

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, 1998

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 0-26176

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

NEVADA
(State or other jurisdiction
of incorporation or organization)

88-0336997
(I.R.S. Employer
Identification No.)

5701 S. SANTA FE DRIVE
LITTLETON, COLORADO
(Address of principal executive offices)

80120
(Zip code)

(303) 723-1000
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last
report)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS
REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE
REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH
FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES X NO

AS OF MAY 8, 1998, THE REGISTRANT'S OUTSTANDING COMMON STOCK CONSISTED OF
15,121,686 SHARES OF CLASS A COMMON STOCK AND 29,804,401 SHARES OF CLASS B
COMMON STOCK.

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DISH NETWORK-SM- IS A SERVICE MARK OF ECHOSTAR COMMUNICATIONS CORPORATION.

ECHOSTAR COMMUNICATIONS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	December 31, 1997	March 31, 1998
	-----	-----
		(Unaudited)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 145,207	\$ 234,052
Marketable investment securities	275,307	154,729
Trade accounts receivable, net of allowance for uncollectible accounts of \$1,347 and \$1,673, respectively	66,074	82,553
Inventories	22,993	34,643
Subscriber acquisition costs, net	18,869	7,850
Other current assets	15,655	20,705
	-----	-----
Total current assets	544,105	534,532
Restricted Cash and Marketable Investment Securities:		
Satellite escrow	73,233	71,246
Interest escrow	112,284	89,347
Other	2,245	2,245
	-----	-----
Total restricted cash and marketable investment securities	187,762	162,838
Property and equipment, net	874,859	898,811
FCC authorizations, net	99,388	101,494
Other noncurrent assets	99,532	97,025
	-----	-----
Total assets	\$1,805,646	\$1,794,700
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Trade accounts payable	\$ 67,701	\$ 63,464
Deferred revenue	122,707	113,253
Accrued expenses	102,287	123,127
Current portion of long-term debt	17,885	18,185
	-----	-----
Total current liabilities	310,580	318,029
Long-term obligations, net of current portion:		
1994 Notes	499,863	516,829
1996 Notes	438,512	452,405
1997 Notes	375,000	375,000
Mortgages and other notes payable, net of current portion	51,846	47,521
Long-term deferred satellite services revenue and other long-term liabilities	19,642	22,606
	-----	-----
Total long-term obligations, net of current portion	1,384,863	1,414,361
	-----	-----
Total liabilities	1,695,443	1,732,390
12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock, \$.01 par value, 900,000 shares authorized; 200,000 and 205,995 shares issued and outstanding, respectively; subject to mandatory redemption on July 1, 2004 at a price of \$1,000 per share plus all accumulated and unpaid dividends		
	199,164	205,585
Commitments and Contingencies (Note 5)		
Stockholders' Equity (Deficit):		
Preferred Stock (Note 4)	121,132	123,154
Class A Common Stock, \$.01 par value, 200,000,000 shares authorized, 15,005,670 and 15,101,046 shares issued and outstanding, respectively	150	151
Class B Common Stock, \$.01 par value, 100,000,000 shares authorized, 29,804,401 shares issued and outstanding	298	298
Class C Common Stock, \$.01 par value, 100,000,000 shares authorized, none outstanding	-	-
Common Stock Warrants	12	12
Additional paid-in capital	226,462	228,435
Unrealized holding losses on available-for-sale securities, net of deferred taxes	(19)	-
Accumulated deficit	(436,996)	(495,325)
	-----	-----
Total stockholders' equity (deficit)	(88,961)	(143,275)
	-----	-----
Total liabilities and stockholders' equity (deficit)	\$1,805,646	\$1,794,700
	-----	-----

See accompanying Notes to Condensed Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	1997	1998
	-----	-----
REVENUE:		
DISH Network:		
Subscription television services	\$ 48,050	\$128,541
Other	8,694	6,635
	-----	-----
Total DISH Network	56,744	135,176
DTH equipment sales and integration services	2,354	67,394
Satellite services	2,165	4,595
C-band and other	8,261	7,274
	-----	-----
Total revenue	69,524	214,439
COSTS AND EXPENSES:		
DISH Network Operating Expenses:		
Subscriber-related expenses	23,070	63,809
Customer service center and other	6,471	11,735
Satellite and transmission	2,782	5,252
	-----	-----
Total DISH Network operating expenses	32,323	80,796
Cost of sales - DTH equipment and integration services	2,486	47,507
Cost of sales - C-band and other	6,008	5,942
Marketing:		
Subscriber promotion subsidies	13,142	43,965
Advertising and other	3,280	8,253
	-----	-----
Total marketing expenses	16,422	52,218
General and administrative	16,106	19,694
Amortization of subscriber acquisition costs	28,150	11,019
Depreciation and amortization	12,625	18,428
	-----	-----
Total costs and expenses	114,120	235,604
	-----	-----
Operating loss	(44,596)	(21,165)
Other Income (Expense):		
Interest income	1,772	8,934
Interest expense, net of amounts capitalized	(19,846)	(37,374)
Other	(177)	(110)
	-----	-----
Total other income (expense)	(18,251)	(28,550)
	-----	-----
Loss before income taxes	(62,847)	(49,715)
Income tax provision, net	(19)	(171)
	-----	-----
Net loss	(62,866)	(49,886)
	-----	-----
8% Series A Cumulative Preferred Stock dividends	(301)	(301)
12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock dividends payable in-kind	-	(6,421)
Accretion of 6 3/4% Series C Cumulative Convertible Preferred Stock	-	(1,721)
	-----	-----
Numerator for basic and diluted loss per share - loss attributable to common shareholders	\$(63,167)	\$(58,329)
	-----	-----
Denominator for basic and diluted loss per share - weighted-average common shares outstanding	40,922	44,811
	-----	-----
Basic and diluted loss per share	\$ (1.54)	\$ (1.30)
	-----	-----

See accompanying Notes to Condensed Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31,	
	1997	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(62,866)	\$ (49,886)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	12,625	18,428
Amortization of subscriber acquisition costs	28,150	11,019
Amortization of debt discount and deferred financing costs	18,542	27,803
Change in reserve for excess and obsolete inventory	(2,302)	(33)
Change in long-term deferred satellite services revenue and other long-term liabilities	3,116	2,964
Other, net	49	508
Changes in current assets and current liabilities, net	(2,637)	(30,986)
Net cash flows from operating activities	(5,323)	(20,183)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable investment securities	-	(127,213)
Sales of marketable investment securities	15,279	247,801
Purchases of restricted marketable investment securities	(1,995)	-
Funds released from escrow and restricted cash and marketable investment securities	30,000	27,219
Investment earnings placed in escrow	(416)	(2,275)
Purchases of property and equipment	(42,570)	(25,668)
Issuance of note receivable	-	(6,200)
Other	(780)	(781)
Net cash flows from investing activities	(482)	112,883
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of mortgage indebtedness and notes payable	(3,130)	(4,025)
Net proceeds from Class A Common Stock options exercised and Class A Common Stock issued to Employee Stock Purchase Plan	156	170
Net cash flows from financing activities	(2,974)	(3,855)
Net (decrease) increase in cash and cash equivalents	(8,779)	88,845
Cash and cash equivalents, beginning of period	39,231	145,207
Cash and cash equivalents, end of period	\$ 30,452	\$ 234,052
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest, net of amounts capitalized	\$ 612	\$ 25,628
Cash paid for income taxes	-	171
Capitalized interest	8,013	7,943
Accrued capital expenditures	-	10,875
8% Series A Cumulative Preferred Stock dividends	301	301
12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock dividends payable in-kind	-	6,421
Accretion of 6 3/4% Series C Cumulative Convertible Preferred Stock	-	1,721
The purchase price of DBSC was allocated as follows in the related purchase accounting:		
EchoStar III satellite under construction	51,241	-
FCC authorizations	16,651	-
Notes receivable from DBSC, including accrued interest of \$3,382	(49,382)	-
Investment in DBSC	(4,044)	-
Accounts payable and accrued expenses	(1,974)	-
Other notes payable	(500)	-
Common stock and additional paid-in capital	(11,992)	-

See accompanying Notes to Condensed Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. ORGANIZATION AND BUSINESS ACTIVITIES

PRINCIPAL BUSINESS

The operations of EchoStar Communications Corporation ("ECC," and together with its subsidiaries, "EchoStar" or the "Company") include three interrelated business units:

- THE DISH NETWORK - a DBS subscription television service in the United States. As of March 31, 1998, EchoStar had approximately 1.2 million DISH Network subscribers.
- TECHNOLOGY - the design, manufacture, distribution and sale of DBS set-top boxes, antennae and other digital equipment for the DISH Network ("EchoStar Receiver Systems"), and the design, manufacture and distribution of similar equipment for direct-to-home ("DTH") projects of others internationally, together with the provision of uplink center design, construction oversight and other project integration services for international DTH ventures.
- SATELLITE SERVICES - the turn-key delivery of video, audio and data services to business television customers and other satellite users. These services include satellite uplink services, satellite transponder space usage, and other services.

Since 1994, EchoStar has deployed substantial resources to develop the "EchoStar DBS System." The EchoStar DBS System consists of EchoStar's FCC-allocated DBS spectrum, DBS satellites ("EchoStar I," "EchoStar II," "EchoStar III," and "EchoStar IV"), digital satellite receivers, digital broadcast operations center, customer service facilities, and other assets utilized in its operations. EchoStar's principal business strategy is to continue developing its subscription television service in the U.S. to provide consumers with a fully competitive alternative to cable television service.

RECENT DEVELOPMENTS

EchoStar IV was launched on May 8, 1998 from the Baikonur Cosmodrome, Kazakhstan. While initial data indicates the launch was successful, the ultimate success of the launch and in-orbit operation of EchoStar IV will not be established for approximately 60 days. Subject to final agreement between the United States and Mexican administration, EchoStar IV will be tested at the 127Deg. West Longitude ("WL") orbital location for approximately two months, and will then be moved to its operational orbital location at 119.2Deg. WL. Together with EchoStar II, it will provide video, audio and data services throughout the continental United States. EchoStar IV also will provide video, audio and data services to Alaska and Hawaii.

Provided EchoStar IV is successfully deployed at 119.2Deg. WL, EchoStar plans to relocate EchoStar I, a 16 transponder DBS satellite, from 119Deg. WL to 148Deg. WL. EchoStar has a permit, issued by the Federal Communications Commission (the "FCC"), for the use of 24 frequencies at the 148Deg. WL orbital slot. The FCC conditionally approved the relocation of EchoStar I to 148Deg. WL in April 1998. To retain its remaining eight frequencies at 148Deg. WL, EchoStar must, in accordance with its FCC license, complete construction of an additional DBS satellite by December 20, 2000, and that satellite must be operational by December 20, 2002.

