates from any of the foregoing or enters into an agreement to do so; (10) any person or entity directly or indirectly controlling, controlled by, or under common control with any of the foregoing, including without limitation any direct or indirect subsidiaries, affiliates, and ventures of any of the foregoing; and (11) any successor or assign of any of the foregoing.

(iii) *Duration of Non-Compete.* Unless extended pursuant to Section 5(g) of this Agreement, this covenant not to compete shall apply during the term of his employment with the Company and/or its direct or indirect subsidiaries, if any, and for a period of one year after the date on which Grantee ceases to be employed by the Company for any reason whatsoever (the “Non-Compete Period”).

(iv) *Passive Owner.* The covenant not to compete restrictions contained in this Agreement shall not prohibit Grantee from being a passive owner of not more than five percent (5%) of the outstanding stock of an entity that is publicly traded, so long as Grantee (A) has no active participation in the business or management of such entity, (B) is not a director or trustee of such entity, and (C) does not hold a similar position with such entity.

(v) *Reasonableness.*

- (A) Since the Company's Business Lines and other business lines that the Company may enter or has entered into are located and operated in the United States and in various other jurisdictions and locations throughout the world, the covenant not to compete shall apply to the entire United States and to any and all such other jurisdictions and/or locations throughout the world where the Company's Business Lines and other business lines that the Company may enter or has entered into, as applicable, are located and/or operated from time to time throughout the world. Grantee understands, acknowledges, agrees and hereby stipulates that the covenant not to compete set forth in this Section 5 is: (A) fair and reasonable given the Company's current and future business plans; and (B) necessary to prevent the disclosure or use of trade secrets pursuant to or within the meaning of C.R.S. s. 8-2-113(2)(b), the Uniform Trade Secrets Act or any analogous state laws which may apply to Grantee. Grantee understands, acknowledges, agrees and hereby stipulates that Grantee is an executive or manager or professional staff to an executive or manager, within the meaning of C.R.S. s. 8-2-113(2)(d). Grantee understands, acknowledges, agrees and hereby stipulates that a breach of this covenant not to compete may cause the Company irreparable harm, which may not be compensated for by monetary damages alone.
- (B) The parties hereto further acknowledge and agree that the Company does business and will from time to time do business in, and has and from time to time will have clients located in, the United States and other various jurisdictions and locations throughout the world. Accordingly, with respect to Grantee's undertakings pursuant to this Section 5, the specific geographical scope set forth in these provisions is necessary and reasonably tailored to protect the Company's legitimate business interests. Grantee recognizes and acknowledges that the activities prohibited by this Section 5 are narrow and reasonable in relation to the types of employment for which Grantee is qualified to earn a livelihood, and further acknowledges that Grantee is capable of earning a livelihood, during the Non-Compete Period, without violating the terms or restrictions of this Section 5.

(c) Non-Solicitation of Employees. Unless extended pursuant to Section 5(g) of this Agreement, Grantee agrees that during the Non-Compete Period, Grantee shall not, directly or indirectly:

- (i) Recruit or solicit any employee of the Company to pursue or accept an employee, contractor, consultant or any other position with any other person, entity or third party;
- (ii) Induce or entice any employee of the Company to pursue or accept an employee, contractor, consultant or any other position with any other person, entity or third party; including without limitation by providing information regarding compensation, benefits or other terms and conditions of such position;
- (iii) Encourage or advise any current or former employee of the Company to disregard and/or violate his or her non-compete, non-solicit, confidentiality or any other obligations to the Company; or

(iv) Communicate with any employee of the Company regarding any employment, contractor, consultant or other opportunity outside of the Company, including without limitation opportunities with a Competitor.

(d) Non-Solicitation of Customers. Unless extended pursuant to Section 5(g) of this Agreement, Grantee agrees that during the Non-Compete Period, Grantee shall not, directly or indirectly, solicit, contact or call upon, or attempt to solicit, contact or call upon any customer, prospective customer or customer referral source of the Company with whom Grantee had contact or about whom Grantee learned Confidential Information and Trade Secrets during the preceding two years of employment with the Company, for the purpose of providing any products or services substantially similar to those he provided while employed by the Company. For purposes of this paragraph, "contact" means direct or indirect interaction between Grantee and the customer, prospective customer or customer referral source that takes place to further the business relationship with, make sales to or perform services for the customer, prospective customer or customer referral source on behalf of the Company. As used in this subsection, a "customer referral source" is any person or entity with which the Company has entered into an agreement (or is seeking to enter into an agreement) to refer prospective customers to the Company.

(e) Non-Disclosure and Non-Use of Confidential Information and Trade Secrets. Grantee further agrees to hold in a fiduciary capacity for the benefit of the Company any and all proprietary and confidential information, knowledge, ideas and data, including, without limitation, customer lists and the Company's trade secrets, products, processes and programs ("Confidential Information and Trade Secrets"), relating in any way to the present or future business or activities of the Company for as long as such Confidential Information and Trade Secrets remain confidential (for clarification purposes, this restriction shall include, but not be limited to, the obligation of and agreement by Grantee not to (i) disclose to, or use to or for the benefit of, any person or entity other than the Company any Confidential Information and Trade Secrets, and/or (ii) take a position where Grantee may use and/or disclose any Confidential Information and Trade Secrets). Such Confidential Information and Trade Secrets include but are not limited to: (i) the Company's financial and business information, such as capital structure, operating results, strategies and plans for future business, pending projects and proposals and potential acquisitions or divestitures; (ii) product and technical information, such as product formulations, new and innovative product ideas, proprietary credit scoring models and approaches, credit policies, new business developments, plans, designs, compilation methods, processes, procedures, program devices, data processing programs, software, software codes, hardware, firmware and research and development products; (iii) marketing information, such as new marketing ideas, mailing lists, the identity and number of the Company's customers and prospects, their names and addresses and sales and marketing plans; (iv) information about the Company's third-party agreements and any confidential or protected information disclosed to the Company by a third-party; (v) the Company's suppliers, partners, customers and prospect lists; and (vi) personnel information, such as the identity and number of the Company's other employees, their salaries, bonuses, benefits, skills, qualifications and abilities. For the avoidance of doubt and notwithstanding the foregoing, the term "trade secrets" shall mean items of Confidential Information and Trade Secrets that meet the requirements of the Uniform Trade Secrets Act, as adopted in the state of Colorado and as amended from time to time or under the Defend Trade Secrets Act, 18 U.S.C. §1833, et seq. Under the federal Defend Trade Secrets Act of 2016, Grantee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (x) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (y) is made to Grantee's attorney in relation to a lawsuit for retaliation against Grantee for reporting a suspected violation of law; or (z) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. All Confidential Information and Trade Secrets, together with all copies thereof and notes and other references thereto, shall remain the sole property of the Company. To the extent that Grantee possesses any Confidential Information and Trade Secrets or equipment belonging to the Company, Grantee agrees to deliver to the Company, immediately upon termination of employment and at any time and from time to time as the Company requests: (i) any and all documents, files, notes, memoranda, databases, computer files, and/or other computer programs reflecting any Confidential Information and Trade Secrets; and (ii) any and all computer equipment, home office equipment, automobile, or other business equipment belonging to the Company that Grantee may then possess or

have under his control. For any equipment or devices owned by Grantee on which proprietary information of the Company is stored or accessible, Grantee shall, immediately upon or prior to termination of employment, deliver such equipment or devices to the Company so that any proprietary information may be deleted or removed. Grantee expressly authorizes the Company's designated representatives to access such equipment or devices for this limited purpose and shall provide any passwords and/or passcodes necessary to accomplish this task. Grantee acknowledges that all Confidential Information and Trade Secrets is essential to the Company's present and future business and activities, and is therefore deemed trade secrets and is considered proprietary to, and treated as confidential by, the Company. This obligation of confidentiality is intended to supplement, and is not intended to supersede or limit, the obligations of confidentiality Grantee has to the Company by agreement, law or otherwise.

(f) Remedies. Grantee understands, acknowledges, agrees and hereby stipulates that any and all actual, threatened or attempted violations of any and all covenants in this Agreement (including, without limitation, covenants in this Section 5), challenges of or to the enforceability of any such covenants and/or findings of unenforceability of any such covenants against the Grantee to any extent by the final non-appealable resolution of any litigation or other legal proceeding stemming from a threatened or attempted violation of any such covenants by Grantee, may cause the Company irreparable harm, which may not be compensated for by monetary damages alone.

(g) Tolling. Grantee further agrees that, while the duration of the covenants contained in this Section 5 will be determined generally in accordance with the terms of each respective covenant, if Grantee violates or threatens to violate any of those covenants, or it is necessary for the Company to seek to enforce any of those covenants, Grantee agrees to an extension of the duration of such covenant on the same terms and conditions for an additional period of time equal to the time that elapses from the commencement of such violation or threat of violation to the later: of (i) the termination of such violation or threat of violation; or (ii) the final non-appealable resolution of any litigation or other legal proceeding stemming from such violation or threatened or attempted violation.

(h) No Waiver. In addition to (and without limitation of) the other terms and conditions of this Agreement, the failure of the Company to insist upon strict performance of any provision of any agreement between the Company, on the one hand, and another grantee, employee, person or entity, on the other hand, shall not be construed as a waiver of the Company's right to insist upon strict performance of each and every representation, warranty, covenant, duty and obligation of Grantee hereunder. In addition to (and without limitation of) the foregoing, the election of certain remedies by the Company with respect to the breach or default by another grantee, employee, person or entity of any agreement between the Company, on the one hand, and such other grantee, employee, person or entity, on the other hand, shall not be deemed to prejudice any rights or remedies that the Company may have at law, in equity, under contract (including without limitation this Agreement) or otherwise with respect to a similar or different breach or default hereunder by Grantee (all of which are hereby expressly reserved).

(i) Recoupment. Notwithstanding anything in this Agreement or the Plan to the contrary, Grantee's rights, payments and benefits with respect to the Option (whether vested or unvested) shall be subject to deduction, reduction, cancellation, recovery, recoupment, forfeiture and/or "clawback" as may be required to be made pursuant to the provisions of any applicable law, government regulation or stock exchange listing requirement as well as any policies of the Company that may be in effect from time to time pursuant to any law, government regulation or stock exchange listing requirement. In addition, notwithstanding anything in this Agreement or the Plan to the contrary, Grantee's rights, payments and benefits with respect to the Option (whether vested or unvested) shall be subject to deduction, reduction, cancellation, recovery, recoupment, forfeiture and/or "clawback" if: (i) Grantee ceases or has ceased to be employed by the Company or its direct or indirect subsidiaries, if any, due to such employment being terminated for Cause; (ii) Grantee violates or has violated any of the covenants set forth in Section 5 of this Agreement as determined by the Company; or (iii) any of the covenants set forth in Section 5 of this Agreement are or were found to be unenforceable against the Grantee to any extent by the final non-appealable resolution of any litigation or other legal proceeding stemming from an actual, threatened, or attempted violation of any such covenants by Grantee.

6. Dispute Resolution; Arbitration

(a) Grantee and the Company mutually agree that any claim, controversy and/or dispute between them, arising out of, relating to, or in connection with: (i) Grantee's application for employment, employment and/or termination of employment (collectively, "Employment-Related Disputes"); and/or (ii) this Agreement (including, without limitation, an actual, threatened or attempted violation of any of the covenants set forth in Section 5 of this Agreement) ("Options Disputes") ((i) or (ii) each, a "Claim" and (i) and (ii) collectively, "Claims"), whenever and wherever brought shall be resolved by binding arbitration administered by the American Arbitration Association ("AAA"). Grantee agrees that this agreement to arbitrate is governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., evidences a transaction involving commerce, and is fully enforceable. For purposes of this Section 6, the Company shall be defined to include EchoStar Corporation, its predecessors, direct and indirect subsidiaries and affiliates (except DISH Network Corporation and its direct and indirect subsidiaries, which are not parties to this agreement to arbitrate), its and their officers, directors, shareholders, members, owners, employees, managers, agents, and attorneys, and all successors and assigns of each of the foregoing persons and entities.

(b) For Employment-Related Disputes:

- i. a party who wishes to arbitrate a Claim must prepare a written demand for arbitration ("Request for Arbitration") that identifies the claims asserted, the factual basis for each claim and the relief and/or remedy sought. That party must file the Request for Arbitration (along with a copy of this Agreement and the applicable filing fee) with the AAA by: (A) delivering them by hand to any office of the AAA; (B) mailing them by certified U.S. mail, Federal Express or United Parcel Service to American Arbitration Association, Case Filing Services, 1101 Laurel Oak Road, Suite 100, Voorhees, NJ 08043; or (C) using the AAA WebFile feature at the AAA's website: <http://www.adr.org>. The Request for Arbitration must be submitted to the AAA before the expiration of the applicable statute of limitations and the parties agree that the date the Request for Arbitration is received by AAA shall constitute submission for all statute of limitation purposes. Unless otherwise prohibited by law, the party initiating arbitration shall be responsible for paying an initial filing fee of \$200 or an amount equal to the applicable filing fee had the claim been brought in a court of competent jurisdiction, whichever is less. The Company will pay the Employment Law Arbitrators' (as defined below) fees and any fee for administering the arbitration unless otherwise ordered by the Employment Law Arbitrators;
- ii. the party initiating arbitration must deliver a copy of the Request for Arbitration to the other party by hand or certified U.S. mail at the following location: (A) to the Company - to the legal department of the Company at 100 Inverness Terrace East, Englewood, CO 80112, Attn: General Counsel; or (B) to Grantee - to the last home address that Grantee provided to the Company;
- iii. three arbitrators from the AAA with expertise in employment disputes ("Employment Law Arbitrators") shall be selected, and shall conduct the arbitration, pursuant to the then-current AAA's Employment Arbitration Rules and Procedures ("AAA Employment Rules"), without incorporation of AAA's Supplementary Rules for Class Arbitration, which the parties hereby expressly disclaim. The AAA Employment Rules may be found at <http://www.adr.org/>, by searching for "AAA Employment Arbitration Rules" using an internet search engine such as www.google.com, or by requesting a copy from the human resources department of the Company. Within fourteen (14) days after the receipt of the Request for Arbitration, each party shall select one arbitrator from the AAA with expertise in employment law to act as arbitrator and such arbitrators shall select the third arbitrator within 10 days of their appointment.