Once EchoStar I is operational at the 148Deg. WL orbital location, EchoStar plans to expand its local programming initiative to include certain of the largest television markets in the Mountain and Pacific time zones, and to provide expanded international, niche, educational, business television and data services.

EHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- Continued
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. All significant intercompany accounts and transactions have been eliminated in consolidation. Operating results for the three months ended March 31, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998. For further information, refer to the consolidated financial statements and footnotes thereto included in EchoStar's Annual Report on Form 10-K for the year ended December 31, 1997. Certain prior year amounts have been reclassified to conform with the current year presentation.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for each reporting period. Actual results could differ from those estimates.

BASIC AND DILUTED LOSS PER SHARE

As of March 31, 1997 and 1998, options to purchase approximately 1,462,000 and 1,731,000 shares of Class A Common Stock were outstanding, respectively. Common stock equivalents (employee stock options and warrants) are excluded from the calculation of diluted loss per share as they are antidilutive. Securities which are convertible into shares of Class A Common Stock (8% Series A Cumulative Preferred Stock and 6 3/4% Series C Cumulative Convertible Preferred Stock) also are excluded from the calculation of diluted loss per share as they are antidilutive. As of March 31, 1997 and 1998, approximately 1,617,000 shares of Class A Common Stock were issuable upon conversion of the 8% Series A Cumulative Preferred Stock. In addition, as of March 31, 1998, approximately 4,715,000 shares of Class A Common Stock were issuable upon conversion of the 6 3/4% Series C Cumulative Convertible Preferred Stock.

3. INVENTORIES

Inventories consist of the following (in thousands):

	DECEMBER 31, 1997	MARCH 31, 1998
	-----	-----
	(Unaudited)	
DBS receiver components	\$12,506	\$13,565
EchoStar Receiver Systems	7,649	17,917
Consigned DBS receiver components	3,122	4,073
Finished goods - analog DTH equipment	2,116	1,614
Spare parts and other	1,440	1,281
Reserve for excess and obsolete inventory	(3,840)	(3,807)
	-----	-----
	\$22,993	\$34,643
	-----	-----
	-----	-----

EHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- Continued
(Unaudited)

4. PREFERRED STOCK

Preferred Stock consists of the following (in thousands, except share data):

	DECEMBER 31, 1997	MARCH 31, 1998
	-----	-----
Preferred Stock, 20,000,000 shares authorized (inclusive of 900,000 shares designated as Series B Preferred Stock):		
8% Series A Cumulative Preferred Stock, 1,616,681 shares issued and outstanding, including cumulative accrued dividends of \$4,551 and \$4,852, respectively.	\$ 19,603	\$ 19,904
6 3/4% Series C Cumulative Convertible Preferred Stock, 2,300,000 shares issued and outstanding	101,529	103,250
	-----	-----
Total Preferred Stock	\$121,132	\$123,154
	-----	-----

(Unaudited)

5. COMMITMENTS AND CONTINGENCIES

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

In May 1997, EchoStar filed a Complaint requesting that the Court confirm EchoStar's position and declare that News is obligated pursuant to the News Agreement to lend \$200 million to EchoStar without interest and upon such other terms as the Court orders. EchoStar also filed a First Amended Complaint significantly expanding the scope of the litigation, to include breach of contract, failure to act in good faith, and other causes of action. EchoStar seeks specific performance of the News Agreement and damages, including lost profits based on, among other things, a jointly prepared ten-year business plan showing expected profits for EchoStar in excess of \$10 billion based on consummation of the transactions contemplated by the News Agreement.

In June 1997, News filed an answer and counterclaims seeking unspecified damages. News' answer denies all of the material allegations in the First Amended Complaint and asserts numerous defenses, including bad faith, misconduct and failure to disclose material information on the part of EchoStar and its Chairman and Chief Executive Officer, Charles W. Ergen. The counterclaims, in which News is joined by its subsidiary American Sky Broadcasting, L.L.C., assert that EchoStar and Ergen breached their agreements with News and failed to act and negotiate with News in good faith. EchoStar has responded to News' answer and denied the allegations in their counterclaims. EchoStar also has asserted various affirmative defenses. EchoStar intends to vigorously defend against the counterclaims. Discovery commenced on July 3, 1997 and depositions are currently being taken. The case has been set for trial commencing November 1998, but that date could be postponed.

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

EchoStar is subject to various other legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to those actions will not materially affect the financial position or results of operations of EchoStar.

In November 1998 and 1999, certain meteoroid events will occur as the earth's orbit passes through the particulate trail of Comet 55P (Tempel-Tuttle). These meteoroid events pose a potential threat to all in-orbit geosynchronous satellites, including EchoStar's DBS satellites. EchoStar is presently evaluating the potential effects that these meteoroid events may have on its DBS satellites. At this time, it is not possible to determine what impact, if any, these meteoroid events could have on EchoStar's DBS satellites.

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

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

OVERVIEW

The operations of EchoStar Communications Corporation ("ECC," and together with its subsidiaries, "EchoStar" or the "Company") include three interrelated business units:

- THE DISH NETWORK - a DBS subscription television service in the United States. As of March 31, 1998, EchoStar had approximately 1.2 million DISH Network subscribers.
- TECHNOLOGY - the design, manufacture, distribution and sale of DBS set-top boxes, antennae and other digital equipment for the DISH Network ("EchoStar Receiver Systems"), and the design, manufacture and distribution of similar equipment for direct-to-home ("DTH") projects of others internationally, together with the provision of uplink center design, construction oversight and other project integration services for international DTH ventures.
- SATELLITE SERVICES - the turn-key delivery of video, audio and data services to business television customers and other satellite users. These services include satellite uplink services, satellite transponder space usage, and other services.

Since 1994, EchoStar has deployed substantial resources to develop the "EchoStar DBS System." The EchoStar DBS System consists of EchoStar's FCC-allocated DBS spectrum, DBS satellites ("EchoStar I," "EchoStar II," "EchoStar III," and "EchoStar IV"), digital satellite receivers, digital broadcast operations center, customer service facilities, and other assets utilized in its operations. EchoStar's principal business strategy is to continue developing its subscription television service in the U.S. to provide consumers with a fully competitive alternative to cable television service.

RECENT DEVELOPMENTS

EchoStar IV was launched on May 8, 1998 from the Baikonur Cosmodrome, Kazakhstan. While initial data indicates the launch was successful, the ultimate success of the launch and in-orbit operation of EchoStar IV will not be established for approximately 60 days. Subject to final agreement between the United States and Mexican administration, EchoStar IV will be tested at the 127Deg. West Longitude ("WL") orbital location for approximately two months, and will then be moved to its operational orbital location at 119.2Deg. WL. Together with EchoStar II, it will

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

provide video, audio and data services throughout the continental United States. EchoStar IV also will provide video, audio and data services to Alaska and Hawaii.

Provided EchoStar IV is successfully deployed at 119.2Deg. WL, EchoStar plans to relocate EchoStar I, a 16 transponder DBS satellite, from 119Deg. WL to 148Deg. WL. EchoStar has a permit, issued by the FCC, for the use of 24 frequencies at the 148Deg. WL orbital slot. The FCC conditionally approved the relocation of EchoStar I to 148Deg. WL in April 1998. To retain its remaining eight frequencies at 148Deg. WL, EchoStar must, in accordance with its FCC license, complete construction of an additional DBS satellite by December 20, 2000, and that satellite must be operational by December 20, 2002.

Once EchoStar I is operational at the 148Deg. WL orbital location, EchoStar plans to expand its local programming initiative to include certain of the largest television markets in the Mountain and Pacific time zones, and to provide expanded international, niche, educational, business television and data services.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1998 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 1997.

REVENUE. Total revenue for the three months ended March 31, 1998 was \$214 million, an increase of \$144 million or 208%, as compared to total revenue for the three months ended March 31, 1997 of \$70 million. The increase in total revenue was primarily attributable to DISH Network subscriber growth combined with increased revenue from EchoStar's Technology business unit. The number of DISH Network subscribers increased from 1,040,000 at December 31, 1997 to 1.2 million subscribers at March 31, 1998. Comparatively, the number of DISH Network subscribers increased from 350,000 at December 31, 1996 to 479,600 at March 31, 1997. EchoStar expects that its revenues will continue to increase as the number of DISH Network subscribers increases. Consistent with the increases in total revenue and the number of DISH Network subscribers during the three months ended March 31, 1998, EchoStar experienced a corresponding increase in trade accounts receivable at March 31, 1998. During the three months ended March 31, 1998 and 1997, EchoStar's subscriber churn (which represents the number of subscriber disconnects during the period divided by the weighted-average number of subscribers during the period) approximated 1% per month.

DISH Network subscription television services revenue totaled \$129 million for the three months ended March 31, 1998, an increase of \$81 million compared to the same period in 1997. This increase was directly attributable to the increase in the number of DISH Network subscribers. Monthly revenue per subscriber approximated \$38 during each of the three-month periods ended March 31, 1998 and 1997. DISH Network subscription television services revenue principally consists of revenue from basic, premium and pay-per-view subscription television services. DISH Network subscription television services revenue will continue to increase as EchoStar adds DISH Network subscribers.

For the three months ended March 31, 1998, DTH equipment sales and integration services totaled \$67 million, an increase of \$65 million compared to the three months ended March 31, 1997. DTH equipment sales consist of sales of digital set-top boxes and other digital satellite broadcasting equipment by EchoStar to international DTH service operators. EchoStar currently has agreements to provide equipment to DTH service operators in Spain and Canada. Sales pursuant to these agreements totaled \$59 million for the three months ended March 31, 1998. DBS accessory and other sales totaled \$8 million during the three months ended March 31, 1998, a \$6 million increase compared to the same period in 1997.

While EchoStar continues to actively pursue other distribution and integration service opportunities, no assurance can be given that any such additional negotiations will be successful. EchoStar's future revenue from the sale of DTH equipment and integration services in international markets depends largely on the success of the DTH operator in that country, which, in turn, depends on other factors, such as the level of consumer acceptance of DBS products and the intensity of competition for international subscription television subscribers. No assurance can be

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

given regarding the level of expected future revenues that may be generated from EchoStar's alliances with foreign DTH operators.

Satellite services revenue totaled \$5 million for the three months ended March 31, 1998, an increase of \$3 million as compared to the same period in 1997. These revenues include, among other things, fees charged to content providers for signal carriage and revenues earned from business television (BTV) customers for the broadcast of organizationally specific programming. The increase in satellite services revenue was primarily attributable to increased usage by EchoStar's BTV customers.

DISH NETWORK OPERATING EXPENSES. DISH Network operating expenses totaled \$81 million for the three months ended March 31, 1998, an increase of \$49 million as compared to the same period in 1997. The increase in DISH Network operating expenses was primarily attributable to the increase in the number of DISH Network subscribers. For the three months ended March 31, 1998, DISH Network operating expenses represented 63% of subscription television services revenue compared to 67% of subscription television revenue during the corresponding period in 1997.