The party-selected arbitrators will serve in a non-neutral capacity. In the event that the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the AAA. The arbitration shall be governed by and construed in accordance with the substantive law of the State of Colorado, without giving effect to choice of law principles. The Employment Law Arbitrators shall only have the right to render decisions that are consistent with the substantive law of the State of Colorado, and any decision rendered by the Employment Law Arbitrators shall be subject to review by any court of competent jurisdiction. Regardless of what the AAA Employment Rules state, the arbitration proceedings shall be held in the City and County of Denver, Colorado;

- iv. the parties shall have the right to conduct discovery relevant and material to the outcome of the arbitration and to present witnesses and evidence as needed to present their claims and defenses, and the Employment Law Arbitrators shall resolve any discovery or evidentiary dispute. Each party shall have the right to subpoena relevant witnesses and documents, including, without limitation, documents from third parties. At least thirty days before the final hearing, the parties must exchange a list of witnesses and copies of all exhibits to be used at the arbitration hearing. The Employment Law Arbitrators may award any remedy available under applicable law, but remedies shall be limited to those that would be available to a party in his/her/its individual capacity for all Claims presented to the Employment Law Arbitrators. The Employment Law Arbitrators' decision shall be final and binding, and judgment upon the Employment Law Arbitrators' decision and/or award may be entered in any court of competent jurisdiction; provided that, the parties agree to take all reasonable steps to ensure that all pleadings, filings and papers are filed and/or entered with the court under seal and/or in a manner that would maintain their confidentiality, including, without limitation, complying with all rules of procedure and local rules for filing documents, pleadings, and papers under seal;
- v. the Employment Law Arbitrators shall have the authority to hear and decide dispositive motions under the legal standards set forth in Rules 12 and 56 of the Colorado Rules of Civil Procedure, regardless of whether a Claim arises under federal or state law. The Employment Law Arbitrators shall resolve all disputes regarding the timeliness or propriety of the Request for Arbitration and apply the statute of limitations that would have applied if a Claim had been brought in a court of competent jurisdiction. The Employment Law Arbitrators shall dismiss, without limitation, any Claim that, in the absence of this Agreement, could not be brought under applicable law;
- vi. the Employment Law Arbitrators shall have the exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this Agreement, except with respect to the "Class Action Waiver" and "Representative Action Waiver" described below. Regardless of what this Agreement and/or the AAA Employment Rules state, any dispute as to the interpretation, applicability, enforceability or formation of the Class Action Waiver and the Representative Action Waiver may only be determined by a court of competent jurisdiction and not by the Employment Law Arbitrators; and
- vii. all arbitration proceedings, including, but not limited to, claims, allegations, decisions, findings, pleadings, hearings, testimony, discovery, settlements, opinions and awards shall be confidential, except: (A) to the extent the parties otherwise agree in writing; (B) as may be otherwise appropriate in response to a request from a government agency, subpoena, or legal process; (C) as is necessary to enforce, correct, modify or vacate the Employment Law Arbitrators' award or decision; or (D) if applicable law provides to the contrary. In the event that either party initiates a court proceeding to enforce, correct, modify, or vacate the Employment Law Arbitrators' award or decision, or any other proceeding

that would require disclosing the Employment Law Arbitrators' award, decision or findings, the parties agree to take all reasonable steps consistent with applicable law to ensure that all pleadings, filings and papers are filed and/or entered with the court under seal and/or in a manner that would maintain their confidentiality, including, without limitation, complying with all rules of procedure and local rules for filing documents, pleadings, and papers under seal.

(c) For Options Disputes:

- i. a party who wishes to arbitrate a Claim must prepare a Request for Arbitration that identifies the claims asserted, the factual basis for each claim and the relief and/or remedy sought. That party must file the Request for Arbitration (along with a copy of this Agreement and the applicable filing fee) with the AAA by: (A) delivering them by hand to any office of the AAA; (B) mailing them by certified U.S. mail, Federal Express or United Parcel Service to American Arbitration Association, Case Filing Services, 1101 Laurel Oak Road, Suite 100, Voorhees, NJ 08043; or (C) using the AAA WebFile feature at the AAA's website: <http://www.adr.org>. The Request for Arbitration must be submitted to the AAA before the expiration of the applicable statute of limitations and the parties agree that the date the Request for Arbitration is received by AAA shall constitute submission for all statute of limitation purposes. Unless otherwise prohibited by law, the party initiating arbitration shall be responsible for paying an initial filing fee of \$200 or an amount equal to the applicable filing fee had the claim been brought in a court of competent jurisdiction, whichever is less. The Company will pay the Commercial Law Arbitrators' (as defined below) fees and any fee for administering the arbitration unless otherwise ordered by the Commercial Law Arbitrators;
- ii. the party initiating arbitration must deliver a copy of the Request for Arbitration to the other party by hand or certified U.S. mail at the following location: (A) to the Company - to the legal department of the Company at 100 Inverness Terrace East, Englewood, CO 80112, Attn: General Counsel; or (B) to Grantee - to the last home address that Grantee provided to the Company;
- iii. three arbitrators from the AAA with expertise in commercial law ("Commercial Law Arbitrators") shall be selected, and shall conduct the arbitration, pursuant to the then-current AAA Commercial Dispute Resolution Procedures (the "AAA Commercial Rules"), without incorporation of the AAA Employment Rules and the AAA's Supplementary Rules for Class Arbitration, both of which the parties hereby expressly disclaim. The AAA Commercial Rules may be found at <http://www.adr.org/>, by searching for "AAA Commercial Dispute Resolution Procedures" using an internet search engine such as www.google.com, or by requesting a copy from the human resources department of the Company. Within fourteen (14) days after the receipt of the Request for Arbitration, each party shall select one arbitrator from the AAA with expertise in commercial law to act as arbitrator and such arbitrators shall select the third arbitrator within 10 days of their appointment. The party-selected arbitrators will serve in a non-neutral capacity. In the event that the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the AAA. The arbitration shall be governed by and construed in accordance with the substantive law of the State of Colorado, without giving effect to choice of law principles. The Commercial Law Arbitrators shall only have the right to render decisions that are consistent with the substantive law of the State of Colorado, and any decision rendered by the Employment Law Arbitrators shall be subject to review by any court of competent jurisdiction. Regardless of what the AAA Commercial Rules state, the arbitration proceedings shall be held in the City and County of Denver, Colorado;

- iv. the parties shall have the right to conduct discovery relevant and material to the outcome of the arbitration and to present witnesses and evidence as needed to present their claims and defenses, and the Commercial Law Arbitrators shall resolve any discovery or evidentiary dispute. Each party shall have the right to subpoena relevant witnesses and documents, including, without limitation, documents from third parties. At least thirty days before the final hearing, the parties must exchange a list of witnesses and copies of all exhibits to be used at the arbitration hearing. The Commercial Law Arbitrators may award any remedy available under applicable law, but remedies shall be limited to those that would be available to a party in his/her/its individual capacity for all Claims presented to the Commercial Law Arbitrators. The Commercial Law Arbitrators' decision shall be final and binding, and judgment upon the Commercial Law Arbitrators' decision and/or award may be entered in any court of competent jurisdiction; provided that, the parties agree to take all reasonable steps to ensure that all pleadings, filings and papers are filed and/or entered with the court under seal and/or in a manner that would maintain their confidentiality, including, without limitation, complying with all rules of procedure and local rules for filing documents, pleadings, and papers under seal;
- v. the Commercial Law Arbitrators shall have the authority to hear and decide dispositive motions under the legal standards set forth in Rules 12 and 56 of the Colorado Rules of Civil Procedure, regardless of whether a Claim arises under federal or state law. The Commercial Law Arbitrators shall resolve all disputes regarding the timeliness or propriety of the Request for Arbitration and apply the statute of limitations that would have applied if a Claim had been brought in a court of competent jurisdiction. The Commercial Law Arbitrators shall dismiss, without limitation, any Claim that, in the absence of this Agreement, could not be brought under applicable law;
- vi. the Commercial Law Arbitrators shall have the exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this Agreement, except with respect to the "Class Action Waiver" and "Representative Action Waiver" described below. Regardless of what this Agreement and/or the AAA Commercial Rules state, any dispute as to the interpretation, applicability, enforceability or formation of the Class Action Waiver and the Representative Action Waiver may only be determined by a court of competent jurisdiction and not by the Commercial Law Arbitrators; and
- vii. all arbitration proceedings, including, but not limited to, claims, allegations, decisions, findings, pleadings, hearings, testimony, discovery, settlements, opinions and awards shall be confidential, except: (A) to the extent the parties otherwise agree in writing; (B) as may be otherwise appropriate in response to a request from a government agency, subpoena, or legal process; (C) as is necessary to enforce, correct, modify or vacate the Commercial Law Arbitrators' award or decision; or (D) if applicable law provides to the contrary. In the event that either party initiates a court proceeding to enforce, correct, modify, or vacate the Commercial Law Arbitrators' award or decision, or any other proceeding that would require disclosing the Commercial Law Arbitrators' award, decision or findings, the parties agree to take all reasonable steps consistent with applicable law to ensure that all pleadings, filings and papers are filed and/or entered with the court under seal and/or in a manner that would maintain their confidentiality, including, without limitation, complying with all rules of procedure and local rules for filing documents, pleadings, and papers under seal.

(d) Notwithstanding the foregoing, this agreement to arbitrate all Employment-Related Disputes and/or Options Disputes shall not apply to Grantee claims for statutory unemployment compensation benefits, statutory worker's compensation benefits, state disability insurance benefits (not including retaliation claims based upon seeking such benefits), charges filed with the National Labor Relations Board alleging violations of the National Labor Relations Act, and claims for benefits from a Company-sponsored "employee benefit plan," as that term is defined in 29 U.S.C. §1002(3).

(e) To the maximum extent allowed by applicable law, (i) Grantee and the Company agree to bring any Claim in arbitration on an individual basis only, and not as a class or collective action, (ii) Grantee and the Company waive any right for a Claim to be brought, heard, or decided as a class or collective action, and (iii) the applicable arbitrator under this Section 6 shall have no power, jurisdiction or authority to preside over a class or collective action ("Class Action Waiver"). This Class Action Waiver, however, does not prevent Grantee from joining, opting into or participating in a pending class or collective action to which Grantee is a current or purported class member as of the Grant Date. To the maximum extent allowed by applicable law, Grantee and the Company waive any right for a Claim to be brought, heard or decided as a Private Attorney General Representative Action on behalf of other grantees ("Representative Action"), and the applicable arbitrator under this Section 6 shall have no power or authority to preside over a Representative Action ("Representative Action Waiver"). The Representative Action Waiver, however, does not apply to a Claim that Grantee brings in arbitration as a private attorney general solely on his/her own behalf.

(f) In addition, each of Grantee and the Company shall have the right to seek temporary restraining orders, preliminary and/or permanent injunctions or other like emergency relief from a court where such relief is required to permit the dispute to proceed to arbitration without such party incurring irreparable harm that may not be remedied monetarily, for example, to prevent violation of: (i) non-competition agreements or obligations; (ii) non-solicitation agreements or obligations; (iii) intellectual property rights, including, but not limited to, copyrights, patent rights, trade secrets and/or proprietary business know-how; or (iv) confidential information obligations; provided that, once a court of competent jurisdiction orders or denies temporary or preliminary relief, the Claims shall then be resolved by arbitration pursuant to this Agreement. The parties mutually agree that the state and federal courts located in the City and County of Denver, Colorado shall have exclusive subject matter and personal jurisdiction to hear and decide any such action, and that any such court action shall be governed by the substantive law of the State of Colorado, without giving effect to choice of law principles. Grantee irrevocably waives, to the fullest extent permitted by law, any and all objections which he may now or hereafter have to the venue of any such proceeding brought in any such court, including, without limitation, any claim that such proceeding has been brought in an inconvenient forum.

(g) Further, nothing in this Section 6 prohibits Grantee from making a report or filing an administrative charge with a federal, state or local administrative agency such as the National Labor Relations Board, the Equal Employment Opportunity Commission, the Securities and Exchange Commission or the Department of Labor. This Section 6 also does not prevent federal administrative agencies from adjudicating claims and awarding remedies based on those claims, even if the claims would otherwise be covered by this Section 6. Nothing in this Section 6 prevents or excuses a party from satisfying any conditions precedent and/or exhausting administrative remedies under applicable law before bringing a Claim in arbitration.

(h) Unless the applicable arbitrators rule otherwise (under the same standards that would apply in a court of competent jurisdiction), each party to any arbitration or court proceeding contemplated by this Section 6 shall be responsible for its own attorneys' fees and costs; provided, however, that unless otherwise required by applicable law or this Agreement, the prevailing party in any arbitration or court proceeding contemplated by this Section 6 shall be entitled to reimbursement of its or his reasonable attorneys' fees, costs, and expenses. Nothing in this Agreement shall require Grantee to reimburse the Company for its reasonable attorneys' fees, costs, and expenses, incurred when the Company prevails in defense of any statutory claim of unlawful discrimination, unless said claim brought by Grantee is frivolous, unreasonable or without foundation, or Grantee continues to prosecute a claim after the claim became frivolous, unreasonable or without foundation. In the event either party hereto files a judicial or administrative action asserting claims subject to this arbitration provision, and

the other party successfully stays such action and/or compels arbitration of the claims made in such an action, the party filing the administrative or judicial action shall pay the other party's reasonable attorneys' fees, costs, and expenses incurred in obtaining a stay and/or compelling arbitration.

(i) This Section 6 supersedes and renders void any prior agreement(s) to arbitrate between Grantee and the Company with respect to any and all Claims under this Agreement and any other agreement(s) between the Company and/or any of its direct and indirect subsidiaries, on the one hand, and Grantee, on the other hand. For the avoidance of doubt and notwithstanding the foregoing, this Section 6 does not supersede or render void any prior agreement(s) to arbitrate between the Company and/or any of its direct and indirect subsidiaries, on the one hand, and Grantee, on the other hand with respect to any and all stock options, restricted stock units or other equity awards other than the Options Disputes for the specific Option granted under this Agreement. In the event of any conflict or inconsistency between any AAA rules and/or procedures and the terms and conditions of this Agreement, the terms and conditions of this Agreement shall control.

(j) Other than potential rights to a trial, a jury trial, and common law claims for punitive and/or exemplary damages, nothing in this agreement to arbitrate limits any statutory remedy to which Grantee or the Company may be entitled under law. The parties acknowledge that this agreement to arbitrate shall not alter the at-will nature of their employment relationship MEANING THAT GRANTEE MAY TERMINATE GRANTEE'S EMPLOYMENT WITH THE COMPANY AND/OR ANY OF ITS DIRECT AND INDIRECT SUBSIDIARIES AT ANY TIME WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE, AND THE COMPANY AND/OR ANY OF ITS DIRECT AND INDIRECT SUBSIDIARIES RESERVE THE SAME RIGHTS TO TERMINATE GRANTEE'S EMPLOYMENT AND/OR DEMOTE GRANTEE.

(k) GRANTEE AND THE COMPANY MUTUALLY AND VOLUNTARILY AGREE TO ARBITRATE ALL CLAIMS COVERED BY THIS AGREEMENT AS SET FORTH IN THIS SECTION 6. THE RIGHTS TO A TRIAL BY JURY, TO COMMON LAW CLAIMS FOR PUNITIVE AND/OR EXEMPLARY DAMAGES, AND TO ENGAGE AND/OR PARTICIPATE IN A CLASS, COLLECTIVE OR REPRESENTATIVE ACTION ARE OF VALUE AND EXPRESSLY WAIVED PURSUANT TO THIS SECTION 6. NOTHING IN THIS SECTION 6 INFRINGES ON GRANTEE'S RIGHT TO FILE A CHARGE WITH ANY GOVERNMENT AGENCY, AND GRANTEE'S RIGHT TO SEEK ANY REMEDY AND/OR PERSONAL RECOVERY IS ONLY RESTRICTED AS SPECIFICALLY SET FORTH IN THIS SECTION 6.