Subscriber-related expenses totaled \$64 million for the three months ended March 31, 1998, an increase of \$41 million compared to the same period in 1997. Such expenses, which include programming expenses, copyright royalties, residuals payable to retailers and distributors, and billing, lockbox and other variable subscriber expenses, totaled 50% of subscription television services revenues for the three months ended March 31, 1998, compared to 48% of subscription television services revenues for the three months ended March 31, 1997. The increase in subscriber-related expenses as a percentage of subscription television services revenue resulted primarily from an increase in copyright royalties payable by satellite providers for the transmission of distant broadcast network and superstation signals. This increase in copyright royalties accounted for approximately \$3 million of the increase in subscriber-related expenses.

Customer service center and other expenses principally consist of costs incurred in the operation of EchoStar's DISH Network customer service center, such as personnel and telephone expenses, as well as subscriber equipment installation and other operating expenses. Customer service center and other expenses totaled \$12 million for the three months ended March 31, 1998, an increase of \$6 million as compared to the three months ended March 31, 1997. Customer service center and other expenses totaled 9% of subscription television services revenue during the three months ended March 31, 1998, compared to 13% of subscription television services revenue during the same period of the prior year. The increase in customer service center and other expenses resulted from increased personnel expenses to support the growth of the DISH Network. While there can be no assurance that customer service center and other expenses as a percentage of subscription television services revenue will not increase, EchoStar expects this expense to revenue ratio to remain near first quarter levels for the remainder of 1998.

Satellite and transmission expenses include expenses associated with the operation of EchoStar's digital broadcast center, contracted satellite tracking, telemetry and control ("TT&C") services, and in-orbit insurance on EchoStar's DBS satellites. Satellite and transmission expenses increased \$2 million during the three months ended March 31, 1998, as compared to the same period during 1997. This increase resulted from an increase in the number of EchoStar's operational DBS satellites. EchoStar expects DISH Network operating expenses to continue to increase in the future as subscribers are added. However, as its DISH Network subscriber base continues to expand, EchoStar expects that such costs as a percentage of DISH Network revenue may decline.

COST OF SALES - DTH EQUIPMENT AND INTEGRATION SERVICES. Cost of sales - DTH equipment and integration services totaled \$48 million for the three months ended March 31, 1998, an increase of \$46 million, as compared to the three months ended March 31, 1997. This increase is consistent with the increase in DTH equipment revenue. During the three months ended March 31, 1998, cost of sales - DTH equipment and integration services principally included costs associated with digital set-top boxes and related components sold to international DTH operators. For the three months ended March 31, 1997, cost of sales - DTH equipment and integration services totaled \$2 million and consisted almost entirely of costs of DBS accessories sold.

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

MARKETING EXPENSES. Marketing expenses totaled \$52 million for the three months ended March 31, 1998, an increase of \$36 million as compared to the same period in 1997. The increase in marketing expenses was primarily attributable to the increase in subscriber promotion subsidies. Subscriber promotion subsidies include the excess of transaction costs over transaction proceeds at the time of sale of EchoStar Receiver Systems, activation allowances paid to retailers, and other promotional incentives. EchoStar recognizes subscriber promotion subsidies as incurred. These expenses totaled \$44 million for the three months ended March 31, 1998, an increase of \$31 million over the same period in 1997. This increase principally resulted from the immediate recognition of all subscriber promotion subsidies incurred in 1998, whereas during the three-month period ended March 31, 1997, a portion of such expenses were initially deferred and amortized over the related prepaid subscription term (generally one year). This accelerated expense recognition resulted from the introduction of the "1997 Promotion" in June 1997. The 1997 Promotion maintained the suggested retail price for a standard EchoStar Receiver System at \$199, but eliminated the requirement for the coincident purchase of an extended subscription commitment. For the three months ended March 31, 1998, EchoStar's subscriber acquisition costs, inclusive of acquisition marketing expenses, totaled \$51 million (approximately \$250 per new subscriber activation). Comparatively, EchoStar's subscriber acquisition costs, inclusive of acquisition marketing expenses and deferred subscriber acquisition costs, totaled \$58 million (in excess of \$400 per new subscriber activation) during the same period in 1997. The decrease in EchoStar's subscriber acquisition costs, on a per new subscriber activation basis, principally resulted from decreases in the manufactured cost of EchoStar Receiver Systems. Advertising and other expenses totaled \$8 million for the three months ended March 31, 1998, an increase of \$5 million over the same period in 1997, as a result of increased marketing activity.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative ("G&A") expenses totaled \$20 million for the three-month period ended March 31, 1998, an increase of \$4 million as compared to the same period in 1997. The increase in G&A expenses was principally attributable to increased personnel expenses to support the growth of the DISH Network. G&A expenses as a percentage of total revenue decreased to 9% for the three months ended March 31, 1998 compared to 23% for the corresponding period in 1997. While there can be no assurance that G&A expenses as a percentage of total revenue will not increase, EchoStar expects this expense to revenue ratio to remain near first quarter levels for the remainder of 1998.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA"). EBITDA for the three months ended March 31, 1998 improved to \$8 million compared to negative EBITDA of \$4 million for the same period in 1997. This improvement in EBITDA principally resulted from increases in DISH Network and Technology revenues. EchoStar believes that its EBITDA results may continue to improve in future periods as the number of DISH Network subscribers increases. However, in the event that new subscriber activations exceed expectations or subscriber acquisition costs materially increase, EchoStar's EBITDA results may be negatively impacted in the near-term because subscriber acquisition costs are expensed as incurred.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expenses for the three months ended March 31, 1998 (including amortization of subscriber acquisition costs of \$11 million) aggregated \$29 million, a decrease of \$11 million as compared to the corresponding period in 1997. The decrease in depreciation and amortization expenses principally resulted from the decrease in amortization of subscriber acquisition costs (decrease of \$17 million), partially offset by an increase in depreciation related to the addition of EchoStar III as well as other depreciable assets. Beginning in October 1997, net subscriber acquisition costs are expensed as incurred. Consequently, no additional subscriber acquisition costs are being deferred. The unamortized balance of such costs is expected to be fully amortized by September 1998.

OTHER INCOME AND EXPENSE. Other expense, net totaled \$29 million for the three months ended March 31, 1998, an increase of \$11 million as compared to the same period in 1997. The increase in other expense resulted primarily from interest expense associated with EchoStar's 12 1/2% Senior Secured Notes due 2002 (the "1997 Notes"), which were issued subsequent to the first quarter of 1997, and increases in interest expense associated with increased accreted balances on EchoStar's 12 7/8% Senior Secured Discount Notes due 2004 (the "1994 Notes") and EchoStar's 13 1/8% Senior Secured Discount Notes due 2004 (the "1996 Notes").

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

LIQUIDITY AND CAPITAL RESOURCES

During the three months ended March 31, 1998, net cash flows used in operations totaled \$20 million compared to \$5 million for the same period in 1997. Capital expenditures totaled \$26 million and \$43 million during those same periods. EchoStar's capital expenditures during the first quarter of 1998 principally related to the ongoing construction of EchoStar IV, the expansion of EchoStar's digital broadcast operations center, and building improvements to EchoStar's new corporate headquarters.

During the remainder of 1998, EchoStar anticipates that it will expend an additional \$78 million towards construction, launch and insurance for EchoStar IV, inclusive of \$6 million accrued at March 31, 1998. Approximately \$13 million of the above expenditures will be funded by satellite vendor financing and the remaining expenditures will be funded from the Satellite Escrow. In January 1998, semi-annual interest payments of \$23 million commenced on the 1997 Notes. The first five of these semi-annual interest payments (through January 2000) will be funded from the Interest Escrow.

EchoStar expects that its future working capital, capital expenditure and debt service requirements will be satisfied from existing cash and investment balances and from cash generated from operations. EchoStar's ability to generate positive future operating and net cash flows is dependent upon its ability to continue to rapidly expand its DISH Network subscriber base and its ability to grow its Technology and Satellite Services businesses. There can be no assurance that EchoStar will be successful in achieving its goals. The amount of capital required to fund EchoStar's remaining 1998 working capital and capital expenditure needs will vary dependent upon the level of success EchoStar experiences relative to its goals. EchoStar's working capital and capital expenditure requirements could increase materially in the event of increased subscriber acquisition costs (see below), or in the event of a general economic downturn, among other factors.

SUBSCRIBER ACQUISITION COSTS

EchoStar subsidizes the cost of EchoStar Receiver Systems in order to stimulate DISH Network subscriber growth. Consequently, EchoStar's subscriber acquisition costs are significant. During the three months ended March 31, 1998, EchoStar's aggregate subscriber acquisition costs totaled \$51 million (approximately \$250 per new subscriber activation). EchoStar expects that its subscriber acquisition costs, on a per new subscriber activation basis, may increase during the remainder of 1998 as a result of increased competition for DBS subscribers.

FUTURE CAPITAL REQUIREMENTS

EchoStar will be required to deploy additional DBS satellites in order to fully-exploit certain of its remaining FCC-allocated DBS frequencies. Further, EchoStar has applications pending with, or licenses granted by, the FCC for a two satellite FSS Ku-band satellite system, a two satellite FSS Ka-band satellite system, a two satellite extended Ku-band satellite system, and a six satellite low earth orbit ("LEO") satellite system. EchoStar will need to raise additional capital to deploy additional DBS satellites and to exploit its other FCC-allocated spectrum. Additionally, there may be a number of factors, some of which are beyond EchoStar's control or ability to predict, that could require EchoStar to raise additional capital. These factors include unexpected increases in operating costs and expenses, a defect in or the loss of any satellite, subscriber growth in excess of that currently expected, or an increase in the cost of acquiring subscribers due to additional competition, among other things. There can be no assurance that additional debt, equity or other financing will be available on terms acceptable to EchoStar, or at all.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

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

In May 1997, EchoStar filed a Complaint requesting that the Court confirm EchoStar's position and declare that News is obligated pursuant to the News Agreement to lend \$200 million to EchoStar without interest and upon such other terms as the Court orders. EchoStar also filed a First Amended Complaint significantly expanding the scope of the litigation, to include breach of contract, failure to act in good faith, and other causes of action. EchoStar seeks specific performance of the News Agreement and damages, including lost profits based on, among other things, a jointly prepared ten-year business plan showing expected profits for EchoStar in excess of \$10 billion based on consummation of the transactions contemplated by the News Agreement.