7. Miscellaneous

(a) Option Subject to the Plan. The Option is issued pursuant to the Plan and is subject to its terms and conditions. The terms and conditions of the Plan are available for inspection during normal business hours at the principal offices of the Company. The Committee has final authority to decide, interpret, determine and calculate any and all aspects of the Plan in its sole and absolute discretion for any reason or no reason at any time and from time to time.

(b) No Right to Continued Employment; No Rights as Shareholder. This Agreement shall not confer upon Grantee any right with respect to continuance of employment with the Company or any of its direct or indirect subsidiaries, nor shall it interfere in any way with the right of the Company and its direct and indirect subsidiaries to terminate such employment or to demote or remove Grantee for any reason or no reason at any time and from time to time. The holder of the Option will not have any right to dividends or any other rights of a shareholder with respect to Common Shares subject to the Option until such Common Shares shall have been issued to Grantee upon valid exercise of the Option in accordance with this Agreement and the Plan (as evidenced by the records of the transfer agent of the Company).

(c) Changes in Capital Structure. If there shall be any change in the Common Shares of the Company through merger, consolidation, reorganization, recapitalization, dividend in the form of stock (of whatever amount), stock split or other change in the corporate structure of the Company, then appropriate adjustments may be made by the Company, as determined in the sole and absolute discretion

of the Committee for any reason or no reason at any time and from time to time, to all or any portion of the Option that shall have not yet vested or been exercised and not yet been terminated or expired, in order to prevent dilution or enlargement of Grantee's rights under the Option. Such adjustments may include, where appropriate, changes in the number of shares of Common Shares and the price per share subject to the outstanding Option. Notwithstanding the foregoing, no action that would modify the treatment of the Option under the Code shall be effective unless agreed to in writing by both parties.

(d) Assigns and Successors. This Agreement shall inure to the benefit of the Company's assigns and successors and its and their direct and indirect subsidiaries.

(e) Compliance with Law; Legal Requirements. The Company shall at all times during the term of the Option reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Agreement. The exercise of all or any part of the Option shall only be effective at such time that the issuance and sale of Common Shares pursuant to such exercise will not violate any federal or state securities or other laws. The Company may suspend Grantee's or any holder's of the Option right to exercise the Option and shall not issue or deliver the Common Shares underlying the Option unless it is satisfied in its judgment that the issuance and sale of Common Shares will not violate any of the provisions of the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), any rules or regulations of the SEC promulgated thereunder, or the requirements of applicable state law relating to authorization, issuance or sale of securities, other applicable laws, rules and regulations or any applicable stock exchange, or any other applicable laws, rules or regulations, or until there has been compliance with the provisions of such acts, laws and rules. If the Company in its sole and absolute discretion so elects, it may register the Common Shares issuable upon the exercise of the Option under the Securities Act and list the Common Shares on any securities exchange. In the absence thereof, Grantee understands that neither the Option nor the Common Shares issuable upon the exercise thereof will be registered under the Securities Act, or tradeable on any securities exchange, and Grantee represents that the Option is being acquired, and that such Common Shares that will be acquired pursuant to exercise of the Option, if any, will be acquired, by Grantee for investment and not with a view to distribution thereof. In the absence of an effective registration statement meeting the requirements of the Securities Act, upon any sale or transfer of the Common Shares issued pursuant to the Option, Grantee shall deliver to the Company an opinion of counsel satisfactory to the Company to the effect that the sale or transfer of the Common Shares does not violate any provision of the Securities Act or the Exchange Act. Grantee understands that the Company is under no obligation to register or qualify the Common Shares with the SEC, any state securities commission or any stock exchange to effect such compliance and that Grantee will have no recourse to or claim against the Company if the Company determines pursuant to this Section 7 that it is unable to deliver the Common Shares upon exercise of the Option. Regardless of whether the offering and sale of the Common Shares have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company in its sole and absolute discretion for any reason or no reason at any time and from time to time may impose restrictions upon the sale, pledge or other transfer of such Common Shares (including the placement of appropriate legends on certificates or the imposition of stop-transfer instructions on the certificates or book entries, as applicable) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the Exchange Act, the securities laws of any state or other jurisdiction or any other applicable laws, rules and regulations or any applicable stock exchange rules or regulations.

(f) Notice of Disposal of Common Shares; Withholding. To the extent the Option is an ISO, if Grantee shall dispose of any of the Common Shares of the Company acquired by Grantee pursuant to the exercise of such portion of the Option that is an ISO within two years from the Grant Date or within one year after the transfer of any such shares to Grantee upon exercise of such portion of the Option, then, in order to provide the Company with the opportunity to claim the benefit of any income tax deduction (if any) which may be available to it under the circumstances, Grantee shall promptly notify the Company of the dates of acquisition and disposition of such shares, the number of shares so disposed of, and the consideration, if any, received for such shares. In order to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to insure: (i) notice to the Company of any disposition of the Common Shares of the Company within the time periods described above; and (ii) that, if necessary, all applicable federal or state payroll, withholding, income or other taxes are withheld or collected from Grantee.

(g) Confidential Treatment of Option. Grantee agrees to treat with confidentiality the existence, terms and conditions of this Agreement and the Option except to the extent specifically disclosed by the Company pursuant to applicable law, and agrees that failure to do so may result in immediate termination of the Option.

(h) Obligations Unaffected. Except as expressly set forth to the contrary in Section 6 of this Agreement, the obligations of Grantee under this Agreement shall be independent of, and unaffected by, and shall not affect, other agreements, if any, binding Grantee which apply to Grantee's business activities during and/or subsequent to Grantee's employment by the Company or any of its direct or indirect subsidiaries or affiliates.

(i) Survival. Any provision of this Agreement which logically would be expected to survive termination or expiration, shall survive for a reasonable time period under the circumstances, whether or not specifically provided in this Agreement. Except as set forth to the contrary in this Agreement (including, without limitation, Section 6 of this Agreement), the obligations under this Agreement also shall survive any changes made in the future to the employment terms and conditions of Grantee, including without limitation changes in salary, benefits, bonus plans, job or position title and job responsibilities.

(j) Complete Agreement; No Waiver. This Agreement constitutes the entire, final and complete understanding between the parties hereto with respect to the subject matter of this Agreement, and, except as specifically set forth in this Agreement, supersedes and replaces all previous understandings or agreements, written, oral, or implied, with respect to the subject matter of this Agreement made or existing before the date of this Agreement, including, but not limited to, the provisions of that certain Offer Letter by and between Grantee and the Company, dated February 17, 2022 relating to the "Sign-On Options" (as defined therein). Except as expressly provided by this Agreement, no waiver or modification of any of the terms or conditions of this Agreement shall be effective unless in writing and signed by both parties. The failure of any party to insist upon strict performance of any provision of this Agreement shall not be construed as a waiver of any subsequent breach of the same or similar nature.

(k) Severability. Each provision of this Agreement shall be construed as separable and divisible from every other provision, and the enforceability of any one provision shall not limit the enforceability, in whole or in part, of any other provision. Except as otherwise set forth in this Agreement, in the event that a court, arbitrator or other body of competent jurisdiction holds any provision of this Agreement to be invalid, illegal, void or less than fully enforceable as to time, scope or otherwise, the parties agree that such provision shall be construed by limiting and reducing it to the minimum extent necessary to render such provision valid, legal and enforceable while preserving to the greatest extent permissible the original intent of the parties; the remaining terms and conditions of this Agreement shall not be affected by such alteration and shall remain in full force and effect. Notwithstanding the foregoing, in the event that any one or more of the covenants set forth in Section 5 of this Agreement are found to be unenforceable against the Grantee to any extent by the final non-appealable resolution of any litigation or other legal proceeding stemming from an actual, threatened, or attempted violation of such covenants by Grantee; then the entire Option (both vested and unvested) shall be deemed to have terminated and the Option (both vested and unvested) shall not be exercisable and no Common Shares shall be issuable in connection therewith as of the date of such finding.

(l) Summary Information. In the event that the Company provides Grantee (or anyone acting on behalf of Grantee) with summary or other information concerning, including or otherwise relating to Grantee's rights or benefits under this Agreement (including without limitation the Option, and any vesting thereof), such summary or other information shall in all cases be qualified in its entirety by this Agreement and the Plan, and, unless it explicitly states otherwise and is signed by an officer of the Company, shall not constitute an amendment or other modification hereto.

(m) Grantee Acknowledgements

(i) Grantee understands, acknowledges, agrees and hereby stipulates that he is executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else.

(ii) Grantee understands, acknowledges, agrees and hereby stipulates that he has carefully read, considered and understands all of the provisions of this Agreement, the Plan and the Company's policies reflected in this Agreement.

(iii) Grantee understands, acknowledges, agrees and hereby stipulates that he has asked any questions needed for him to understand the terms, consequences and binding effect of this Agreement and the Plan and Grantee fully understands them, including, without limitation, that he is waiving the right to a trial, a trial by jury, and common law claims for punitive and/or exemplary damages.

(iv) Grantee understands, acknowledges, agrees and hereby stipulates that he was provided an opportunity to seek the advice of an attorney and/or tax professional of his choice before accepting this Agreement.

(v) Grantee understands, acknowledges, agrees and hereby stipulates that the obligations and restrictions set forth in this Agreement are consistent with Grantee's right to sell his labor, the public's interest in unimpeded trade, are fair and reasonable, and are no broader than are reasonably required to protect the Company's interests.

(vi) Grantee understands, acknowledges, agrees and hereby stipulates that it is the Company's policy to seek legal recourse to the fullest extent possible for actual, threatened or attempted violation of, or challenges to the enforceability of, this Agreement. Grantee understands that nothing in this Agreement shall be construed to prohibit the Company from pursuing any other available remedies for such actual, threatened or attempted violation or challenges to enforceability, including, without limitation, the recovery of damages from Grantee. Grantee further agrees that, if he violates, threatens or attempts to violate, or challenges the enforceability of, this Agreement, it would be difficult to determine the damages and lost profits which the Company would suffer as a result thereof including, but not limited to, losses attributable to lost or misappropriated Confidential Information and Trade Secrets and losses stemming from violations of the non-disclosure, non-compete and/or non-solicitation obligations set forth above. Accordingly, Grantee agrees that if he violates, threatens or attempts to violate or challenges the enforceability of this Agreement, then the Company shall be entitled to an order for injunctive relief and/or for specific performance, or their equivalent, in addition to money damages and any other remedies otherwise available to it at law or equity. Such injunctive relief includes but is not limited to requirements that Grantee take action or refrain from taking action to avoid competing with the Company, to avoid soliciting the Company's employees or customers, to preserve the secrecy of Confidential Information and Trade Secrets, to not use Confidential Information and Trade Secrets, to avoid conflicts of interest and to protect the Company from irreparable harm. Grantee expressly agrees that the Company does not need to post a bond to obtain an injunction and Grantee waives the right to require such a bond.

(n) Notice. All notices to the Company shall be addressed to: EchoStar Corporation, 100 Inverness Terrace East, Englewood, Colorado, 80112, Attn: Corporate Secretary, or to such other address or person as the Company may notify Grantee from time to time. All notices to Grantee or other person or persons then entitled to exercise the Option shall be addressed to Grantee or such other person(s) at Grantee's address on file with the Company, or to such other address as Grantee or such person(s) may notify the Company or its administrator for the Option in writing from time to time.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

Upon Grantee's acceptance of the terms and conditions set forth in this Agreement through the electronic grant process available through the Administrator, this Agreement shall become effective between the parties as of the Grant Date.

EHOSTAR CORPORATION

GRANTEE: Hamid Akhavan
Accepted on [Acceptance Date]

**ECHOSTAR CORPORATION
EXECUTIVE OFFICER RESTRICTED STOCK UNIT AGREEMENT**

This Restricted Stock Unit Agreement (the “Agreement”) is entered into effective as of [Grant Date] (the “Grant Date”), by and between EchoStar Corporation, a Nevada corporation (the “Company”), and Hamid Akhavan (“Grantee”).

RECITAL

WHEREAS, the Company, pursuant to its 2017 Stock Incentive Plan (as amended from time to time, the “Plan”) desires to grant restricted stock units to Grantee, and Grantee desires to accept such restricted stock units, each under the terms and conditions set forth in this Agreement; and

WHEREAS, the Units (as defined below) are intended to be consideration in exchange for the covenants herein contained and not in exchange for any right with respect to continuance of employment with or service to the Company or any of its direct or indirect subsidiaries.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Grant of Restricted Stock Units

The Company hereby grants to Grantee, as of the Grant Date, [Number of RSUs Granted] restricted stock units (hereinafter called the “Units”), each representing the right to receive one share of the Class A common stock of the Company, par value \$0.001 per share (the “Common Shares”), upon vesting of that Unit on the terms and conditions set forth in this Agreement.

Notwithstanding anything in the Plan to the contrary, this Agreement and the Units granted hereunder shall be null and void and of no further force and effect unless and until the Grantee shall have accepted and acknowledged this Agreement within thirty (30) days after the Grant Date by following the current procedures implemented by the Company’s administrator for the Plan (the “Administrator”), as such Administrator and procedures are designated by the Company in its sole and absolute discretion for any reason or no reason from time to time.

2. Duration and Vesting

(a) Subject to the terms and conditions set forth in this Agreement and the Plan and Grantee being an employee of the Company or its direct or indirect subsidiaries, if any, on each of the following vesting dates (each, a “Vesting Date”), the Units shall vest in accordance with the following vesting schedule:

On each of the Following Vesting Dates	Units Vesting on Such Date

No Common Shares shall be issued in exchange for any Unit until that Unit has vested and until Grantee has paid all applicable withholding taxes for such Unit.

Notwithstanding the foregoing, the above vesting schedule shall immediately cease or accelerate (in full or in part), as applicable, upon the occurrence of any of the events provided for in Sections 3(a)-(f), as applicable.

(b) Except as permitted pursuant to the Plan, (i) during the lifetime of Grantee, the Common Shares issuable upon vesting of the Units shall be issued only to Grantee or, if permissible under applicable law, by Grantee's guardian or legal representative, (ii) the Units shall not be assignable or transferable by Grantee, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Internal Revenue Service Code of 1986, as amended, and regulations thereunder (the "Code"), Title I of the Employee Retirement Income Security Act, or the rules promulgated thereunder, and (iii) the Units may not be sold, assigned, transferred or otherwise disposed of, or pledged, alienated, attached, hypothecated, or otherwise encumbered in any manner (whether by operation of law or otherwise), and will not be subject to execution, attachment or other process. Any purported sale, assignment, transfer, pledge, alienation, attachment or encumbrance in violation of the terms of this Agreement or the Plan shall be void and unenforceable against the Company or any of its subsidiaries. Any sale, assignment, transfer, pledge, hypothecation or other disposition of the Units or any attempt to make any such levy of execution, attachment or other encumbrance will cause the Units to terminate immediately, unless the Board of Directors of the Company or the Committee (as defined in the Plan), in their sole and absolute discretion for any reason or no reason at any time and from time to time, specifically waives applicability of this provision.

(c) Notwithstanding any other provisions in this Agreement or the Plan, the Units shall expire and terminate on, and no Common Shares shall be issued in exchange for any Units on or after, [Date of Expiration] (the "Expiration Date").

(d) The Company assumes no responsibility for individual income taxes, penalties or interest related to the grant, vesting, forfeiture, termination, recoupment or adjustment of any Unit, or the issuance of Common Shares in exchange for any Unit or the subsequent disposition of any Common Shares issued in exchange for any Unit. **Grantee should consult with Grantee's personal tax advisor regarding the tax ramifications, if any, which result from the grant, vesting, forfeiture, termination, recoupment or adjustment of any Unit or the issuance of Common Shares in exchange for any Unit or any subsequent disposition of any such Common Shares.** If, in the Company's sole and absolute discretion for any reason or no reason at any time and from time to time, it is necessary or appropriate to collect or withhold federal, state or local taxes in connection with the grant, vesting, forfeiture, termination, recoupment or adjustment of any portion of the Units or the issuance of Common Shares in exchange for any Unit or any subsequent disposition of Common Shares, the Company shall be entitled to require the payment of such amounts as a condition to vesting. Prior to any relevant taxable or tax withholding event, as applicable, Grantee shall pay or make arrangements satisfactory to the Company to satisfy all withholding obligations. In furtherance and without limiting the generality of the foregoing, Grantee (on its own behalf and on behalf of each and every other proper party as described in Section 2(b) and/or Section 3(b) of this Agreement) hereby authorizes the Company, in its sole and absolute discretion for any reason or no reason at any time and from time to time (including without limitation, pursuant to the then-current procedures implemented by the Administrator, as such Administrator and procedures are designated by the Company in its sole and absolute discretion for any reason or no reason at any time and from time to time), to satisfy all withholding and all other obligations with regard to any individual income taxes, penalties or interest related to the grant, vesting, forfeiture, termination, recoupment or adjustment of any Unit or the issuance of Common Shares in exchange for any Unit or any subsequent disposition of Common Shares by one or a combination of the following:

- (i) withholding from any wages or other cash or equity compensation payable to Grantee by the Company;
- (ii) withholding Common Shares that are otherwise issuable upon vesting of the Units;
- (iii) arranging for the sale of Common Shares that are otherwise issuable upon vesting of the Units, including, without limitation, selling Common Shares as part of a block trade with other grantees under the Plan or otherwise; and/or
- (iv) withholding from the proceeds of the sale of Common Shares issued upon vesting of the Units or other Common Shares issuable to the Grantee.

(e) In considering the acceptance of the Units, Grantee understands, acknowledges, agrees and hereby stipulates that he has used the same independent investment judgment that Grantee would use in making other investments in corporate securities. Among other things, stock prices will fluctuate over any reasonable period of time and the price of the Common Shares may go down as well as up. No guarantees are made as to the future prospects of the Company or the Common Shares, or that any market for sale of the Common Shares will exist in the future. No representations are made by the Company except as may be contained in any active registration statement on file with the United States Securities and Exchange Commission (“SEC”) relating to the Plan at the time of the applicable issuance of the Units and/or issuance of Common Shares in exchange for any Unit.

3. Qualifying Termination; Violation of Covenants; Covenants Found Unenforceable; Death or Disability; Certain Unusual Events

(a) In the event that (i) Grantee’s employment with the Company and/or its direct or indirect subsidiaries, if any, is terminated by the Company or one of its subsidiaries for Cause, (ii) Grantee violates any one or more of the covenants set forth in Section 5 of this Agreement as determined by the Company, or (iii) any one or more of the covenants set forth in Section 5 of this Agreement is found to be unenforceable against the Grantee to any extent by the final non-appealable resolution of any litigation or other legal proceeding stemming from an actual, threatened, or attempted violation of any such covenants by Grantee, then all of the Units (both vested and unvested) shall be deemed to have terminated and no Common Shares shall be issuable in connection therewith, as of the date of the earliest to occur of: (A) Grantee’s termination for Cause; (B) any violation of the covenants set forth in Section 5 of this Agreement as determined by the Company; or (C) any finding of unenforceability against the Grantee of any one or more of the covenants set forth in Section 5 of this Agreement to any extent by the final non-appealable resolution of any litigation or other legal proceeding stemming from an actual, threatened or attempted violation of any such covenants by Grantee. The termination of the Units by reason of this Section 3(a) shall be without prejudice to any right or remedy which the Company may have against the Grantee or other holder of the Units or any Common Shares issued or issuable in exchange for the Units. For clarification purposes, with respect to interpreting any and all violation(s) (or other logical formulation thereof such as “violates”) of the covenants set forth in this Agreement (including without limitation, the covenants in Section 5 of this Agreement), such violation(s) shall include, but is not limited to, any actual, threatened or attempted violation of any such covenants by the Grantee that may result in, among other things, the Company or any of its direct or indirect subsidiaries having to seek a temporary restraining order, preliminary injunction, or other similar relief against the Grantee to attempt to prevent any such actual, threatened or attempted violation.

(b) In the event that Grantee shall die during the course of conducting business for the Company or its direct or indirect subsidiaries, and not engaged in personal activity, or if Grantee’s employment with the Company and/or its direct or indirect subsidiaries, is terminated because Grantee has become disabled (within the meaning of Section 22(e)(3) of the Code and regulations thereunder) during the course of conducting business for the Company or its direct or indirect subsidiaries, and not engaged in personal activity, then the portions of the Units not previously vested shall vest in accordance with the table set forth in Section 3(d) of this Agreement, below, with the date of the “Qualifying Termination” being the date of such death or termination on account of disability described in the sentence above. Common Shares shall be issued in exchange for all such vesting Units on such date to Grantee or the personal representatives or administrators, executor or guardians of Grantee, as applicable, or by any person or persons to whom the Units are transferred by will or the applicable laws of descent and distribution, subject to the condition that no portion of the Units (whether vested or unvested) shall vest after the Expiration Date. The termination of the Units by reason of this Section 3(b) shall be without prejudice to any right or remedy which the Company may have against the Grantee or other holder of the Units or any Common Shares issued or issuable upon vesting of the Units.

(c) In the event that Grantee shall cease to be employed by the Company and/or its direct or indirect subsidiaries, if any, for any reason other than as a result of or in connection with the circumstances described in Sections 3(a) or 3(d) of this Agreement or Grantee’s death or disability (as described in Section 3(b) of this Agreement), and Grantee shall have at such time vested Units for which Common Shares have not yet been issued, Grantee shall have the right to have such Common Shares issued in exchange for such vested Units on the date of such cessation of employment, **but only** to the extent of the full number of Common Shares issuable in exchange for such vested Units on the date of such cessation of employment, subject to the conditions that (i) any portion of the Units not vested as of the date of such cessation of employment shall be deemed to have terminated as of such date, (ii) no Common Shares shall be issued in exchange for any unvested Units as of or following the date of such

cessation of employment, and (iii) no portion of the Units (whether vested or unvested) shall vest after the Expiration Date. The termination of the Units by reason of this Section 3(c) shall be without prejudice to any right or remedy which the Company may have against the Grantee or other holder of the Units or any Common Shares issued or issuable in exchange for the Units.

(d) In the event that Grantee's employment with the Company and/or its direct or indirect subsidiaries, if any, is terminated (i) by the Company or one of its subsidiaries without Cause (and not due to death or disability pursuant to Section 3(b) of this Agreement), or (ii) by Grantee due to his resignation for Constructive Termination (either such termination, a "Qualifying Termination"), in either case, prior to the Third Vesting Date, then:

- (i) the number of Units scheduled to vest on the next scheduled Vesting Date pursuant to Section 2(a) of this Agreement shall vest in full upon the effective date of the Qualifying Termination, and Common Shares shall be issued in exchange for all such vesting Units on such date, and
- (ii) if the Qualifying Termination occurs prior to the Second Vesting Date, an additional number of Units will vest, and Common Shares shall be issued in exchange for all such vesting Units on such date, reflecting vesting "credit" for any completed six-month period that has elapsed during the then-current twelve-month vesting period.

For the sake of clarity, if Grantee experiences a Qualifying Termination prior to the Third Vesting Date, the following number of Units will vest (and Common Shares shall be issued in exchange for all such vesting Units) as of the effective date of such Qualifying Termination:

Qualifying Termination Date	Number of Units that will vest

For the sake of further clarity, if Grantee experiences a Qualifying Termination on either the First Vesting Date or the Second Vesting Date, the applicable number of Units set forth above will vest in addition to the number of Units that are scheduled to vest on such date pursuant to Section 2(a) of this Agreement. Any Units that are not vested following Grantee's Qualifying Termination (after giving effect to the accelerated vesting in this Section 3(d)) shall be deemed to have terminated for no consideration effective as of the date of such Qualifying Termination.

For the avoidance of doubt, (i) no Common Shares shall be issued in exchange for any unvested Units as of or following the date of the applicable Qualifying Termination, and (ii) no portion of the Units (whether vested or unvested) shall vest after the Expiration Date. Grantee's entitlement to the vesting described in this Section 3(d) is contingent upon his execution and non-revocation of a release of claims in favor of the Company in a form to be provided by the Company in connection with his Qualifying Termination. The termination of any Units (if at all) by reason of this Section 3(d) shall be without prejudice to any right or remedy which the Company may have against the Grantee or other holder of the Units or any Common Shares issued or issuable upon vesting of the Units.

(e) Upon the first to occur of (i) the Company's Capital Stock no longer being publicly traded on the NASDAQ Stock Market or any other established securities market, and (ii) the consummation of a DISH Change in Control, the Units shall be treated as though Grantee had experienced a Qualifying Termination upon the date of such occurrence, subject to Grantee's continuous employment with the Company or one of its subsidiaries as of such date.

(f) In the event that, during the period of Grantee's continuous employment with the Company and its subsidiaries, neither the Principal nor any Related Party has the authority to elect the majority of the members of the Board of Directors, then all Units not previously vested shall immediately vest on the date of such occurrence, and Common Shares shall be issued in exchange for all such vesting Units on such date, subject to the condition that no portion of the Units (whether vested or unvested) shall vest after the Expiration Date.

For the purpose of this Agreement, the capitalized terms shall have the following meanings:

“Capital Stock” means: any and all shares, interests, participations, rights or other equivalents, however designated, of corporate stock or partnership or membership interests, whether common or preferred.

“Cause” means: (i) the willful and continued failure of Grantee to substantially perform his duties consistent with past practices; (ii) any illegal conduct or gross misconduct which is materially injurious to the Company or its affiliates, including, without limitation, wrongful appropriation of the Company’s or its subsidiaries’ funds, or theft of the Company’s or its subsidiaries’ property; (iii) Grantee has been convicted of or pleaded guilty or nolo contendere to a felony or any crime involving moral turpitude or dishonesty; or (iv) Grantee has been convicted of or pleaded guilty or nolo contendere to a felony, crime or engaged in conduct which results in a prohibition on the Grantee from serving, for any period of time, as an officer or director of a publicly traded company by any federal, state or other regulatory governing body (including without limitation, an exchange or association such as NYSE or the NASDAQ Stock Market).

“Constructive Termination” means: without Grantee’s prior consent, (i) a change in Grantee’s title to one that is subordinate to that of Chief Executive Officer; or (ii) a material reduction in Grantee’s responsibilities. A termination of employment by Grantee due to Constructive Termination shall be effectuated by giving the Company written notice of termination setting forth the conduct of the Company that constitutes a Constructive Termination within 60 days of the first day on which Grantee has knowledge of such conduct. Grantee shall further provide the Company with at least 60 days following the date upon which such notice is provided to cure such conduct. Failing such cure, a termination of employment by Grantee due to Constructive Termination shall be effective on the day following the expiration of the cure period. Notwithstanding the foregoing, if the Board of Directors reasonably believes that Grantee may have engaged in conduct that could constitute Cause, the Board of Directors may, in its sole and absolute discretion, suspend Grantee from performing Grantee’s duties, and in no event shall any such suspension constitute a Constructive Termination.

“DISH Change in Control” means: a transaction or a series of transactions the result of which is that DISH Network Corporation beneficially owns more than fifty percent (50%) of the total voting power of the voting Equity Interests of either (A) the Company or (B) the surviving entity in any such transaction(s) or a controlling affiliate of such surviving entity in such transaction(s).

“Equity Interest” means: any Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“Principal” means Charles W. Ergen.

“Related Party” means, with respect to the Principal, (a) the spouse and each immediate family member of the Principal; (b) each trust, corporation, partnership or other entity of which the Principal and/or the Principal’s spouse and/or immediate family members beneficially holds an eighty percent (80%) or more controlling interest; and (c) all trusts, including grantor retained annuity trusts, established by the Principal for the benefit of his family.

a) Notwithstanding any other provision in this Agreement or the Plan or any termination or expiration of any Units, the covenants set forth in Section 5 of this Agreement shall continue in force in accordance with their terms unless otherwise terminated by the Company.

4. Manner of Issuance of Common Shares

(a) The Units and the Common Shares issuable upon vesting of the Units shall be issued only to Grantee or other proper party as described in Section 2(b), Section 3(b), Section 3(c), Section 3(d), Section 3(e), Section 3(f) and/or Section 4(c) of this Agreement, in whole Common Shares upon meeting the applicable vesting requirements for the Units represented by this Agreement and by following, prior to the earlier of any forfeiture or termination or the Expiration Date, the then-current procedures implemented by the Administrator, as such Administrator and procedures are designated by the Company in its sole and absolute discretion for any reason or no reason at any time and from time to time.

(b) Unless notified by the Company or the Administrator to the contrary, the Common Shares issuable upon the vesting of the Units shall be deemed issued on the date specified by the Company within five (5) business days following the date that the Company determines that all requirements for issuance of the Common Shares have been properly completed, including, without limitation, payment of all applicable withholding taxes. The Company shall have no obligation to issue the Common Shares upon the vesting of the Units until it has confirmed to its satisfaction that all requirements for vesting of the Units and issuance of the Common Shares have been accomplished.

(c) Unless the Company waives applicability of this provision, the certificate or certificates for the Common Shares, if any, which are issued pursuant to the vesting of the Units or the book-entries, as applicable, may be registered only in the name of Grantee (or if Grantee so requests, jointly in the name of Grantee and with a member of Grantee's family, with the right of survivorship, or in the event of the death of Grantee, in the name of such survivor of Grantee as the person with the right to receive the Common Shares issuable upon the vesting of the Units shall designate).

5. Covenant Not to Compete; Non-Solicitation; Protection of Confidential Information and Trade Secrets

(a) Grantee shall serve the Company and its direct and indirect subsidiaries (collectively, the "Company" for purposes of this Section 5), loyally and in good faith and use Grantee's best efforts to promote the Company's interests. Grantee hereby agrees not to compete with the Company, not to solicit employees of the Company, not to solicit customers of the Company, and agrees to protect from disclosure (for clarification purposes, such agreement to protect from disclosure shall include, without limitation, an agreement not to use) Confidential Information and Trade Secrets (as defined in Section 5(e) of this Agreement) (for clarification purposes, these restrictions shall include, without limitation, the Grantee becoming employed by, assisting or otherwise providing services or benefit to any applicable Competitor (as defined below) whereby Grantee may use and/or disclose Confidential Information and/or Trade Secrets), pursuant to the terms and conditions hereinafter set forth.

(b) Non-Competition.