In June 1997, News filed an answer and counterclaims seeking unspecified damages. News' answer denies all of the material allegations in the First Amended Complaint and asserts numerous defenses, including bad faith, misconduct and failure to disclose material information on the part of EchoStar and its Chairman and Chief Executive Officer, Charles W. Ergen. The counterclaims, in which News is joined by its subsidiary American Sky Broadcasting, L.L.C., assert that EchoStar and Ergen breached their agreements with News and failed to act and negotiate with News in good faith. EchoStar has responded to News' answer and denied the allegations in their counterclaims. EchoStar also has asserted various affirmative defenses. EchoStar intends to vigorously defend against the counterclaims. Discovery commenced on July 3, 1997 and depositions are currently being taken. The case has been set for trial commencing November 1998, but that date could be postponed.

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

EchoStar is subject to various other legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to those actions will not materially affect the financial position or results of operations of EchoStar.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS.

- 10.1* OEM Manufacturing, Marketing and Licensing Agreement, dated as of February 17, 1998, by and among HTS, ESC and Philips Electronics North America Corporation.
 - 10.2* Licensing Agreement, dated as of February 23, 1998, by and among HTS, ESC and VTech Communications Ltd.
 - 27+ Financial Data Schedule.
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* Certain provisions have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment. A confirming electronic copy is being filed herewith.

+ Filed herewith.

(b) REPORTS ON FORM 8-K.

No reports on Form 8-K were filed during the first quarter of 1998.

SIGNATURES

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

ECHOSTAR COMMUNICATIONS CORPORATION

By: /s/ DAVID K. MOSKOWITZ

David K. Moskowitz
Senior Vice President, General Counsel,
Secretary and Director

By: /s/ JOHN R. HAGER

John R. Hager
Vice President - Controller
(PRINCIPAL ACCOUNTING OFFICER)

Date: May 13, 1998

OEM MANUFACTURING, MARKETING AND LICENSING AGREEMENT

This OEM Manufacturing, Marketing and Licensing Agreement ("Agreement") is entered into as of this 17th day of February, 1998, by and among Houston Tracker Systems, Inc. ("HTS"), EchoStar Satellite Corporation ("ESC"), both with their principal places of business at 90 Inverness Circle East, Englewood, Colorado 80112 (HTS and ESC are collectively referred to herein as the "EchoStar Parties"), and Philips Electronics North America Corporation ("Philips"), Digital Video Systems Division, having a principal place of business at 2300 South Decker Lake Boulevard, Salt Lake City, Utah 84119.

INTRODUCTION

A. HTS has developed a proprietary Digital Satellite Receiver (as defined in Section 1.11 below) for use in conjunction with the DISH Network, a digital direct broadcast satellite ("DBS") programming service network owned and operated by ESC in the United States (the "HTS System", as defined in Section 1.14 below).

B. Philips is a manufacturer and distributor of consumer electronics products and desires to distribute OEM Products (as defined in Section 1.19 below) and Philips Products (as defined in Section 1.23 below) in the Territory (as defined in Section 1.35 below) in connection with the DISH Network.

C. Philips desires to obtain certain non-exclusive rights to the Technology (as defined in Section 1.33 below) in order to manufacture the Philips Products and DISH Branded Philips Products (as defined in Section 11.5.1 below) solely for distribution and sale in connection with the DISH Network in the Territory.

D. HTS is willing to grant a non-exclusive license to Philips with respect to the Technology, subject to and in accordance with the terms and conditions set forth below.

E. Until such time as Philips commences full-scale commercial production of a Philips Product, Philips desires to purchase OEM Products from HTS solely for distribution and sale in connection with the DISH Network in the Territory.

F. HTS is willing to sell OEM Products to Philips for such purposes, subject to and in accordance with the terms and conditions set forth below.

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

1. DEFINITIONS

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

1.1 "Accessories" means an antenna, LNB, feedhorn, feedarm and related components listed on Exhibit A hereto, as such components may change from time to time in HTS' sole discretion.

1.2 "Activation" means the authorization of a Smart Card to permit an OEM Product, Philips Product or DISH Branded Philips Product, as the case may be, to access the Programming.

1.3 "Affiliate" means, with respect to a party to this Agreement, any person or entity directly or indirectly controlling, controlled by or under common control with such party.

1.4 "Approved DISH Brand Name" means those HTS Marks, which have been approved in writing by Philips (which approval shall not be unreasonably withheld), for placement on the bezel (front panel) of Philips Products and packaging in accordance with the trademark usage guidelines (or as otherwise mutually agreed) of both Philips and HTS. The initial Approved DISH Brand Names are attached hereto as Exhibit Q.

1.5 "Approved OEM Brand Name" means those Philips Marks, which have been approved in writing by HTS (which approval shall not be unreasonably withheld), for placement on the bezel (front panel) of OEM Products, Philips Products and packaging therefor in accordance with the trademark usage guidelines (or as otherwise mutually agreed) of both Philips and HTS. The initial Approved OEM Brand Names are attached hereto as Exhibit B.

1.6 "Baker Platform" means the HTS System identified internally within HTS and its Affiliates as the "Baker" platform (or any new identification for the same platform), including any modifications or enhancements to such platform (excluding "Charlie", later and other platforms) developed by HTS or its Affiliates and introduced commercially in the U.S. for use in connection with the Dish Network.

1.7 "Catastrophic Failure" means that: (i) 10% or more of all OEM Products sold by HTS to Philips during any given calendar quarter; (ii) 10% or more of all Smart Cards sold by HTS to Philips during any given calendar quarter; or (iii) 10% or more of all Philips Products and/or DISH Branded Philips Products sold by Philips during any given calendar quarter are returned by end-users due to a failure of the OEM Products, Smart Cards, Philips Products, or DISH Branded Philips Products, as the case may be, to operate in accordance with their specifications.

1.8 "Charlie Platform" means the HTS System identified internally within HTS and its Affiliates as the "Charlie" platform (or any new identification for the same platform), including any modifications or enhancements to such platform (excluding later and other platforms) developed by HTS or its Affiliates and introduced commercially in the U.S. for use in connection with the Dish Network

1.9 "Commissionable Programming" means the Programming packages for which ESC pays a monthly commission to retailers. A current list of Commissionable Programming is attached hereto as Exhibit C, which list may change from time to time in the sole discretion of ESC.

1.10 "Current Wholesale Price" means, as determined at the time HTS accepts the applicable Purchase Order from Philips, the lowest wholesale price at which Echosphere Corporation ("Echosphere"), an Affiliate of the EchoStar Parties, sells a product performing substantially the same functions as the relevant OEM Product to national and regional retailers, as the case may be, in lots of not less than 20, which price Echosphere may change from time to time in its sole discretion.

1.11 "Digital Satellite Receiver" means a digital satellite receiver/decoder for use in connection with direct to home satellite programming services, whether stand alone or incorporated into another product (i.e., a television or VCR), which may include Accessories.

1.12 "HTS Marks" means those trademarks, service marks or trade names owned by HTS or for which HTS has the right to grant a sublicense, as listed on Exhibit D, as such HTS Marks may change from time to time in HTS' discretion.

1.13 "HTS Software" means the software developed and owned exclusively by HTS and its Affiliates which is resident in the HTS System, including without limitation the software listed in attached Exhibit E hereto.

1.14 "HTS System" means an MPEG-2/DVB compliant Digital Satellite Receiver manufactured by or on behalf of HTS for use in connection with the DISH Network.

1.15 "Improvements" means any and all modifications, enhancements and derivative works to the Technology created by, or on behalf of, Philips or HTS in accordance with the terms of this Agreement.

1.16 "Intellectual Property" means all patents, copyrights, design rights, trademarks, service marks, trade secrets, know-how and any other intellectual or industrial property rights (whether registered or unregistered) and all applications for the same owned or controlled by HTS or Philips, as the case may be, anywhere in the world, but does not include patents, copyrights, design rights, trademarks, service marks, trade secrets, know-how or any other intellectual or industrial property rights

(whether registered or unregistered) or applications for the same owned or controlled by Affiliates of either HTS or Philips.

1.17 "License" means the rights granted to Philips by HTS under this Agreement, as specified in Section 11 below.

1.18 "Location(s)" means a facility operated by Philips, an Affiliate of Philips or a Permitted Subcontractor in which Philips Products and/or DISH Branded Philips Products are or will be manufactured, assembled, tested and/or developed.

1.19 "OEM Product" means a Primary or Secondary Digital Satellite Receiver: (i) manufactured by or on behalf of HTS; (ii) branded with an Approved OEM Brand Name; and (iii) which is capable of receiving, decoding and descrambling DBS satellite transmitted signals for the Programming services provided by the DISH Network for subscribers in the U.S.

1.20 "Permitted Subcontractor" shall have the meaning given to such term in Section 11.7 below.

1.21 "Philips Distributor" means a distribution entity (including network marketers, but excluding Affiliates of Philips) that purchases OEM Products and/or Philips Products from Philips and resells the same directly to Philips Retailers.

1.22 "Philips Marks" means the trademarks or trade names owned by Philips, or for which Philips has a license to use or the right to grant a sublicense sufficient for the purposes of this Agreement.

1.23 "Philips Product" means a Primary or Secondary Digital Satellite Receiver incorporating the Specifications set forth in Exhibit F and manufactured by Philips or for Philips by a Permitted Subcontractor for resale by Philips in the Territory in connection with the DISH Network. Philips Products shall specifically include Digital Satellite Receivers that are combined with or incorporated into another product, i.e., a television or VCR, ("Integrated Products"), but shall specifically exclude Digital Satellite Receivers that are combined with or incorporated into another product that has the independent potential to generate subscription revenues or other additional revenue streams from end users ("Additional Revenue Products"). For purposes of this Agreement, references to Philips Products shall not be construed as including DISH Branded Philips Products.

1.24 "Philips Retailer" means a retail entity (excluding Affiliates of Philips) that purchases OEM Products and/or Philips Products from Philips or a Philips Distributor and resells the same directly to end users.

1.25 "Primary Digital Satellite Receiver" means a Digital Satellite Receiver with Accessories.

1.26 "Programming" means the video and audio signals transmitted by DBS satellite transponders that are owned or controlled by ESC or an Affiliate and are part of the DISH Network's regular programming services. A current list of Programming and the current retail prices therefor is attached hereto as Exhibit G, as such Exhibit may be changed from time to time in ESC's sole discretion.

1.27 "Qualifying Residential Subscriber" means an individual at a Residential Location who orders Programming from ESC for reception in connection with an OEM Product or Philips Product, who pays for the Programming in full, and who has never received any audio, video or any other digital programming services from ESC or any Affiliate of ESC. A Qualifying Residential Subscriber shall not include any individual who would otherwise qualify, but whose equipment ESC, in its reasonable discretion, declines to activate.

1.28 "Residential Location" means a single family residential dwelling (i.e. single family houses, apartments, condominiums or other dwellings used primarily for residential purposes), located in the Territory; provided, however, in no case shall any satellite master antenna television system or private cable system in a residential multiple dwelling unit or any similar programming reception system (i.e., dormitories, etc.) be considered a Residential Location. ESC shall have the right to determine, in its reasonable discretion (taking into consideration, among other relevant factors, the provisions of ESC's Programming contracts), whether a location constitutes a Residential Location, or is more appropriately considered a commercial location or other non-residential location.

1.29 "Secondary Receiver" means a stand alone Digital Satellite Receiver without Accessories.

1.30 "Smart Card" means the card, which, through the use of a secure microprocessor, controls the ability of the OEM Product, Philips Product or DISH Branded Philips Product, as the case may be, to access the Programming.

1.31 "Specifications" means the functional and operational aspects of the HTS System which must be incorporated in the OEM Products, Philips Products and DISH Branded Philips Products in order to ensure compatibility with the HTS System, as set forth in attached Exhibit F, as such exhibit may be modified from time to time upon reasonable prior notice to Philips, in accordance with the terms of this Agreement, including for the purpose of incorporating Improvements.

1.32 "Subscriber Account" means the account set up and maintained by ESC for a Qualifying Residential Subscriber who purchased an OEM Product or Philips Product and for whom Commissionable Programming has been activated by ESC and which account remains active and in good standing.

1.33 "Technology" means all confidential information, data, designs, bill of materials, lists of components and suppliers thereof, schematics, technical specifications, the Specifications, and all other written documentation provided by HTS hereunder relating to the design, development and manufacture of the HTS System, and shall include the HTS Software. Technology does not include Philips Intellectual Property.

1.34 "Term" means the duration of this Agreement as specified in Section 18.1 hereof.

1.35 "Territory" means the geographic boundaries of the United States of America, its territories, possessions and commonwealths; provided, however, that the parties agree to negotiate in good faith towards expanding the Territory in the event that ESC obtains the right to broadcast Programming outside the Territory.

1.36 "Third Party Software" means the software which is resident in the HTS System, for which the intellectual property rights do not belong, in whole or part, to HTS or any Affiliate thereof, including but not limited to the software listed in attached Exhibit H, as such Exhibit may change from time to time in HTS' sole discretion upon not less than sixty (60) days notice to Philips.

2. MANUFACTURE AND SALE OF OEM PRODUCTS BY HTS

2.1 MANUFACTURE.

2.1.1 Commencing in the first calendar quarter of 1998 and until Philips commences full-scale commercial production of a Philips Product as contemplated hereunder (but in no event beyond December 31, 1998), HTS agrees to manufacture and sell OEM Products to Philips, and Philips agrees to purchase OEM Products from HTS, in accordance with and subject to the terms of this Agreement. HTS may select and authorize any third party to manufacture OEM Products on HTS' behalf.

2.1.2 Following commencement of full-scale commercial production of a Philips Product by Philips, HTS agrees to continue to manufacture and sell only Model 1000 Secondary Digital Satellite Receivers (or, at HTS' option, Secondary Digital Satellite Receivers performing substantially similar functions as the present Model 1000) to Philips, and Philips shall only have the right to continue to purchase Model 1000 Secondary Digital Satellite Receivers (or, at HTS' option, Secondary Digital Satellite Receivers performing substantially similar functions as the present Model 1000) from HTS, in accordance with and subject to the terms and conditions of this Agreement.

2.1.3 Notwithstanding Section 2.1.2 above, following commencement of full-scale commercial production of a particular Philips Product by Philips, in the event that, and for so long as (or such other period as the parties mutually agree), Philips is

unable to manufacture that particular Philips Product due to an event of Force Majeure (as defined in Section 22.8 below), HTS agrees to manufacture and sell to Philips, and Philips shall be entitled to purchase from HTS, the Comparable Model (as defined in Section 11.4 below) OEM Product or such other OEM Product as the parties mutually agree, in accordance with and subject to the terms and conditions of this Agreement.

2.1.4 HTS undertakes and agrees to incorporate the Specifications in the manufacture of the OEM Products and agrees to comply with any and all industry and governmental standards and regulations, including, without limitation, product safety standards, which may apply to the manufacture, sale and use of the OEM Products in the Territory.

2.2 AUTHORIZATION; TERRITORY. Philips shall be authorized to resell OEM Products within the Territory solely to: (i) Philips Retailers that have a valid Retailer Commission Agreement in full force and effect with ESC; (ii) Philips Distributors that have a valid Distributor Commission Agreement in full force and effect with ESC; and (iii) directly to end-users, in each case solely for use in conjunction with the DISH Network by end users in the Territory. Philips agrees that it shall not sell any OEM product to: (a) any person or entity other than: (1) a Philips Retailer that has a valid Retailer Commission Agreement in full force and effect with ESC; (2) a Philips Distributor that has a valid Distributor Commission Agreement in full force and effect with ESC; or (3) an end user; (b) any person or entity who Philips knows or has reason to know intends to use it, or resell it for use, in Canada or at any other location outside of the Territory; or (c) any person or entity who Philips knows or has reason to know intends to use it, or resell it for use, in conjunction with a DBS service other than the DISH Network. The parties agree to discuss the possibility of entering into a relationship pursuant to which HTS would distribute OEM Products to Philips Retailers [CONFIDENTIAL MATERIAL REDACTED].

2.3 APPROVED OEM BRAND NAMES. Upon request by Philips, HTS shall manufacture the OEM Product with any of the Approved OEM Brand Names which are listed on Exhibit B affixed to the bezel (front panel) of the OEM Products in accordance with Section 10 below; provided, however, that HTS shall have no obligation under this Section 2.3 unless at the time of such request Philips issues and delivers to HTS a firm Purchase Order [CONFIDENTIAL MATERIAL REDACTED] of an OEM Product with an Approved OEM Brand Name requested by Philips which has not been previously manufactured by HTS hereunder. At the request of Philips, new Approved OEM Brand Names may be added to the list set forth in Exhibit B hereto upon prior written approval of HTS (which approval shall not be unreasonably withheld). The provisions of Section 10.1 shall apply to the use of HTS Marks on or in connection with OEM Product delivered hereunder which include any Approved OEM Brand Name.

2.4 CUSTOM BEZELS. Upon request by Philips, HTS agrees to manufacture OEM Products with custom bezels; provided, however, that HTS shall have no

obligation under this Section 2.4 unless at the time of such request Philips issues and delivers to HTS a firm Purchase Order [CONFIDENTIAL MATERIAL REDACTED] of OEM Product with a customized bezel requested by Philips which has not been previously manufactured by HTS hereunder.

2.5 COSTS. Philips shall be responsible, and shall pay HTS in advance, for all costs of labor and materials anticipated as reasonable and necessary by HTS for the customization of an OEM Product with: (i) a custom bezel; or (ii) any Approved OEM Brand Name hereunder, including without limitation: (a) any tooling required; (b) silk-screening front panels of the satellite receivers; and (c) all costs in connection with the customization of any packaging for OEM Products.

2.6 IDENTICAL PRODUCTS. All OEM Products delivered hereunder to Philips shall be identical in functionality and technical specifications to HTS Systems, and shall be identical in appearance to the HTS Systems except as otherwise expressly provided herein for the placement of Approved OEM Brand Names or custom bezels on OEM Products.

2.7 FREEDOM OF ACTION. Philips acknowledges and agrees that this Agreement is non-exclusive in nature and that nothing in this Agreement shall prohibit or otherwise restrict the EchoStar Parties from entering into an agreement with any third party concerning activities which are the same or similar activities to those contemplated in this Agreement, or any other activity.

2.8 MOST FAVORED NATION STATUS. HTS shall grant "Most Favored Nation Status" to Philips with respect to OEM Product pricing, and Philips shall grant "Most Favored Nation Status" to HTS with respect to DISH Branded Philips Product pricing. For purposes of this Agreement, "Most Favored Nation Status" shall mean that HTS will grant Philips pricing for OEM Products no less favorable than what is provided to other entities for which HTS OEM manufactures substantially the same products under like terms and conditions in the Territory, and that Philips will grant HTS pricing for DISH Branded Philips Products no less favorable than what is provided to other purchasers of products performing substantially the same functions as the DISH Branded Philips Products under like terms and conditions in the Territory.

2.9 HTS acknowledges and understands that manufacture of the OEM Products may require compliance with MPEG 2, DVB and other industry standard technologies and the use of a range of other third party intellectual property rights. Except with respect to the technology and entities listed on Exhibit O hereto, HTS acknowledges and understands that it, and not Philips, is responsible for: (i) determining those entities with which it must negotiate and enter into licensing agreements; (ii) negotiating license rights from all those third parties; and (iii) paying (and represents and warrants that it will pay as and when due) any and all applicable license fees to any and all entities to which a royalty or license fee is required to be paid for a unit of the OEM

Products manufactured and/or sold by HTS. Philips shall promptly inform HTS of any royalties of which it becomes aware will become due with respect to the OEM Products

3. [CONFIDENTIAL MATERIAL REDACTED]

4.

[CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

5. [CONFIDENTIAL MATERIAL REDACTED]

6. WARRANTY

6.1 WARRANTY OF OEM PRODUCTS.

6.1.1 GENERAL WARRANTY.

(a) HTS warrants that each OEM Product will conform to the Specifications and will be free from defects in materials and workmanship for a period of thirteen (13) months from date of shipment (the "Warranty") by HTS or a third party on HTS' behalf to Philips or its designee. The materials portion of this Warranty shall not apply to: (i) any OEM Product that is abused, damaged by external causes, altered or misused; or (ii) OEM Product damaged due to improper installation or use. OEM Products shall be considered free from defects in workmanship if they are manufactured in accordance with HTS' manufacturing workmanship standards (or those of any third party which manufactures the OEM Product on HTS' behalf), conform to the product specifications, and successfully complete product acceptance tests for the product.

(b) HTS shall repair or replace and otherwise treat in accordance with its then current standard consumer warranty, as may be modified from time to time by HTS upon reasonable notice to Philips, all OEM Products returned directly to HTS by retail consumers who have obtained valid Return Authorization Numbers from the DISH Network Service Center by calling (800) 333-DISH; provided, however, that HTS shall be entitled, at its option, to replace all defective OEM Product with refurbished OEM Product during the entire ninety (90) day period following the original date of purchase, and thereafter.

6.1.2 DEADLINE FOR CLAIMS; DISCLAIMER. ALL CLAIMS FOR WARRANTY FULFILLMENT MUST BE RECEIVED BY HTS (OR ITS DESIGNEE) NO LATER THAN THIRTY (30) DAYS AFTER THE EXPIRATION OF THE WARRANTY PERIOD FOR THE PRODUCT. THIS WARRANTY IS THE ONLY WARRANTY GIVEN BY HTS. HTS MAKES, AND PHILIPS RECEIVES, NO OTHER WARRANTY EITHER EXPRESS OR IMPLIED. ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, ARE EXPRESSLY DISCLAIMED AND EXCLUDED HEREFROM.