(i) *Scope and Competitors.* Grantee agrees that during the Non-Compete Period (as defined below), he shall not directly or indirectly become employed by, assist or otherwise provide services or benefit in the United States and/or in any and all other jurisdictions and/or locations anywhere in the world to the business of any person or entity which, at the time of such employment, assistance or provision of services or benefit, is a "Competitor" (as described below) in any location in the United States and/or in any such other jurisdiction(s) and/or locations anywhere in the world, including, without limitation, as a director, trustee, principal, agent, employee, contractor or consultant of a Competitor.

The term "Competitor" includes any and all of the following:

- (A) the restricted persons and/or entities (inclusive of subsidiaries, affiliates, divisions, lines, ventures or other operations of such persons or entities, as applicable) enumerated below for the Company's lines of business (i.e., the applicable combination of the Broadband Business Line and/or Satellite Services Business Line, each as described below, a "Company Business Line", and referred to collectively in this Agreement as the "Company Business Lines"), to the extent that Grantee devotes a significant amount of his time and effort to such Company Business Line(s) (as described in Section 5(b)(i) of this Agreement); and
- (B) any other persons and/or entities (inclusive of subsidiaries, affiliates, divisions, lines, ventures or other operations of such persons or entities, as applicable) that are not enumerated below for the Company Business Lines but whose primary business is competitive with one or more of the Company Business Lines or other business lines that the Company may enter or has entered into at any time and from time to time, to the extent that Grantee devotes a significant amount of his time and effort to such Company Business Line(s) and/or other business line(s) (as described in Section 5(b)(i) of this Agreement).

(ii) *Relevant Competitors.* Grantee understands, acknowledges, agrees and hereby stipulates that, with respect to the Company Business Line(s) to which Grantee devotes a significant amount of his time and effort as of the date of this Agreement, the restrictions set forth in this Section 5 shall apply to Grantee immediately and for the duration of the period in which Grantee is employed by the Company. Grantee further understands, acknowledges, agrees and hereby stipulates that in the event that during the course of his employment with the Company, Grantee begins to devote a significant amount of his time and effort to any other Company Business Line or any other business line that the Company may enter or has entered into at any time and from time to time, the restrictions set forth in this Section 5 shall apply to Grantee with respect to any and all such other Company Business Line(s) and other business line(s) immediately thereafter and for the duration of the period in which Grantee is employed by the Company. For the remainder of the Non-Compete Period (commencing on the date that Grantee ceases to be employed by the Company) the restrictions set forth in this Section 5 shall apply to Grantee with respect to each Company Business Line and each other business line that the Company may enter or has entered into at any time and from time to time to which Grantee devoted a significant amount of his time and effort at any time during the twelve month period immediately preceding the date on which Grantee ceases to be employed by the Company for any reason whatsoever.

Broadband Business Line. The “Broadband Business Line” means the Company’s line of business that provides satellite broadband internet access to consumers and broadband network services and systems to enterprise markets and also provides managed services and networking systems solutions to customers for mobile satellite and wireless backhaul systems, including, without limitation, the business conducted by Hughes Network Systems, LLC and its direct and indirect subsidiaries. Without limiting the generality of the foregoing description or definition of Competitor above, the enumerated restricted persons and entities that apply to the Broadband Business Line includes any and all subsidiaries, affiliates, divisions, lines, ventures or other operations of the following persons and entities: (1) ViaSat, Inc.; (2) Gilat Satellite Networks Ltd.; (3) Newtec Cy N.V.; (4) iDirect Technologies; (5) any of the foregoing later known by a different name; (6) any person or entity which acquires, is acquired by, merges with, is spun off by, or otherwise combines with or separates from any of the foregoing or enters into an agreement to do so; (7) any person or entity directly or indirectly controlling, controlled by, or under common control with any of the foregoing, including without limitation any direct or indirect subsidiaries, affiliates, and ventures of any of the foregoing; and (8) any successor or assign of any of the foregoing.

Satellite Services Business Line. The “Satellite Services Business Line” means the Company’s line of business that provides satellite services and leases satellite capacity, including, without limitation, the business conducted by EchoStar Satellite Services L.L.C and its direct and indirect subsidiaries. Without limiting the generality of the foregoing description or definition of Competitor above, the enumerated restricted persons and entities that apply to the Satellite Services Business Line includes any and all subsidiaries, affiliates, divisions, lines, ventures or other operations of the following persons and entities: (1) Intelsat S.A.; (2) SES S.A.; (3) Eutelsat S.A., (4) Inmarsat plc; (5) Telesat Canada; (6) Asia Satellite Telecommunications Company Limited; (7) direct-to-home (DTH) satellite business of AT&T, Inc.; (8) any of the foregoing later known by a different name; (9) any person or entity which acquires, is acquired by, merges with, is spun off by, or otherwise combines with or separates from any of the foregoing or enters into an agreement to do so; (10) any person or entity directly or indirectly controlling, controlled by, or under common control with any of the foregoing, including without limitation any direct or indirect subsidiaries, affiliates, and ventures of any of the foregoing; and (11) any successor or assign of any of the foregoing.

(iii) *Duration of Non-Compete.* Unless extended pursuant to Section 5(g) of this Agreement, this covenant not to compete shall apply during the term of his employment with the Company and/or its direct or indirect subsidiaries, if any, and for a period of one year after the date on which Grantee ceases to be employed by the Company for any reason whatsoever (the “Non-Compete Period”).

(iv) *Passive Owner.* The covenant not to compete restrictions contained in this Agreement shall not prohibit Grantee from being a passive owner of not more than five percent (5%) of the outstanding stock of an entity that is publicly traded, so long as Grantee (A) has no active participation in the business or management of such entity, (B) is not a director or trustee of such entity, and (C) does not hold a similar position with such entity.

(v) *Reasonableness.*

- (A) Since the Company's Business Lines and other business lines that the Company may enter or has entered into are located and operated in the United States and in various other jurisdictions and locations throughout the world, the covenant not to compete shall apply to the entire United States and to any and all such other jurisdictions and/or locations throughout the world where the Company's Business Lines and other business lines that the Company may enter or has entered into, as applicable, are located and/or operated from time to time throughout the world. Grantee understands, acknowledges, agrees and hereby stipulates that the covenant not to compete set forth in this Section 5 is: (A) fair and reasonable given the Company's current and future business plans; and (B) necessary to prevent the disclosure or use of trade secrets pursuant to or within the meaning of C.R.S. s. 8-2-113(2)(b), the Uniform Trade Secrets Act or any analogous state laws which may apply to Grantee. Grantee understands, acknowledges, agrees and hereby stipulates that Grantee is an executive or manager or professional staff to an executive or manager, within the meaning of C.R.S. s. 8-2-113(2)(d). Grantee understands, acknowledges, agrees and hereby stipulates that a breach of this covenant not to compete may cause the Company irreparable harm, which may not be compensated for by monetary damages alone.
- (B) The parties hereto further acknowledge and agree that the Company does business and will from time to time do business in, and has and from time to time will have clients located in, the United States and other various jurisdictions and locations throughout the world. Accordingly, with respect to Grantee's undertakings pursuant to this Section 5, the specific geographical scope set forth in these provisions is necessary and reasonably tailored to protect the Company's legitimate business interests. Grantee recognizes and acknowledges that the activities prohibited by this Section 5 are narrow and reasonable in relation to the types of employment for which Grantee is qualified to earn a livelihood, and further acknowledges that Grantee is capable of earning a livelihood, during the Non-Compete Period, without violating the terms or restrictions of this Section 5.

(c) Non-Solicitation of Employees. Unless extended pursuant to Section 5(g) of this Agreement, Grantee agrees that during the Non-Compete Period, Grantee shall not, directly or indirectly:

- (i) Recruit or solicit any employee of the Company to pursue or accept an employee, contractor, consultant or any other position with any other person, entity or third party;
- (ii) Induce or entice any employee of the Company to pursue or accept an employee, contractor, consultant or any other position with any other person, entity or third party, including without limitation by providing information regarding compensation, benefits or other terms and conditions of such position;
- (iii) Encourage or advise any current or former employee of the Company to disregard and/or violate his or her non-compete, non-solicit, confidentiality or any other obligations to the Company; or
- (iv) Communicate with any employee of the Company regarding any employment, contractor, consultant or other opportunity outside of the Company, including, without limitation, opportunities with a Competitor.

(d) Non-Solicitation of Customers. Unless extended pursuant to Section 5(g) of this Agreement, Grantee agrees that during the Non-Compete Period, Grantee shall not, directly or indirectly, solicit, contact or call upon, or attempt to solicit, contact or call upon any customer, prospective customer or customer referral source of the Company with whom Grantee had contact or about whom Grantee learned Confidential Information and Trade Secrets during the preceding two years of employment with the Company, for the purpose of providing any products or services substantially similar to those he provided while employed by the Company. For purposes of this paragraph, “contact” means direct or indirect interaction between Grantee and the customer, prospective customer or customer referral source that takes place to further the business relationship with, make sales to or perform services for the customer, prospective customer or customer referral source on behalf of the Company. As used in this subsection, a “customer referral source” is any person or entity with which the Company has entered into an agreement (or is seeking to enter into an agreement) to refer prospective customers to the Company.

(e) Non-Disclosure and Non-Use of Confidential Information and Trade Secrets. Grantee further agrees to hold in a fiduciary capacity for the benefit of the Company any and all proprietary and confidential information, knowledge, ideas and data, including, without limitation, customer lists and the Company’s trade secrets, products, processes and programs (“Confidential Information and Trade Secrets”), relating in any way to the present or future business or activities of the Company for as long as such Confidential Information and Trade Secrets remain confidential (for clarification purposes, this restriction shall include, but not be limited to, the obligation of and agreement by Grantee not to (i) disclose to, or use to or for the benefit of, any person or entity other than the Company any Confidential Information and Trade Secrets, and/or (ii) take a position where Grantee may use and/or disclose any Confidential Information and Trade Secrets). Such Confidential Information and Trade Secrets include but are not limited to: (i) the Company’s financial and business information, such as capital structure, operating results, strategies and plans for future business, pending projects and proposals and potential acquisitions or divestitures; (ii) product and technical information, such as product formulations, new and innovative product ideas, proprietary credit scoring models and approaches, credit policies, new business developments, plans, designs, compilation methods, processes, procedures, program devices, data processing programs, software, software codes, hardware, firmware and research and development products; (iii) marketing information, such as new marketing ideas, mailing lists, the identity and number of the Company’s customers and prospects, their names and addresses and sales and marketing plans; (iv) information about the Company’s third-party agreements and any confidential or protected information disclosed to the Company by a third-party; (v) the Company’s suppliers, partners, customers and prospect lists; and (vi) personnel information, such as the identity and number of the Company’s other employees, their salaries, bonuses, benefits, skills, qualifications and abilities. For the avoidance of doubt and notwithstanding the foregoing, the term “trade secrets” shall mean items of Confidential Information and Trade Secrets that meet the requirements of the Uniform Trade Secrets Act, as adopted in the state of Colorado and as amended from time to time or under the Defend Trade Secrets Act, 18 U.S.C. §1833, et seq. Under the federal Defend Trade Secrets Act of 2016, Grantee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (x) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (y) is made to Grantee’s attorney in relation to a lawsuit for retaliation against Grantee for reporting a suspected violation of law; or (z) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. All Confidential Information and Trade Secrets, together with all copies thereof and notes and other references thereto, shall remain the sole property of the Company. To the extent that Grantee possesses any Confidential Information and Trade Secrets or equipment belonging to the Company, Grantee agrees to deliver to the Company, immediately upon termination of employment and at any time and from time to time as the Company requests: (i) any and all documents, files, notes, memoranda, databases, computer files, and/or other computer programs reflecting any Confidential Information and Trade Secrets; and (ii) any and all computer equipment, home office equipment, automobile, or other business equipment belonging to the Company that Grantee may then possess or have under his control. For any equipment or devices owned by Grantee on which proprietary information of the Company is stored or accessible, Grantee shall, immediately upon or prior to termination of employment, deliver such equipment or devices to the Company so that any proprietary information may be deleted or removed. Grantee expressly authorizes the Company’s designated representatives to access such equipment or devices for this limited purpose and shall provide any passwords and/or passcodes necessary to accomplish this task. Grantee acknowledges that all Confidential Information and Trade Secrets is essential to the Company’s present and future business and activities, and is therefore deemed trade secrets and is considered proprietary to, and treated as confidential by, the Company. This obligation of confidentiality is intended to supplement, and is not intended to supersede or limit, the obligations of confidentiality Grantee has to the Company by agreement, law or otherwise.

(f) Remedies. Grantee understands, acknowledges, agrees and hereby stipulates that any and all actual, threatened or attempted violations of any and all covenants in this Agreement (including, without limitation, covenants in this Section 5), challenges of or to the enforceability of any such covenants and/or findings of unenforceability of any such covenants against the Grantee to any extent by the final non-appealable resolution of any litigation or other legal proceeding stemming from a threatened or attempted violation of any such covenants by Grantee, may cause the Company irreparable harm, which may not be compensated for by monetary damages alone.

(g) Tolling. Grantee further agrees that, while the duration of the covenants contained in this Section 5 will be determined generally in accordance with the terms of each respective covenant, if Grantee violates or threatens to violate any of those covenants, or it is necessary for the Company to seek to enforce any of those covenants, Grantee agrees to an extension of the duration of such covenant on the same terms and conditions for an additional period of time equal to the time that elapses from the commencement of such violation or threat of violation to the later: of (i) the termination of such violation or threat of violation; or (ii) the final non-appealable resolution of any litigation or other legal proceeding stemming from such violation or threatened or attempted violation.

(h) No Waiver. In addition to (and without limitation of) the other terms and conditions of this Agreement, the failure of the Company to insist upon strict performance of any provision of any agreement between the Company, on the one hand, and another grantee, employee, person or entity, on the other hand, shall not be construed as a waiver of the Company's right to insist upon strict performance of each and every representation, warranty, covenant, duty and obligation of Grantee hereunder. In addition to (and without limitation of) the foregoing, the election of certain remedies by the Company with respect to the breach or default by another grantee, employee, person or entity of any agreement between the Company, on the one hand, and such other grantee, employee, person or entity, on the other hand, shall not be deemed to prejudice any rights or remedies that the Company may have at law, in equity, under contract (including without limitation this Agreement) or otherwise with respect to a similar or different breach or default hereunder by Grantee (all of which are hereby expressly reserved).

(i) Recoupment. Notwithstanding anything in this Agreement or the Plan to the contrary, Grantee's rights, payments and benefits with respect to the Units (whether vested or unvested) shall be subject to deduction, reduction, cancellation, recovery, recoupment, forfeiture and/or "clawback" as may be required to be made pursuant to the provisions of any applicable law, government regulation or stock exchange listing requirement as well as any policies of the Company that may be in effect from time to time pursuant to any law, government regulation or stock exchange listing requirement. In addition, notwithstanding anything in this Agreement or the Plan to the contrary, Grantee's rights, payments and benefits with respect to the Units (whether vested or unvested) shall be subject to deduction, reduction, cancellation, recovery, recoupment, forfeiture and/or "clawback" if: (i) Grantee ceases or has ceased to be employed by the Company or its direct or indirect subsidiaries, if any, due to such employment being terminated for Cause; (ii) Grantee violates or has violated any of the covenants set forth in Section 5 of this Agreement as determined by the Company; or (iii) any of the covenants set forth in Section 5 of this Agreement are or were found to be unenforceable against the Grantee to any extent by the final non-appealable resolution of any litigation or other legal proceeding stemming from an actual, threatened, or attempted violation of any such covenants by Grantee.