6.2 PHILIPS' WARRANTY OBLIGATIONS. In addition to the obligations of Philips elsewhere in this Article 6, with respect to any OEM Product returned to any entity other than HTS, Philips shall:

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

6.2.2 submit a daily report to ESC listing the serial number of each OEM Product and corresponding Smart Card number which have been received by Philips and for which the subscriber has received a replacement OEM Product and/or Smart Card;

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

6.2.4 in the case of OEM Products for which no defect is found, or a defect is found which is not covered by the warranty, take such actions as it deems appropriate and HTS shall have no liability hereunder;

6.2.5 in the case of in warranty OEM Products with defects verified by Philips, ship such OEM Products at Philips' expense, to an HTS or third party facility, as designated by HTS, for repair or replacement in accordance with the Warranty in Section 6.1.1(a) above, with HTS responsible for all costs associated with the shipment of conforming OEM Products to Philips' facility to replace failed units covered by the Warranty, except that if Philips does not authorize refurbished OEM Product to be shipped by HTS in fulfillment of its warranty obligation, then Philips sole right shall be to

have HTS credit the purchase price of the defective OEM Product less: (i) HTS' actual out-of-pocket costs to replace the custom Philips bezel on the defective OEM Product with an HTS bezel and to otherwise retrofit the OEM Product for sale as an HTS, EchoStar or other DISH brand product; (ii) the loss HTS incurs upon resale of the product into the retail chain; and (iii) a reasonable charge for overhead;

6.2.6 in the case of out-of-warranty OEM Products with defects verified by Philips (including in warranty OEM Products with defects not covered by the warranty), ship such OEM Products at Philips' expense, to an HTS or third party facility, as designated by HTS, for treatment in accordance with HTS' then current standard operating procedures, including without limitation the assessment of a reasonable charge for the repair or replacement of the OEM Product, and return shipping and insurance. Except as expressly set forth in this Section 6.2.6, HTS shall have no obligations whatsoever with respect to out of warranty OEM Products; and

6.2.7 reimburse HTS, within 30 days from the date of HTS' invoice, for a screening fee of [Confidential Material Redacted], and any out of pocket expenses of HTS to third parties, including but not limited to the costs of returning the OEM Product to Philips, in relation to OEM Products returned by Philips under the preceding subsections for which there was no problem found upon testing by HTS, or with respect to which problems were identified which are not covered by the warranty.

6.3 PHILIPS WARRANTY.

6.3.1 Philips shall extend to the end user of the OEM Products purchased from HTS hereunder Philips' standard consumer warranty which will be competitive in the consumer electronics industry.

6.3.2 Philips shall maintain at all times during the Term and for a period of five (5) years following expiration or termination of this Agreement the service capacity to perform its obligations and duties under Section 6.3.1 above.

7. EXPORT RESTRICTIONS

Philips acknowledges and understands that U.S. export laws relating to the OEM Products and Smart Cards provided therewith may change from time to time in the future. Philips acknowledges that it is Philips' sole responsibility to be and remain informed of all U.S. laws relating to the export of OEM Products and Smart Cards outside of the U.S. Philips further acknowledges and agrees that HTS has absolutely no obligation to update Philips regarding the status of U.S. export laws or any other U.S. laws relating to the export of OEM Products or Smart Cards outside of the U.S. Without HTS giving any consent for export of the OEM Products or Smart Cards and subject to territorial limitations of this Agreement, Philips represents and agrees that: (i) prior to exporting or selling any OEM Products or Smart Cards outside of the U.S., it will investigate all applicable U.S. laws relating to the export of OEM Products and Smart

Cards outside of the U.S.; (ii) it will not export or reexport any OEM Product or Smart Card to Cuba, Iran, Iraq, Libya, North Korea, Sudan or Syria without the prior approval of the United States Government; and (iii) it will not use any OEM Product or Smart Card directly or indirectly to support the design, development, production or use of nuclear, chemical or biological weapons or ballistic missiles. Philips is strictly prohibited from violating any U.S. law relating to the export or sale of OEM Products or Smart Cards outside of the U.S. Should Philips export or sell any OEM Product or Smart Card outside of the U.S. in violation of this Agreement and/or U.S. law, this Agreement shall automatically terminate. Subject to Section 15.4.1(a), HTS is willing to share with Philips any non-privileged information in its possession with Philips regarding U.S. export laws relating to Smart Cards and its products performing substantially the same functions as the OEM Products; provided, however, that such sharing of information shall not be construed to modify Philips' obligations set forth above or to impose upon HTS any obligation to update Philips regarding the status of U.S. export laws or any other U.S. laws relating to the export of OEM Products or Smart Cards outside of the U.S.

8. [CONFIDENTIAL MATERIAL REDACTED]

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[CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

9. [CONFIDENTIAL MATERIAL REDACTED]

10. TRADEMARKS

10.1 HTS' MARKS.

10.1.1 In addition to the Approved OEM Brand Names affixed to the OEM Products under this Agreement, HTS shall have the right to affix such of the HTS Marks as specified in Exhibit D on or in connection with the OEM Products, including, but not limited to, on the Accessories and packaging and on the electronic on screen guide, in accordance with the usage guidelines for the HTS Marks as set forth in attached Exhibit K or the User Interface Specification, as such guidelines may change from time to time in HTS' sole discretion. HTS agrees that Philips shall not be required to accept the use of the HTS Marks on the OEM Products in any manner inconsistent with the usage guidelines for the Philips Marks and the terms of this Section 10.1 without the prior written consent of Philips, which consent shall not be unreasonably withheld.

10.1.2 Notwithstanding Section 10.1.1 above and Section 10.1.3 below, Philips acknowledges and agrees that the HTS Marks currently attached hereto

in Exhibit D and the minimum size and manner of placement requirements for the HTS Marks currently set forth in: (i) Exhibit K; (ii) the User Interface Specification; and (iii) this Section 10.1.2 are consistent with Philips' usage guidelines for use in connection with the Philips Marks, and may continue to be applied by HTS in the size and manner set forth in Exhibits D and K and the User Interface Specification respectively and this Section 10.1.2 for the term of this Agreement, including any extensions thereto. Specifically, and without limitation of the foregoing, Philips agrees that HTS shall have the right for the duration of the term and any extensions thereof to: (a) affix the HTS Marks set forth in Exhibit D and K and the User Interface Specification in the center of, and above all Philips Marks and Third Party Marks affixed to, all dish antennas provided to Philips by HTS hereunder; and (b) affix the HTS Marks set forth in Exhibit D on or in connection with the OEM Products, including without limitation on the Accessories and packaging and on the electronic program guide, such that the HTS Marks are displayed in a manner which is at least equally as prominent as the Approved OEM Brand Names affixed to the same. In the event that Philips desires to change its usage guidelines in a manner that would effect the rights granted to HTS by Philips under this Section 10.1.2, the parties agree to discuss the possibility of altering the application of the HTS Marks, Philips Marks and Third Party Marks to the OEM Products in such a manner as will be consistent with the new usage guidelines proposed by Philips and insure to HTS as nearly as possible the same results to which HTS is entitled under this Section 10.1.2.

10.1.3 Philips agrees not to use any of the HTS Marks in any manner inconsistent with the usage guidelines for the HTS Marks and without the prior written consent of HTS, and, subject to Section 10.1.2 above, HTS agrees that Philips shall not be required to use the HTS Marks in any manner inconsistent with the usage guidelines for the Philips Marks without the prior written consent of Philips which consent shall not be unreasonably withheld. Philips shall not use any of the HTS Marks without the prior written consent of HTS, which consent HTS may withhold in its sole discretion. Philips expressly acknowledges and understands that HTS and its Affiliates claim to have the absolute ownership of, or right to allow Philips to use, the HTS Marks.

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

10.2 PHILIPS' MARKS.

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

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

10.3 THIRD PARTY TRADEMARKS. Philips may also request that HTS affix to the OEM Products the "DVB" and "MPEG 2" standard trademarks, provided that no third party trademarks shall be more than half as large as the Philips and HTS trademarks. Philips recognizes and understands that HTS has no authority to grant Philips any rights to affix the "DVB" and "MPEG 2" standard trademarks to an OEM Product. Should Philips desire to do so, Philips must negotiate the entitlement of such rights with the applicable rights holders. Philips hereby acknowledges that, in the future, HTS may be obligated to affix the trademarks, service marks or trade names of the owners of third party technology that is presently, or at some time in the future, incorporated into the OEM Product, and Philips hereby grants its approval for HTS to affix any such trademarks, service marks or trade names to the OEM Product subject to the size requirements set forth above, unless the parties mutually agree otherwise.

11. GRANT OF LICENSE

11.1 [CONFIDENTIAL MATERIAL REDACTED]

11.2 APPROVED DISH BRAND NAMES. Upon request by HTS, Philips shall manufacture the Philips Product with any of the Approved DISH Brand Names which are listed on Exhibit Q affixed to the bezel (front panel) of the Philips Products and onto the electronic program guide and any Accessories or packaging in accordance with Section 16 below. At the request of HTS, new Approved DISH Brand Names may be added to the list set forth in Exhibit Q hereto upon prior written approval of Philips (which approval shall not be unreasonably withheld). The provisions of Section 16.2 shall apply to the use of Philips Marks on or in connection with Philips Product delivered hereunder which include any Approved DISH Brand Name.

11.3 [CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

11.4 [CONFIDENTIAL MATERIAL REDACTED]

11.5 [CONFIDENTIAL MATERIAL REDACTED]

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[CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

11.6 LICENSE LIMITATION. Philips shall use the Technology for the sole purpose of manufacturing the Philips Products and the DISH Branded Philips Products and not for any other purpose. Subject to the limitations set forth below, Philips shall have the right to incorporate all or part of the Technology into Integrated Products (as defined in Section 1.23 above), but shall have no right to incorporate the Technology into a particular Additional Revenue Product (as defined in Section 1.23 above) unless and until such time as Philips, HTS and the licensor(s), if any, of the technology necessary to generate the additional revenue streams agree upon their respective rights to, and obligations regarding, that technology and the aggregate revenue stream generated by the Additional Revenue Product. In limitation of the foregoing, Philips will manufacture and assemble the Philips Products and the DISH Branded Philips products so that they are only compatible with the DISH Network (as defined in Section A of the Introduction) and cannot be used to receive signals transmitted by third party providers of DBS programming. In limitation of the foregoing, Philips is expressly prohibited from incorporating all or any part of the Technology into any product which also incorporates technology enabling the product to receive and/or decode signals transmitted by satellite transponders that are neither owned nor controlled by ESC or an ESC Affiliate. Philips is prohibited from using or distributing all or any part of the Technology for the purpose of manufacturing, or having manufactured, any other Digital Satellite Receiver or for any purpose not expressly set forth in this Agreement without HTS' prior written consent, which consent may be withheld in HTS' sole discretion.