6. Dispute Resolution; Arbitration

(a) Grantee and the Company mutually agree that any claim, controversy and/or dispute between them, arising out of, relating to, or in connection with: (i) Grantee's application for employment, employment and/or termination of employment (collectively "Employment-Related Disputes"); and/or (ii) this Agreement (including, without limitation, an actual, threatened or attempted violation of any of the covenants set forth in Section 5 of this Agreement) ("Units Disputes") ((i) or (ii) each, a "Claim" and (i) and (ii) collectively, "Claims"), whenever and wherever brought shall be resolved by binding arbitration administered by the American Arbitration Association ("AAA"). Grantee agrees that this agreement to arbitrate is governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., evidences a transaction involving commerce, and is fully enforceable. For purposes of this Section 6, the Company shall be defined to include EchoStar Corporation, its predecessors, direct and indirect subsidiaries and affiliates (except DISH Network Corporation and its direct and indirect subsidiaries, which are not parties to this agreement to arbitrate), its and their officers, directors, shareholders, members, owners, employees, managers, agents, and attorneys, and all successors and assigns of each of the foregoing persons and entities.

(b) For Employment-Related Disputes:

- i. a party who wishes to arbitrate a Claim must prepare a written demand for arbitration ("Request for Arbitration") that identifies the claims asserted, the factual basis for each claim and the relief and/or remedy sought. That party must file the Request for Arbitration (along with a copy of this Agreement and the applicable filing fee) with the AAA by: (A) delivering them by hand to any office of the AAA; (B) mailing them by certified U.S. mail, Federal Express or United Parcel Service to American Arbitration Association, Case Filing Services, 1101 Laurel Oak Road, Suite 100, Voorhees, NJ 08043; or (C) using the AAA WebFile feature at the AAA's website: <http://www.adr.org>. The Request for Arbitration must be submitted to the AAA before the expiration of the applicable statute of limitations and the parties agree that the date the Request for Arbitration is received by AAA shall constitute submission for all statute of limitation purposes. Unless otherwise prohibited by law, the party initiating arbitration shall be responsible for paying an initial filing fee of \$200 or an amount equal to the applicable filing fee had the claim been brought in a court of competent jurisdiction, whichever is less. The Company will pay the Employment Law Arbitrators' (as defined below) fees and any fee for administering the arbitration unless otherwise ordered by the Employment Law Arbitrators;
- ii. the party initiating arbitration must deliver a copy of the Request for Arbitration to the other party by hand or certified U.S. mail at the following location: (A) to the Company - to the legal department of the Company at 100 Inverness Terrace East, Englewood, Colorado, 80112, Attn: General Counsel; or (B) to Grantee - to the last home address that Grantee provided to the Company;
- iii. three arbitrators from the AAA with expertise in employment disputes ("Employment Law Arbitrators") shall be selected, and shall conduct the arbitration, pursuant to the then-current AAA's Employment Arbitration Rules and Procedures ("AAA Employment Rules"), without incorporation of AAA's Supplementary Rules for Class Arbitration, which the parties hereby expressly disclaim. The AAA Employment Rules may be found at <http://www.adr.org/>, by searching for "AAA Employment Arbitration Rules" using an internet search engine such as www.google.com, or by requesting a copy from the human resources department of the Company. Within fourteen (14) days after the receipt of the Request for Arbitration, each party shall select one arbitrator from the AAA with expertise in employment law to act as arbitrator and such arbitrators shall select the third arbitrator within 10 days of their appointment. The party-selected arbitrators will serve in a non-neutral capacity. In the event that the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the AAA. The arbitration shall be governed by and construed in accordance with the substantive law of the State of Colorado, without giving effect to choice of law principles. The Employment Law Arbitrators shall only have the right to render decisions that are consistent with the substantive law of the State of Colorado, and any decision rendered by the Employment Law Arbitrators shall be subject to review by any court of competent jurisdiction. Regardless of what the AAA Employment Rules state, the arbitration proceedings shall be held in the City and County of Denver, Colorado;
- iv. the parties shall have the right to conduct discovery relevant and material to the outcome of the arbitration and to present witnesses and evidence as needed to present their claims and defenses, and the Employment Law Arbitrators shall resolve any discovery or evidentiary dispute. Each party shall have the right to subpoena relevant witnesses and documents, including, without limitation, documents from third parties. At least thirty days before the final hearing, the parties must exchange a list of witnesses and copies of all exhibits to be used at the arbitration hearing. The Employment Law Arbitrators may award any remedy available under applicable law, but remedies shall be limited to those that

would be available to a party in his/her/its individual capacity for all Claims presented to the Employment Law Arbitrators. The Employment Law Arbitrators' decision shall be final and binding, and judgment upon the Employment Law Arbitrators' decision and/or award may be entered in any court of competent jurisdiction; provided that, the parties agree to take all reasonable steps to ensure that all pleadings, filings and papers are filed and/or entered with the court under seal and/or in a manner that would maintain their confidentiality, including, without limitation, complying with all rules of procedure and local rules for filing documents, pleadings, and papers under seal;

- v. the Employment Law Arbitrators shall have the authority to hear and decide dispositive motions under the legal standards set forth in Rules 12 and 56 of the Colorado Rules of Civil Procedure, regardless of whether a Claim arises under federal or state law. The Employment Law Arbitrators shall resolve all disputes regarding the timeliness or propriety of the Request for Arbitration and apply the statute of limitations that would have applied if a Claim had been brought in a court of competent jurisdiction. The Employment Law Arbitrators shall dismiss, without limitation, any Claim that, in the absence of this Agreement, could not be brought under applicable law;
- vi. the Employment Law Arbitrators shall have the exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this Agreement, except with respect to the "Class Action Waiver" and "Representative Action Waiver" described below. Regardless of what this Agreement and/or the AAA Employment Rules state, any dispute as to the interpretation, applicability, enforceability or formation of the Class Action Waiver and the Representative Action Waiver may only be determined by a court of competent jurisdiction and not by the Employment Law Arbitrators; and
- vii. all arbitration proceedings, including, but not limited to, claims, allegations, decisions, findings, pleadings, hearings, testimony, discovery, settlements, opinions and awards shall be confidential, except: (A) to the extent the parties otherwise agree in writing; (B) as may be otherwise appropriate in response to a request from a government agency, subpoena, or legal process; (C) as is necessary to enforce, correct, modify or vacate the Employment Law Arbitrators' award or decision; or (D) if applicable law provides to the contrary. In the event that either party initiates a court proceeding to enforce, correct, modify, or vacate the Employment Law Arbitrators' award or decision, or any other proceeding that would require disclosing the Employment Law Arbitrators' award, decision or findings, the parties agree to take all reasonable steps consistent with applicable law to ensure that all pleadings, filings and papers are filed and/or entered with the court under seal and/or in a manner that would maintain their confidentiality, including, without limitation, complying with all rules of procedure and local rules for filing documents, pleadings, and papers under seal.

(c) For Units Disputes:

- i. a party who wishes to arbitrate a Claim must prepare a Request for Arbitration that identifies the claims asserted, the factual basis for each claim and the relief and/or remedy sought. That party must file the Request for Arbitration (along with a copy of this Agreement and the applicable filing fee) with the AAA by: (A) delivering them by hand to any office of the AAA; (B) mailing them by certified U.S. mail, Federal Express or United Parcel Service to American Arbitration Association, Case Filing Services, 1101 Laurel Oak Road, Suite 100, Voorhees, NJ 08043; or (C) using the AAA WebFile feature at the AAA's website: <http://www.adr.org>. The Request for Arbitration must be submitted to the AAA before the expiration of the applicable statute of limitations and the parties agree that the date the Request for Arbitration is received by AAA shall constitute submission for all statute of limitation purposes. Unless otherwise prohibited by law, the party initiating arbitration shall be responsible for paying an initial filing fee of \$200 or an amount equal to the applicable filing fee had the claim been brought in a court of competent jurisdiction, whichever is less. The

Company will pay the Commercial Law Arbitrators' (as defined below) fees and any fee for administering the arbitration unless otherwise ordered by the Commercial Law Arbitrators;

- ii. the party initiating arbitration must deliver a copy of the Request for Arbitration to the other party by hand or certified U.S. mail at the following location: (A) to the Company - to the legal department of the Company at 100 Inverness Terrace East, Englewood, Colorado, 80112, Attn: General Counsel; or (B) to Grantee - to the last home address that Grantee provided to the Company;
- iii. three arbitrators from the AAA with expertise in commercial law ("Commercial Law Arbitrators") shall be selected, and shall conduct the arbitration, pursuant to the then-current AAA Commercial Dispute Resolution Procedures (the "AAA Commercial Rules"), without incorporation of the AAA Employment Rules and the AAA's Supplementary Rules for Class Arbitration, both of which the parties hereby expressly disclaim. The AAA Commercial Rules may be found at <http://www.adr.org/>, by searching for "AAA Commercial Dispute Resolution Procedures" using an internet search engine such as www.google.com, or by requesting a copy from the human resources department of the Company. Within fourteen (14) days after the receipt of the Request for Arbitration, each party shall select one arbitrator from the AAA with expertise in commercial law to act as arbitrator and such arbitrators shall select the third arbitrator within 10 days of their appointment. The party-selected arbitrators will serve in a non-neutral capacity. In the event that the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the AAA. The arbitration shall be governed by and construed in accordance with the substantive law of the State of Colorado, without giving effect to choice of law principles. The Commercial Law Arbitrators shall only have the right to render decisions that are consistent with the substantive law of the State of Colorado, and any decision rendered by the Employment Law Arbitrators shall be subject to review by any court of competent jurisdiction. Regardless of what the AAA Commercial Rules state, the arbitration proceedings shall be held in the City and County of Denver, Colorado;
- iv. the parties shall have the right to conduct discovery relevant and material to the outcome of the arbitration and to present witnesses and evidence as needed to present their claims and defenses, and the Commercial Law Arbitrators shall resolve any discovery or evidentiary dispute. Each party shall have the right to subpoena relevant witnesses and documents, including, without limitation, documents from third parties. At least thirty days before the final hearing, the parties must exchange a list of witnesses and copies of all exhibits to be used at the arbitration hearing. The Commercial Law Arbitrators may award any remedy available under applicable law, but remedies shall be limited to those that would be available to a party in his/her/its individual capacity for all Claims presented to the Commercial Law Arbitrators. The Commercial Law Arbitrators' decision shall be final and binding, and judgment upon the Commercial Law Arbitrators' decision and/or award may be entered in any court of competent jurisdiction; provided that, the parties agree to take all reasonable steps to ensure that all pleadings, filings and papers are filed and/or entered with the court under seal and/or in a manner that would maintain their confidentiality, including, without limitation, complying with all rules of procedure and local rules for filing documents, pleadings, and papers under seal;
- v. the Commercial Law Arbitrators shall have the authority to hear and decide dispositive motions under the legal standards set forth in Rules 12 and 56 of the Colorado Rules of Civil Procedure, regardless of whether a Claim arises under federal or state law. The Commercial Law Arbitrators shall resolve all disputes regarding the timeliness or propriety of the Request for Arbitration and apply the statute of limitations that would have applied if a Claim had been brought in a court of competent jurisdiction. The Commercial Law Arbitrators shall dismiss, without limitation, any Claim that, in the absence of this Agreement, could not be brought under applicable law;

- vi. the Commercial Law Arbitrators shall have the exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this Agreement, except with respect to the "Class Action Waiver" and "Representative Action Waiver" described below. Regardless of what this Agreement and/or the AAA Commercial Rules state, any dispute as to the interpretation, applicability, enforceability or formation of the Class Action Waiver and the Representative Action Waiver may only be determined by a court of competent jurisdiction and not by the Commercial Law Arbitrators; and
- vii. all arbitration proceedings, including, but not limited to, claims, allegations, decisions, findings, pleadings, hearings, testimony, discovery, settlements, opinions and awards shall be confidential, except: (A) to the extent the parties otherwise agree in writing; (B) as may be otherwise appropriate in response to a request from a government agency, subpoena, or legal process; (C) as is necessary to enforce, correct, modify or vacate the Commercial Law Arbitrators' award or decision; or (D) if applicable law provides to the contrary. In the event that either party initiates a court proceeding to enforce, correct, modify, or vacate the Commercial Law Arbitrators' award or decision, or any other proceeding that would require disclosing the Commercial Law Arbitrators' award, decision or findings, the parties agree to take all reasonable steps consistent with applicable law to ensure that all pleadings, filings and papers are filed and/or entered with the court under seal and/or in a manner that would maintain their confidentiality, including, without limitation, complying with all rules of procedure and local rules for filing documents, pleadings, and papers under seal.

(d) Notwithstanding the foregoing, this agreement to arbitrate all Employment-Related Disputes and/or Units Disputes shall not apply to Grantee claims for statutory unemployment compensation benefits, statutory worker's compensation benefits, state disability insurance benefits (not including retaliation claims based upon seeking such benefits), charges filed with the National Labor Relations Board alleging violations of the National Labor Relations Act, and claims for benefits from a Company-sponsored "employee benefit plan," as that term is defined in 29 U.S.C. §1002(3).

(e) To the maximum extent allowed by applicable law, (i) Grantee and the Company agree to bring any Claim in arbitration on an individual basis only, and not as a class or collective action, (ii) Grantee and the Company waive any right for a Claim to be brought, heard, or decided as a class or collective action, and (iii) the applicable arbitrator under this Section 6 shall have no power, jurisdiction or authority to preside over a class or collective action ("Class Action Waiver"). This Class Action Waiver, however, does not prevent Grantee from joining, opting into or participating in a pending class or collective action to which Grantee is a current or purported class member as of the Grant Date. To the maximum extent allowed by applicable law, Grantee and the Company waive any right for a Claim to be brought, heard or decided as a Private Attorney General Representative Action on behalf of other grantees ("Representative Action"), and the applicable arbitrator under this Section 6 shall have no power or authority to preside over a Representative Action ("Representative Action Waiver"). The Representative Action Waiver, however, does not apply to a Claim that Grantee brings in arbitration as a private attorney general solely on his/her own behalf.

(f) In addition, each of Grantee and the Company shall have the right to seek temporary restraining orders, preliminary and/or permanent injunctions or other like emergency relief from a court where such relief is required to permit the dispute to proceed to arbitration without such party incurring irreparable harm that may not be remedied monetarily, for example, to prevent violation of: (i) non-competition agreements or obligations; (ii) non-solicitation agreements or obligations; (iii) intellectual property rights, including, but not limited to, copyrights, patent rights, trade secrets and/or proprietary business know-how; or (iv) confidential information obligations; provided that, once a court of competent jurisdiction orders or denies temporary or preliminary relief, the Claims shall then be resolved by arbitration pursuant to this Agreement. The parties mutually agree that the state and federal courts located in the City and County of Denver, Colorado shall have exclusive subject matter and personal jurisdiction to hear and decide any such action, and that any such court action shall be governed by the substantive law of the State of Colorado, without giving effect to choice of law principles. Grantee irrevocably waives, to the fullest extent permitted by law, any and all objections which he may now or hereafter have to the venue of any such proceeding brought in any such court, including, without limitation, any claim that such proceeding has been brought in an inconvenient forum.