11.7 SUBCONTRACTING. Philips has no right under this Agreement to grant sublicenses with respect to the License or any of the Technology, without the prior written consent of HTS. Philips may subcontract the manufacture of Philips Products or DISH Branded Philips Products upon HTS' prior written approval of the subcontract manufacturer suggested by Philips (a "Permitted Subcontractor"). HTS will not unreasonably withhold its approval of a subcontract manufacturer suggested by Philips; provided, however, Philips recognizes and acknowledges that HTS may withhold its approval of a subcontract manufacturer to which HTS has reasonable commercial concerns, including without limitation: (i) adequate protection of the Technology or HTS Confidential Information (as defined in Section 14.1.1 below); (ii) proper use of the Technology; or (iii) the subcontract manufacturer (at the finished goods level) is a competitor (in HTS' reasonable judgment) of HTS or ESC, or manufactures Digital Satellite Receivers for a competitor of HTS or ESC.

11.8 [CONFIDENTIAL MATERIAL REDACTED]

11.9 RESPONSIBILITY FOR PERMITTED SUBCONTRACTOR. Philips acknowledges and agrees that it shall bear full responsibility for all acts and omissions of any Permitted Subcontractor (including any employee or agent thereof, whether or not such acts or omissions are within the scope of employment of such employees or agents) relating to the manufacture of the Philips Products and/or the DISH Branded Philips products under this Agreement, to the same extent as if any such act or omission were committed by Philips.

11.10 ACKNOWLEDGMENT OF RIGHTS.

11.10.1 HTS' RIGHTS. Philips acknowledges and understands that HTS or any of its Affiliates may, directly or through any third party, manufacture, assemble, distribute and sell Digital Satellite Receivers in the Territory and anywhere else in the world for use by end users in the Territory and anywhere else in the world in connection with the DISH Network (as defined in Section A of the Introduction) or any other satellite or other programming delivery system. Philips further acknowledges and understands that HTS and its Affiliates may at any time license or sublicense the Technology in the Territory or elsewhere, in whole or in part, for the manufacture of Digital Satellite Receivers or for any other purpose.

11.10.2 PHILIPS' RIGHTS. Subject to Philips' duties and obligations hereunder with respect to the Technology (including any Improvements, modifications and enhancements thereof, but not including Philips Technology) and Third Party Software sublicensed to Philips by HTS under Section 11.1 above, HTS acknowledges

and understands that Philips or any of its Affiliates may, directly or through any third party, manufacture, assemble, distribute and sell Digital Satellite Receivers in the Territory and anywhere else in the world for use by end users in the Territory and anywhere else in the world in connection with any DBS (or other programming delivery system) programming service other than the DISH Network (as defined in Section A of the Introduction). Subject to Philips' duties and obligations hereunder with respect to the Technology (including any Improvements, modifications and enhancements thereof, but not including Philips Technology) and Third Party Software sublicensed to Philips by HTS under Section 11.1 above, HTS further acknowledges and understands that Philips may at any time license or sublicense Philips Intellectual Property in the Territory or elsewhere, in whole or in part, for the manufacture of Digital Satellite Receivers or for any other purpose.

11.11 Philips acknowledges and understands that manufacture of the Philips Products and DISH Branded Philips Products may require compliance with MPEG 2, DVB and other industry standard technologies and the use of a range of other third party intellectual property rights. Philips acknowledges and understands that it, and not HTS, is responsible for: (i) determining those entities with which it must negotiate and enter into licensing agreements; (ii) negotiating license rights from all those third parties; and (iii) paying (and represents and warrants that it will pay as and when due) any and all applicable license fees to any and all entities to which a royalty or license fee is required to be paid for a unit of the Philips Products or DISH Branded Philips Product manufactured and/or sold by Philips. HTS shall promptly inform Philips of any royalties of which it becomes aware will become due with respect to the Philips Products or DISH branded Philips Products.

11.12 Philips understands and acknowledges that HTS has designed a specific electronic on screen programming guide, which may be incorporated by Philips into the Philips Products. Philips may substitute another on screen programming guide in the Philips Products; provided that such substitute on screen programming guide meets the Specifications as set forth in attached Exhibit F and the User Interface Guidelines. Philips acknowledges and agrees that, to the extent Philips incorporates the electronic programming guide used in the HTS System (the "EPG") into the Philips Products or the DISH Branded Philips Products, it does so at its sole risk and liability. Philips further acknowledges and agrees that the EchoStar Parties make no representations or warranties, either express or implied, statutory or otherwise, with respect to the EPG and all such warranties are hereby excluded except to the extent such exclusion is absolutely prohibited by law. Without limitation of the foregoing, Philips acknowledges and agrees that no warranty whatsoever is given regarding HTS' ownership of the EPG or any requirements to make royalty and/or other license fee payments to third parties. Philips acknowledges and understands that the use of the EPG or an electronic programming guide other than the EPG which meet the Specifications and is compatible with the Technology in the Philips Products or DISH Branded Philips Products may require licenses from third parties, and that Philips and not HTS is responsible for: (i) determining those entities with which it must negotiate and enter into licensing agreements; (ii)

negotiating license rights from all those third parties; and (iii) paying (and represents and warrants that Philips will pay as and when due) any and all applicable license fees to any and all entities to which a royalty or license fee is required to be paid for a unit of the Philips Products or the DISH Branded Philips Products manufactured and/or sold by or for Philips. Philips further acknowledges and agrees that Philips shall be solely responsible for the payment, and the EchoStar Parties shall have no obligation to indemnify Philips for, any costs, losses, liabilities, damages, lawsuits, judgments, claims, actions, penalties, fines and expenses (including, without limitation, interest, penalties, reasonable attorneys' fees and all monies paid in the investigation, defense or settlement of any or all of the foregoing), that arise out of, or are incurred in connection with the incorporation of the EPG or any other electronic programming guide into the Philips Products or the DISH Branded Philips Products.

11.13 SERIAL NUMBERS AND SMART CARD NUMBERS. For the purpose of facilitating the Activation of Philips Products and DISH Branded Philips Products by ESC, Philips will provide ESC with a list, on paper and electronic media in the format requested by ESC, which includes the serial number of each Philips Product, DISH Branded Philips Product and corresponding Smart Card number prior to: (i) delivery of the Philips Product to a Philips Retailer, or the DISH Branded Philips Product to HTS or its Affiliates; or (ii) placement of the Philips Products into Philips' inventory utilized for the fulfillment of orders submitted to Philips directly from end-users. The implementation of this Section 11.13 will be mutually agreed upon in a writing signed by both parties; provided, however, that Philips acknowledges and agrees that no Philips Products will be Activated by ESC until such time as a mutual agreement on implementation is reached by the parties.

11.14 RESIDENTIAL CUSTOMER AGREEMENT. Philips agrees that it will include a copy of ESC's standard Residential Customer Agreement, as amended from time to time in ESC's sole discretion, (the "RCA") with each OEM Product, Philips Product and DISH Branded Philips Product packaged by Philips. Philips agrees to include the RCA in the same manner as the then current method used to include the RCA with each Digital Satellite Receiver packaged by HTS and its Affiliates, as such method may change from time to time in HTS' sole discretion, or such other manner as the parties may agree to in a writing signed by both parties.

12. [CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

13. QUALITY CONTROL

13.1 MANUFACTURE OF PHILIPS PRODUCTS

13.1.1 INCORPORATION OF SPECIFICATIONS. Philips undertakes and agrees to incorporate the Specifications in the manufacture of the Philips Products and DISH Branded Philips Products and agrees to comply with any and all industry and governmental standards and regulations, including, without limitation, product safety standards, which may apply to the manufacture, sale and use of the Philips Products

and DISH Branded Philips Products in the Territory. Subject to the terms and conditions of Sections 15.3.1 and 15.3.2 below, Philips may make product feature changes to the Philips Products and DISH Branded Philips Products or make changes which do not adversely affect the function or performance of the Philips Products and DISH Branded Philips Products, without HTS' consent. Philips agrees that in the manufacture of the Philips Products and DISH Branded Philips Products pursuant to this Agreement, manufacturing operations shall at all times be conducted to ensure that the Philips Products and DISH Branded Philips Products manufactured by Philips or Permitted Subcontractors shall be in strict conformance with the Specifications, as defined in Exhibit F. EchoStar does not warrant that Philips Products or DISH Branded Philips Products manufactured by or on behalf of Philips will perform in accordance with the performance requirements of the Specifications. Changes to the Specifications shall be made in accordance with HTS' standard Engineering Change Request ("ECR") procedure, as such ECR procedure may change from time to time in HTS' sole discretion. HTS current ECR procedure is set forth in Exhibit R attached hereto.

13.1.2 MARKING PHILIPS PRODUCTS. Philips agrees to individually mark each unit of Philips Product and DISH Branded Philips Product manufactured by Philips pursuant to this Agreement with a unique serial number and a clear and distinct designation of the country of manufacture and/or assembly origin in accordance with applicable laws.

13.1.3 COMPLIANCE WITH IMPORT LAWS. Philips will, at Philips' sole cost and expense, comply with all laws, rules and regulations relating to the importation by Philips of machinery, equipment, parts, components and materials required or used in the manufacture, assembly and testing of the Philips Products and DISH Branded Philips Products, without any responsibility or liability on the part of HTS with respect to such import licenses or imports.

13.2 LOCATION(S); INSPECTION OF LOCATION(S) AND PHILIPS PRODUCTS

13.2.1 LOCATION. The Philips Products and DISH Branded Philips Products will be manufactured, assembled and tested at the Location(s) operated by Philips or an Affiliate of Philips or by a Permitted Subcontractor listed in Exhibit L.

13.2.2 LOCATION INSPECTION. Philips will permit HTS to enter Location(s) upon reasonable prior notice during normal business hours to inspect the facilities, equipment and materials used in manufacturing, assembling and testing the Philips Products and DISH Branded Philips Products, to check operations and methods, and to take with them reasonable samples of the Philips Products and DISH Branded Philips Products as provided in Section 13.2.3 and reasonable samples of the materials and supplies used in manufacturing, assembling and testing the Philips Products and DISH Branded Philips Products.