(g) Further, nothing in this Section 6 prohibits Grantee from making a report or filing an administrative charge with a federal, state or local administrative agency such as the National Labor Relations Board, the Equal Employment Opportunity Commission, the Securities and Exchange Commission or the Department of Labor. This Section 6 also does not prevent federal administrative agencies from adjudicating claims and awarding remedies based on those claims, even if the claims would otherwise be covered by this Section 6. Nothing in this Section 6 prevents or excuses a party from satisfying any conditions precedent and/or exhausting administrative remedies under applicable law before bringing a Claim in arbitration.

(h) Unless the applicable arbitrators rule otherwise (under the same standards that would apply in a court of competent jurisdiction), each party to any arbitration or court proceeding contemplated by this Section 6 shall be responsible for its own attorneys' fees and costs; provided, however, that unless otherwise required by applicable law or this Agreement, the prevailing party in any arbitration or court proceeding contemplated by this Section 6 shall be entitled to reimbursement of its or his reasonable attorneys' fees, costs, and expenses. Nothing in this Agreement shall require Grantee to reimburse the Company for its reasonable attorneys' fees, costs, and expenses, incurred when the Company prevails in defense of any statutory claim of unlawful discrimination, unless said claim brought by Grantee is frivolous, unreasonable or without foundation, or Grantee continues to prosecute a claim after the claim became frivolous, unreasonable or without foundation. In the event either party hereto files a judicial or administrative action asserting claims subject to this arbitration provision, and the other party successfully stays such action and/or compels arbitration of the claims made in such an action, the party filing the administrative or judicial action shall pay the other party's reasonable attorneys' fees, costs, and expenses incurred in obtaining a stay and/or compelling arbitration.

(i) This Section 6 supersedes and renders void any prior agreement(s) to arbitrate between Grantee and the Company with respect to any and all Claims under this Agreement and any other agreement(s) between the Company and/or any of its direct and indirect subsidiaries, on the one hand, and Grantee, on the other hand. For the avoidance of doubt and notwithstanding the foregoing, this Section 6 does not supersede or render void any prior agreement(s) to arbitrate between the Company and/or any of its direct and indirect subsidiaries, on the one hand, and Grantee, on the other hand with respect to any and all stock options, restricted stock units or other equity awards other than the Units Disputes for the specific Units granted under this Agreement. In the event of any conflict or inconsistency between any AAA rules and/or procedures and the terms and conditions of this Agreement, the terms and conditions of this Agreement shall control.

(j) Other than potential rights to a trial, a jury trial, and common law claims for punitive and/or exemplary damages, nothing in this agreement to arbitrate limits any statutory remedy to which Grantee or the Company may be entitled under law. The parties acknowledge that this agreement to arbitrate shall not alter the at-will nature of their employment relationship MEANING THAT GRANTEE MAY TERMINATE GRANTEE'S EMPLOYMENT WITH THE COMPANY AND/OR ANY OF ITS DIRECT AND INDIRECT SUBSIDIARIES AT ANY TIME WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE, AND THE COMPANY AND/OR ANY OF ITS DIRECT AND INDIRECT SUBSIDIARIES RESERVE THE SAME RIGHTS TO TERMINATE GRANTEE'S EMPLOYMENT AND/OR DEMOTE GRANTEE.

(k) GRANTEE AND THE COMPANY MUTUALLY AND VOLUNTARILY AGREE TO ARBITRATE ALL CLAIMS COVERED BY THIS AGREEMENT AS SET FORTH IN THIS SECTION 6. THE RIGHTS TO A TRIAL BY JURY, TO COMMON LAW CLAIMS FOR PUNITIVE AND/OR EXEMPLARY DAMAGES, AND TO ENGAGE AND/OR PARTICIPATE IN A CLASS, COLLECTIVE OR REPRESENTATIVE ACTION ARE OF VALUE AND EXPRESSLY WAIVED PURSUANT TO THIS SECTION 6. NOTHING IN THIS SECTION 6 INFRINGES ON GRANTEE'S RIGHT TO FILE A CHARGE WITH ANY GOVERNMENT AGENCY, AND GRANTEE'S RIGHT TO SEEK ANY REMEDY AND/OR PERSONAL RECOVERY IS ONLY RESTRICTED AS SPECIFICALLY SET FORTH IN THIS SECTION 6.

7. Miscellaneous

(a) Units Subject to the Plan. The Units are issued pursuant to the Plan and are subject to its terms and conditions. The terms and conditions of the Plan are available for inspection during normal business hours at the principal offices of the Company. The Committee has final authority to decide, interpret, determine and calculate any and all aspects of the Plan in its sole and absolute discretion for any reason or no reason at any time and from time to time.

(b) No Right to Continued Employment; No Rights as Shareholder. This Agreement shall not confer upon Grantee any right with respect to continuance of employment with the Company or any of its direct or indirect subsidiaries, nor shall it interfere in any way with the right of the Company and its direct and indirect subsidiaries to terminate such employment or to demote or remove Grantee for any reason or no reason at any time and from time to time. The holder of the Units will not have any right to dividends or any other rights of a shareholder with respect to Common Shares issuable in exchange for and upon vesting of the Units unless and until such Common Shares shall have been issued to Grantee upon vesting of the Units in accordance with this Agreement and the Plan (as evidenced by the records of the transfer agent of the Company).

(c) Changes in Capital Structure. If there shall be any change in the Common Shares of the Company through merger, consolidation, reorganization, recapitalization, dividend in the form of stock (of whatever amount), stock split or other change in the corporate structure of the Company, then appropriate adjustments may be made by the Company, as determined in the sole and absolute discretion of the Committee for any reason or no reason at any time and from time to time, to all or any portion of the Units that have not yet vested or been exchanged for Common Shares or have not been terminated or expired, in order to prevent dilution or enlargement of Grantee's rights under the Units. Such adjustments may include, where appropriate, changes in the number of shares of Common Shares subject to the outstanding Units. Notwithstanding the foregoing, no action that would modify the treatment of the Units under the Code shall be effective unless agreed to in writing by both parties.

(d) Assigns and Successors. This Agreement shall inure to the benefit of the Company's assigns and successors and its and their direct and indirect subsidiaries.

(e) Compliance with Law; Legal Requirements. The Company shall at all times during the term of the Units reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Agreement. The vesting of the Units and the issuance of any Common Shares in exchange for the Units shall only be effective at such time that the issuance and sale of Common Shares pursuant to such vesting will not violate any federal or state securities or other laws. The Company may suspend Grantee's or any holder's of the Units right to vesting of the Units and the issuance of any Common Shares in exchange for the Units and shall not issue or deliver the Common Shares in exchange for the Units unless it is satisfied in its judgment that the issuance and sale of Common Shares will not violate any of the provisions of the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended (the "Exchange Act"), any rules or regulations of the SEC promulgated thereunder, or the requirements of applicable state law relating to authorization, issuance or sale of securities, other applicable laws, rules and regulations or any applicable stock exchange, or any other applicable laws, rules or regulations, or until there has been compliance with the provisions of such acts, laws and rules. If the Company in its sole and absolute discretion so elects, it may register the Common Shares issuable upon the vesting of the Units under the Securities Act and list the Common Shares on any securities exchange. In the absence thereof, Grantee understands that neither the Units nor the Common Shares issuable upon the vesting thereof will be registered under the Securities Act, or tradeable on any securities exchange, and Grantee represents that the Units are being acquired, and that such Common Shares that will be acquired pursuant to the Units, if any, will be acquired, by Grantee for investment and not with a view to distribution thereof. In the absence of an effective registration statement meeting the requirements of the Securities Act, upon any sale or transfer of the Common Shares issued pursuant to the Units, Grantee shall deliver to the Company an opinion of counsel satisfactory to the Company to the effect that the sale or transfer of the Common Shares does not violate any provision of the Securities Act or the Exchange Act. Grantee understands that the Company is under no obligation to register or qualify the Common Shares with the SEC, any state securities commission or any stock exchange to effect such compliance and that Grantee will have no recourse to or claim against the Company if the Company determines pursuant to this Section 7 that it is unable to deliver the Common Shares upon vesting of the Units. Regardless of whether the offering and sale of the Common Shares have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company in its sole and absolute discretion for any reason or no reason at

any time and from time to time may impose restrictions upon the sale, pledge or other transfer of such Common Shares (including the placement of appropriate legends on certificates or the imposition of stop-transfer instructions on the certificates or book entries, as applicable) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the Exchange Act, the securities laws of any state or other jurisdiction or any other applicable laws, rules and regulations or any applicable stock exchange rules or regulations.

(f) Confidential Treatment of Units. Grantee agrees to treat with confidentiality the existence, terms and conditions of this Agreement and the Units except to the extent specifically disclosed by the Company pursuant to applicable law, and agrees that failure to do so may result in immediate termination of the Units.

(g) Obligations Unaffected. Except as expressly set forth to the contrary in Section 6 of this Agreement, the obligations of Grantee under this Agreement shall be independent of, and unaffected by, and shall not affect, other agreements, if any, binding Grantee which apply to Grantee's business activities during and/or subsequent to Grantee's employment by the Company or any of its direct or indirect subsidiaries or affiliates.

(h) Survival. Any provision of this Agreement which logically would be expected to survive termination or expiration, shall survive for a reasonable time period under the circumstances, whether or not specifically provided in this Agreement. Except as set forth to the contrary in this Agreement (including, without limitation, Section 6 of this Agreement), the obligations under this Agreement also shall survive any changes made in the future to the employment terms and conditions of Grantee, including without limitation changes in salary, benefits, bonus plans, job or position title and job responsibilities.

(i) Complete Agreement; No Waiver. This Agreement constitutes the entire, final and complete understanding between the parties hereto with respect to the subject matter of this Agreement, and, except as specifically set forth in this Agreement, supersedes and replaces all previous understandings or agreements, written, oral, or implied, with respect to the subject matter of this Agreement made or existing before the date of this Agreement, including, but not limited to, the provisions of that certain Offer Letter by and between Grantee and the Company, dated February 17, 2022 relating to the "Sign-On RSUs" (as defined therein). Except as expressly provided by this Agreement, no waiver or modification of any of the terms or conditions of this Agreement shall be effective unless in writing and signed by both parties. The failure of any party to insist upon strict performance of any provision of this Agreement shall not be construed as a waiver of any subsequent breach of the same or similar nature.

(j) Severability. Each provision of this Agreement shall be construed as separable and divisible from every other provision and the enforceability of any one provision shall not limit the enforceability, in whole or in part, of any other provision. Except as otherwise set forth in this Agreement, in the event that a court, arbitrator or other body of competent jurisdiction holds any provision of this Agreement to be invalid, illegal, void or less than fully enforceable as to time, scope or otherwise, the parties agree that such provision shall be construed by limiting and reducing it to the minimum extent necessary to render such provision valid, legal and enforceable while preserving to the greatest extent permissible the original intent of the parties; the remaining terms and conditions of this Agreement shall not be affected by such alteration, and shall remain in full force and effect. Notwithstanding the foregoing, in the event that any one or more of the covenants set forth in Section 5 of this Agreement are found to be unenforceable against the Grantee to any extent by the final non-appealable resolution of any litigation or other legal proceeding stemming from an actual, threatened, or attempted violation of such covenants by Grantee, then all of the Units (both vested and unvested) shall be deemed to have terminated and no Common Shares shall be issuable in connection therewith as of the date of such finding.

(k) Summary Information. In the event that the Company provides Grantee (or anyone acting on behalf of Grantee) with summary or other information concerning, including, or otherwise relating to Grantee's rights or benefits under this Agreement (including without limitation the Units, and any vesting thereof), such summary or other information shall in all cases be qualified in its entirety by this Agreement and the Plan, and, unless it explicitly states otherwise and is signed by an officer of the Company, shall not constitute an amendment or other modification hereto.

(l) Grantee Acknowledgements.

- (i) Grantee understands, acknowledges, agrees and hereby stipulates that he is executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else.
- (ii) Grantee understands, acknowledges, agrees and hereby stipulates that he has carefully read, considered and understands all of the provisions of this Agreement, the Plan and the Company's policies reflected in this Agreement.
- (iii) Grantee understands, acknowledges, agrees and hereby stipulates that he has asked any questions needed for him to understand the terms, consequences and binding effect of this Agreement and the Plan and Grantee fully understands them, including, without limitation, that he is waiving the right to a trial, a trial by jury, and common law claims for punitive and/or exemplary damages.
- (iv) Grantee understands, acknowledges, agrees and hereby stipulates that he was provided an opportunity to seek the advice of an attorney and/or tax professional of his choice before accepting this Agreement.
- (v) Grantee understands, acknowledges, agrees and hereby stipulates that the obligations and restrictions set forth in this Agreement are consistent with Grantee's right to sell his labor, the public's interest in unimpeded trade, are fair and reasonable, and are no broader than are reasonably required to protect the Company's interests.
- (vi) Grantee understands, acknowledges, agrees and hereby stipulates that it is the Company's policy to seek legal recourse to the fullest extent possible for actual, threatened or attempted violation of, or challenges to the enforceability of, this Agreement. Grantee understands that nothing in this Agreement shall be construed to prohibit the Company from pursuing any other available remedies for such actual, threatened or attempted violation or challenges to enforceability, including, without limitation, the recovery of damages from Grantee. Grantee further agrees that, if he violates, threatens or attempts to violate or challenges the enforceability of this Agreement it would be difficult to determine the damages and lost profits which the Company would suffer as a result thereof including, but not limited to, losses attributable to lost or misappropriated Confidential Information and Trade Secrets and losses stemming from violations of the non-disclosure, non-compete and/or non-solicitation obligations set forth above. Accordingly, Grantee agrees that if he violates, threatens or attempts to violate or challenges the enforceability of this Agreement, then the Company shall be entitled to an order for injunctive relief and/or for specific performance, or their equivalent, in addition to money damages and any other remedies otherwise available to it at law or equity. Such injunctive relief includes but is not limited to requirements that Grantee take action or refrain from taking action to avoid competing with the Company, to avoid soliciting the Company's employees or customers, to preserve the secrecy of Confidential Information and Trade Secrets, to not use Confidential Information and Trade Secrets, to avoid conflicts of interest and to protect the Company from irreparable harm. Grantee expressly agrees that the Company does not need to post a bond to obtain an injunction and Grantee waives the right to require such a bond.

(m) Notice. All notices to the Company shall be addressed to: EchoStar Corporation, 100 Inverness Terrace East, Englewood, Colorado, 80112, Attn: Corporate Secretary, or to such other address or person as the Company may notify Grantee from time to time. All notices to Grantee or other person or persons then entitled to the Units and/or the Common Shares relating to the Units shall be addressed to Grantee or such other person(s) at Grantee's address on file with the Company, or to such other address as Grantee or such person(s) may notify the Company or its administrator for the Units in writing from time to time.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

Upon Grantee's acceptance of the terms and conditions set forth in this Agreement through the electronic grant process available through the Administrator, this Agreement shall become effective between the parties as of the Grant Date.

ECHOSTAR CORPORATION

GRANTEE: Hamid Akhavan
Accepted on [Acceptance Date]

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Hamid Akhavan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hughes Satellite Systems 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 5, 2022

By: _____
Name: Hamid Akhavan
Title: Chief Executive Officer and President
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, David J. Rayner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hughes Satellite Systems 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 5, 2022

By: /s/ David J. Rayner
Name: David J. Rayner
Title: Executive Vice President, Chief Financial Officer, and Treasurer
(Principal Financial and Accounting Officer)

EchoStar Announces Financial Results for the Three Months Ended March 31, 2022

Englewood, CO, May 5, 2022—EchoStar Corporation (NASDAQ: SATS) today announced its financial results for the three months ended March 31, 2022.

Three Months Ended March 31, 2022 Financial Highlights:

- Consolidated revenue of \$501.5 million.
- Net income of \$88.9 million, consolidated net income attributable to EchoStar common stock of \$91.4 million, and basic and diluted earnings per share of common stock of \$1.07 and \$1.06, respectively.
- Consolidated Adjusted EBITDA of \$165.9 million (see discussion and the reconciliation of GAAP to this non-GAAP measure below).

“The EchoStar team turned in a solid performance in the first quarter of this year, continuing a consistent track record of fiscal responsibility,” said Hamid Akhavan, CEO and President of EchoStar. “As we take stock of our strengths and begin to chart a new course for growth, I could not ask for a more talented, technologically astute organization to capture the great opportunities presented by the rapid changes in our industry.”

Three Months Ended March 31, 2022 - Additional Information:

- Consolidated revenue increased 3.9% or \$19.0 million year over year primarily driven by higher equipment sales of \$30.5 million to our domestic and international enterprise customers, partially offset by lower service revenues of \$11.5 million primarily due to lower broadband consumer customers.
- Adjusted EBITDA decreased 10.7% or \$19.9 million year over year.
 - Hughes segment Adjusted EBITDA decreased \$17.7 million year over year. The decrease was driven primarily by lower gross margin due to a change in revenue mix as well as a non-recurring decrease in regulatory fees of \$4.5 million and bad debt recoveries that occurred in the first quarter of 2021.
 - ESS segment Adjusted EBITDA increased \$0.8 million year over year.
 - Corporate and Other segment Adjusted EBITDA decreased \$3.0 million year over year. The decrease was primarily due to lower earnings of unconsolidated affiliates, net.
- Net income increased \$11.4 million year over year. The increase was primarily due to lower net interest expense of \$20.2 million and favorable gains on foreign exchange of \$10.5 million. These items were partially offset by higher income tax expense of \$10.6 million, lower operating income of 8.4 million, and an unfavorable change in equity earnings in unconsolidated affiliates, net, of \$3.1 million.
- Hughes broadband subscribers totaled approximately 1,406,000, declining 56,000 from December 31, 2021. The decrease primarily reflects a balancing of capacity utilization with subscriber levels in areas of high bandwidth demand. In Latin America, subscriber levels were also impacted by adverse economic conditions, more selective customer screening, and capacity allocation to community WiFi and enterprise opportunities.
- For the three months ended March 31, 2022, approximately 64% of Hughes segment revenue was attributable to our consumer customers with approximately 36% attributable to our enterprise customers.
- Cash, cash equivalents and current marketable investment securities were \$1.5 billion as of March 31, 2022.
- During the three months ended March 31, 2022, we purchased 1,462,094 shares of our Class A common stock in open market trades.

- The Jupiter 3 / EchoStar XXIV satellite is expected to be launched in the first quarter of 2023.

Set forth below is a table highlighting certain of EchoStar's segment results for the three months ended March 31, 2022 and 2021 (amounts in thousands) (all US GAAP amounts reference results from operations):

	For the three months ended March 31,	
	2022	2021
Revenue		
Hughes	\$ 494,106	\$ 475,859
EchoStar Satellite Services	4,474	4,089
Corporate and Other	2,954	2,634
Total revenue	<u>\$ 501,534</u>	<u>\$ 482,582</u>
Adjusted EBITDA		
Hughes	\$ 184,287	\$ 201,937
EchoStar Satellite Services	2,691	1,919
Corporate & Other:		
Corporate overhead, operating and other	(21,191)	(21,468)
Equity in earnings (losses) of unconsolidated affiliates, net	102	3,353
Total Corporate & Other	<u>(21,089)</u>	<u>(18,115)</u>
Total Adjusted EBITDA	<u>\$ 165,889</u>	<u>\$ 185,741</u>
Net income (loss)	<u>\$ 88,945</u>	<u>\$ 77,572</u>
Expenditures for property and equipment	<u>\$ 112,138</u>	<u>\$ 179,235</u>

Reconciliation of GAAP to Non-GAAP Measurement (amounts in thousands):

	For the three months ended March 31,	
	2022	2021
Net income (loss)	\$ 88,945	\$ 77,572
Interest income, net	(6,422)	(5,949)
Interest expense, net of amounts capitalized	14,973	34,667
Income tax provision (benefit), net	32,782	22,147
Depreciation and amortization	120,436	129,286
Net loss (income) attributable to non-controlling interests	2,488	947
EBITDA	253,202	258,670
(Gains) losses on investments, net	(80,686)	(78,600)
Impairment of long-lived assets	—	230
License fee dispute - India, net of non-controlling interests	(233)	(210)
Loss on Debt Repurchase	—	1,582
Foreign currency transaction (gains) losses, net	(6,394)	4,069
Adjusted EBITDA	<u>\$ 165,889</u>	<u>\$ 185,741</u>

Note on Use of Non-GAAP Financial Measures

EBITDA is defined as “Net income (loss)” excluding “Interest income, net,” “Interest expense, net of amounts capitalized,” “Income tax benefit (provision), net,” “Depreciation and amortization,” and “Net income (loss) attributable to non-controlling interests.”

Adjusted EBITDA is defined as EBITDA excluding Gains and losses on investments, net, Foreign currency transaction gains (losses), net, and other non-recurring or non-operational items. EBITDA and Adjusted EBITDA are not measures determined in accordance with US GAAP. EBITDA and Adjusted EBITDA are reconciled to Net income (loss) in the table above and should not be considered in isolation or as a substitute for operating income, net income or any other measure determined in accordance with US GAAP. Our management uses EBITDA and Adjusted EBITDA as measures of our operating efficiency and overall financial performance for benchmarking against our peers and competitors. Management believes that these non-GAAP measures provide meaningful supplemental information regarding the underlying operating performance of our business and are appropriate to enhance an overall understanding of our financial performance. Management also believes that EBITDA and Adjusted EBITDA are useful to investors because they are frequently used by securities analysts, investors, and other interested parties to evaluate the performance of companies in our industry.

The consolidated financial statements of EchoStar for the periods ended March 31, 2022 and 2021 are attached to this press release. Detailed financial data and other information are available in EchoStar’s Quarterly Report on Form 10-Q for the period ended March 31, 2022 filed today with the Securities and Exchange Commission.

EchoStar will host a conference call to discuss its earnings on Thursday, May 5, 2022 at 11:00 a.m. Eastern Time. The conference call will be broadcast live in listen-only mode on EchoStar’s investor relations website at ir.echostar.com. To ask a question, the dial in numbers are (833) 562-0124 (toll-free) and (661) 567-1102 (international), Conference ID 6271168.

About EchoStar Corporation

EchoStar Corporation (NASDAQ: SATS) is a premier global provider of satellite communications solutions. Headquartered in Englewood, Colo., and conducting business around the globe, EchoStar is a pioneer in secure communications technologies through its Hughes Network Systems and EchoStar Satellite Services business segments.

Safe Harbor Statement under the US Private Securities Litigation Reform Act of 1995

This press release may contain statements that are forward looking, as that term is defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. When used in this release, the words "believe," "anticipate," "goal," "seek," "estimate," "expect," "intend," "project," "continue," "future," "will," "would," "can," "may," "plans," and similar expressions and the use of future dates are intended to identify forward-looking statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. We assume no responsibility for the accuracy of forward-looking statements or information or for updating forward-looking information or statements. These statements are subject to certain risks, uncertainties, and assumptions. See "Risk Factors" in EchoStar's Annual Report on Form 10-K for the period ended December 31, 2021 as filed with the Securities and Exchange Commission and in the other documents EchoStar files with the Securities and Exchange Commission from time to time.

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ECHOSTAR CORPORATION
Consolidated Balance Sheets
(Amounts in thousands, except share and per share amounts)

	As of	
	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 889,199	\$ 535,894
Marketable investment securities	634,593	1,010,496
Trade accounts receivable and contract assets, net	199,306	182,063
Other current assets, net	209,905	198,444
Total current assets	1,933,003	1,926,897
Non-current assets:		
Property and equipment, net	2,376,143	2,338,285
Operating lease right-of-use assets	150,980	149,198
Goodwill	535,394	511,086
Regulatory authorizations, net	470,329	469,766
Other intangible assets, net	17,792	13,984
Other investments, net	350,318	297,747
Other non-current assets, net	335,794	338,241
Total non-current assets	4,236,750	4,118,307
Total assets	\$ 6,169,753	\$ 6,045,204
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	\$ 109,390	\$ 109,338
Contract liabilities	138,201	141,343
Accrued expenses and other current liabilities	176,083	209,442
Total current liabilities	423,674	460,123
Non-current liabilities:		
Long-term debt, net	1,496,185	1,495,994
Deferred tax liabilities, net	430,808	403,684
Operating lease liabilities	136,723	134,897
Other non-current liabilities	124,450	136,426
Total non-current liabilities	2,188,166	2,171,001
Total liabilities	2,611,840	2,631,124

Commitments and contingencies

ECHOSTAR CORPORATION
Consolidated Balance Sheets
(Amounts in thousands, except share and per share amounts)

Stockholders' equity:

Preferred stock, \$0.001 par value, 20,000,000 shares authorized, none issued and outstanding at both March 31, 2022 and December 31, 2021	—	—
Common stock, \$0.001 par value, 4,000,000,000 shares authorized:		
Class A common stock, \$0.001 par value, 1,600,000,000 shares authorized, 58,441,449 shares issued and 37,646,656 shares outstanding at March 31, 2022 and 58,059,622 shares issued and 38,726,923 shares outstanding at December 31, 2021	58	58
Class B convertible common stock, \$0.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding at both March 31, 2022 and December 31, 2021	48	48
Class C convertible common stock, \$0.001 par value, 800,000,000 shares authorized, none issued and outstanding at both March 31, 2022 and December 31, 2021	—	—
Class D common stock, \$0.001 par value, 800,000,000 shares authorized, none issued and outstanding at both March 31, 2022 and December 31, 2021	—	—
Additional paid-in capital	3,343,056	3,345,878
Accumulated other comprehensive income (loss)	(173,280)	(212,102)
Accumulated earnings (losses)	747,899	656,466
Treasury shares, at cost	(471,582)	(436,521)
Total EchoStar Corporation stockholders' equity	<u>3,446,199</u>	<u>3,353,827</u>
Non-controlling interests	111,714	60,253
Total stockholders' equity	<u>3,557,913</u>	<u>3,414,080</u>
Total liabilities and stockholders' equity	<u>\$ 6,169,753</u>	<u>\$ 6,045,204</u>

ECHOSTAR CORPORATION
Consolidated Statements of Operations
(Amounts in thousands, except per share amounts)

	For the three months ended March 31,	
	2022	2021
Revenue:		
Services and other revenue	\$ 418,811	\$ 430,337
Equipment revenue	82,723	52,245
Total revenue	501,534	482,582
Costs and expenses:		
Cost of sales - services and other (exclusive of depreciation and amortization)	141,129	132,789
Cost of sales - equipment (exclusive of depreciation and amortization)	69,114	45,151
Selling, general and administrative expenses	118,170	114,119
Research and development expenses	7,617	7,545
Depreciation and amortization	120,436	129,286
Impairment of long-lived assets	—	230
Total costs and expenses	456,466	429,120
Operating income (loss)	45,068	53,462
Other income (expense):		
Interest income, net	6,422	5,949
Interest expense, net of amounts capitalized	(14,973)	(34,667)
Gains (losses) on investments, net	80,686	78,600
Equity in earnings (losses) of unconsolidated affiliates, net	(1,714)	1,374
Foreign currency transaction gains (losses), net	6,394	(4,069)
Other, net	(156)	(930)
Total other income (expense), net	76,659	46,257
Income (loss) before income taxes	121,727	99,719
Income tax benefit (provision), net	(32,782)	(22,147)
Net income (loss)	88,945	77,572
Less: Net loss (income) attributable to non-controlling interests	2,488	947
Net income (loss) attributable to EchoStar Corporation common stock	\$ 91,433	\$ 78,519
Earnings (losses) per share - Class A and B common stock:		
Basic	\$ 1.07	\$ 0.84
Diluted	\$ 1.06	\$ 0.84

ECHOSTAR CORPORATION
Consolidated Statements of Cash Flows
(Amounts in thousands)

	For the three months ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ 88,945	\$ 77,572
Adjustments to reconcile net income (loss) to cash flows provided by (used for) operating activities:		
Depreciation and amortization	120,436	129,286
Impairment of long-lived assets	—	230
Losses (gains) on investments, net	(80,686)	(78,600)
Equity in losses (earnings) of unconsolidated affiliates, net	1,714	(1,374)
Foreign currency transaction losses (gains), net	(6,394)	4,069
Deferred tax provision (benefit), net	25,538	18,370
Stock-based compensation	1,860	2,011
Amortization of debt issuance costs	191	1,118
Other, net	(2,528)	11,551
Changes in assets and liabilities, net:		
Trade accounts receivable and contract assets, net	(8,480)	(6,090)
Other current assets, net	(3,340)	(1,736)
Trade accounts payable	7,046	(18,375)
Contract liabilities	(3,142)	7,938
Accrued expenses and other current liabilities	(27,033)	(27,447)
Non-current assets and non-current liabilities, net	(9,774)	(1,636)
Net cash provided by (used for) operating activities	104,353	116,887
Cash flows from investing activities:		
Purchases of marketable investment securities	(88,578)	(389,071)
Sales and maturities of marketable investment securities	492,812	1,361,632
Expenditures for property and equipment	(112,138)	(179,235)
Expenditures for externally marketed software	(5,093)	(7,846)
India JV formation	(7,892)	—
Purchase of other investments	—	(50,000)
Sales of other investments	—	1,500
Net cash provided by (used for) investing activities	279,111	736,980
Cash flows from financing activities:		
Repurchase and maturity of the 2021 Senior Unsecured Notes	—	(62,588)
Payment of finance lease obligations	(85)	(329)
Payment of in-orbit incentive obligations	(1,444)	(1,104)
Proceeds from Class A common stock issued under the Employee Stock Purchase Plan	2,367	2,486
Treasury share repurchase	(33,307)	(107,862)
Contribution by non-controlling interest holder	—	5,400
Other, net	—	(292)
Net cash provided by (used for) financing activities	(32,469)	(164,289)
Effect of exchange rates on cash and cash equivalents	3,480	(1,808)
Net increase (decrease) in cash and cash equivalents	354,475	687,770
Cash and cash equivalents, including restricted amounts, beginning of period	536,874	896,812
Cash and cash equivalents, including restricted amounts, end of period	\$ 891,349	\$ 1,584,582