13.2.3 APPROVAL OF PHILIPS PRODUCTS. Philips shall, at Philips' cost, provide HTS up to thirty-six (36) (as determined by HTS) production intent (pre-pilot) samples of each model Philips Product and DISH Branded Philips Product prior to their full-scale manufacture by Philips; provided, however, that HTS provides Philips with a list identifying HTS' intended use for each such sample. HTS will notify Philips in writing of the conformity or otherwise of that Philips Product or DISH Branded Philips Product to the Specifications within thirty (30) days of receipt by HTS of the Philips Product or DISH Branded Philips Product. Philips also shall, at Philips' cost, provide HTS up to thirty-six (36) (as determined by HTS) production samples of each model Philips Products and DISH Branded Philips Product prior to its full-scale manufacture by Philips; provided, however, that HTS provides Philips with a list identifying HTS' intended use for each such sample. HTS will notify Philips in writing of the conformity or otherwise of that Philips Product or DISH Branded Philips Product to the Specifications within fifteen (15) days of receipt by HTS of the Philips Product or DISH Branded Philips Product. The written test procedures and test plan that is used to determine conformity of the Philips Products and DISH Branded Philips Products to the Specifications ("Test Procedures and Plan"), a copy of which, in written form, will be attached hereto as Exhibit N) shall be furnished to Philips by HTS at least one hundred and twenty (120) days prior to the start of full-scale manufacture of the first Philips Products by Philips. If HTS reasonably determines that any of Philips' samples fail to meet the quality, performance and compatibility standards in the Test Procedures and Plan, then Philips shall promptly correct the deficiency before continuing the manufacture of the Philips Products and DISH Branded Philips Products. The examination by HTS of the conformity of the Philips Products and DISH Branded Philips Products to the Test Procedures and Plan shall not be construed as constituting a certification or warranty. Philips shall not be authorized to refer to HTS' examination in connection with the sale of the Philips Products or DISH Branded Philips Products as a certification or warranty by HTS, unless expressly agreed by HTS. HTS shall have no liability whatsoever arising from its examination of the Philips Products and DISH Branded Philips Products. Should HTS fail to provide to Philips the Test Procedures and Plan at least one hundred and twenty (120) days prior to the start of full-scale manufacture of a particular Philips Product or DISH Branded Philips Product by Philips, Philips shall not be limited or restrained in any way from beginning production of that particular Philips Product or DISH Branded Philips Product, and HTS will waive its rights under this Section with respect to the first full-scale manufacture of that particular Philips Product or DISH Branded Philips Product; provided that in any event Philips' or its Permitted Subcontractors' manufacture of that particular Philips Products or DISH Branded Philips Product must be in compliance with the Specifications. Notwithstanding the immediately preceding sentence, it shall not be necessary for Philips to commence production of Philips Products less than one hundred and twenty (120) days after receipt of the Test Procedures and Plan in order to exercise "reasonable commercial efforts" to commence production of commercial quantities of a full product line of HTS System-compatible Philips Products no later than the fourth quarter of 1998 as required under Sections 11.1 and 18.3(ii).

13.2.4 QUALITY CONTROL PROCEDURES. Philips and its Permitted Subcontractors shall maintain a quality control program which ensures compliance with any and all applicable governmental standards, regulations or certifications. All work undertaken by Philips shall be performed in accordance with Philips established Quality Control procedures and guidelines, which Philips shall provide to HTS for HTS' review, at HTS' request.

13.2.5 FACTORY TESTING. Prior to shipment from Location(s), each Philips Product and DISH Branded Philips Product shall be factory tested by Philips or its Permitted Subcontractors, and Philips and its Permitted Subcontractors shall submit to HTS, upon request of HTS, complete certified test results. Upon reasonable prior notice, Philips will permit HTS to have access to all such records for Philips and its Permitted Subcontractors at Philips Location(s) during normal business hours.

13.3 [CONFIDENTIAL MATERIAL REDACTED]

14. CONFIDENTIAL AND PROPRIETARY INFORMATION

14.1 CONFIDENTIAL INFORMATION

14.1.1 HTS CONFIDENTIAL INFORMATION. Philips understands that the Technology, including without limitation, Exhibits E, F, H, and N and all information relating to it, and information provided by HTS to Philips or otherwise obtained by Philips relating to the business or operations of HTS and its Affiliates (except as set forth below in Section 14.1.5) ("HTS Confidential Information") will be treated by Philips, its Affiliates, employees, agents and Permitted Subcontractors as strictly confidential. Philips represents and agrees that it will only use HTS Confidential Information as expressly permitted under the terms and conditions of this Agreement, or as otherwise permitted in writing in advance by HTS. Philips may only disclose HTS Confidential Information to: (i) those of Philips and its Affiliates officers, directors and employees who have a need to know HTS Confidential Information in connection with carrying out Philips' obligations under this Agreement, and only provided that each of such parties agrees in writing to be bound by the terms and conditions of this Agreement; and (ii) Permitted Subcontractors as provided in Section 11.7 above. Philips shall not disclose HTS Confidential Information to any others, or allow any others to use HTS Confidential Information, during the Term or at any time thereafter, without the prior written consent of HTS. Philips represents and agrees that it shall use its best efforts to protect the confidential nature of HTS Confidential Information, and in all events shall use at least the same degree of care as it uses to protect its own confidential and proprietary information. Further, Philips acknowledges and understands that HTS Confidential Information would be useful to HTS competitors, and would cause damage to HTS current and prospective business if disclosed without the prior written consent of HTS or in violation of this Agreement.

14.1.2 PHILIPS CONFIDENTIAL INFORMATION. HTS understands that the information provided by Philips to HTS or otherwise obtained by HTS relating to the business or operations of Philips and its Affiliates (except as set forth below in Section 14.1.5) ("Philips Confidential Information") will be treated by HTS, its Affiliates,

employees, and agents as strictly confidential. HTS represents and agrees that it will only use Philips Confidential Information as expressly permitted under the terms and conditions of this Agreement, or as otherwise permitted in writing in advance by Philips. HTS may only disclose Philips Confidential Information to those of HTS' or its Affiliates' officers, directors and employees who have a need to know Philips Confidential Information in connection with carrying out HTS obligations under this Agreement, and only provided that each of such parties agrees in writing to be bound by the terms and conditions of this Agreement. HTS shall not disclose Philips Confidential Information, during the Term or at any time thereafter, without the prior written consent of Philips. HTS represents and agrees that it shall use its best efforts to protect the confidential nature of Philips Confidential Information, and in all events shall use at least the same degree of care as it uses to protect its own confidential and proprietary information. Further, HTS acknowledges and understands that Philips Confidential Information would be useful to Philips competitors, and would cause damage to Philips current and prospective business if disclosed without the prior written consent of Philips or in violation of this Agreement.

14.1.3 GENERAL. At all times during the term of this Agreement and for a period of five (5) years thereafter, the parties and their employees will maintain, in confidence, the terms and provisions of this Agreement, as well as all data, summaries, reports or information of all kinds, whether oral or written, acquired, devised or developed in any manner from the another party's personnel or files, or as a direct or indirect result of a party's actions or performance under this Agreement, and each party represents that it has not and will not reveal the same to any persons not employed by such party, except: (i) at the written direction of the party which is the owner of such information; (ii) to the extent necessary to comply with law, the valid order of a court of competent jurisdiction or the valid order or requirement of a governmental agency or any successor agency thereto, in which event the disclosing party shall notify the owner of the information in advance, prior to making any disclosure, and shall seek confidential treatment of such information; (iii) as part of its normal reporting or review procedure to its parent company, its auditors and its attorneys, provided such parent company, auditors and attorneys agree to be bound by the provisions of this paragraph; or (iv) to the extent necessary to permit the performance of obligations under this Agreement.

14.1.4 SUBSCRIBER INFORMATION. All subscribers who subscribe to DISH Network programming services shall be deemed customers of ESC for all purposes relating to direct to home programming services. Philips acknowledges and agrees that the names, addresses and related information ("Subscriber Information") of DISH Network subscribers are as between Philips and ESC, with respect to the delivery of direct to home satellite services, proprietary to ESC, and shall be treated with the highest degree of confidentiality by Philips. Philips will not directly or indirectly use any Subscriber Information for the purpose of soliciting, or to permit any others to solicit, DISH Network subscribers to subscribe to any other programming services, and Philips shall under no circumstance directly or indirectly reveal any Subscriber Information to

any third party for any reason without the express prior written consent of ESC, which ESC may withhold in its sole and absolute discretion. In furtherance and without limitation of the foregoing, Philips will not, directly or indirectly: (i) target, or knowingly assist any other person or entity to target, any solicitation of programming services to any DISH Network subscribers; provided, however, that nothing contained herein shall restrict Philips from being permitted to solicit all of its customers generally; or (ii) offer, directly or indirectly, an additional economic incentive (that is not generally offered by a third party provider of programming services to all of its potential subscribers at the time of such Philips offer) to DISH Network subscribers, to subscribe to, market, purchase, or sell any programming services; provided, however, that nothing contained herein shall restrict Philips from offering Philips' normal and customary economic incentives all of its customers, offered in connection with Philips products generally. The provisions of this Section 14.1.4 shall survive termination or expiration of this Agreement indefinitely.

14.1.5 EXCLUSIONS. For the purpose of this Section 14, HTS and Philips as the case may be, are referred to as the "Recipient" or the "Discloser". Notwithstanding any provision to the contrary in this Section 14, HTS Confidential Information and Philips Confidential Information (collectively referred to as the "Confidential Information") shall not include any information which is:

(i) already in or comes into the public domain other than through disclosure by the Recipient;

(ii) independently developed or known by the Recipient, as evidenced by written documentation compiled by the Recipient prior to receipt by the Recipient the Confidential Information in question; or

(iii) received by the Recipient from a third party without restriction and without breach of this Agreement.

14.1.6 SCOPE. The Recipient's confidentiality obligation shall include, but is not limited to, not making more copies of the Confidential Information than is reasonably necessary for fulfilling its obligations under this Agreement and security backup purposes, without the prior written consent of the Discloser. The original and all copies or other reproductions of the Confidential Information shall contain markings of "Confidential", "Proprietary" or like import. All materials created or fabricated by the Recipient, including, without limitation, evaluations, based on the Confidential Information, are owned by and are the exclusive property of the Discloser, and shall be returned by the Recipient to the Discloser immediately upon request by the Discloser or termination or expiration of this Agreement.

14.1.7 NO IMPLIED LICENSE. Except as expressly set forth in this Agreement, this Agreement shall not be construed as granting or conferring any interests or rights, by license or otherwise, in any of the Confidential Information, including, without limitation, any patent or patent application or any copyright in which

the Discloser now has or subsequently may obtain any right, title or interest or any other intellectual property rights.

14.1.8 **EQUITABLE RELIEF.** The Recipient recognizes that the unauthorized use or disclosure by the Recipient, its Affiliates, its employees, agents or Permitted Subcontractors of any of the Confidential Information would cause irreparable injury and damage to the Discloser for which monetary damages alone would be an inadequate remedy, and which damages are difficult to accurately measure. Accordingly, the Recipient agrees that the Discloser shall have the right, in addition to and not in limitation of any other remedies available, to obtain immediate injunctive relief (without the necessity of posting or filing a bond or other security) to restrain the threatened or actual violation hereof by the Recipient, its Affiliates, its employees and agents, as well as other equitable relief allowed by the federal and state courts. The foregoing remedy of injunctive relief is agreed to without prejudice to any party to exercise any other rights and remedies it may have, including without limitation, the right to terminate this Agreement and seek damages or other legal or equitable relief. All of the confidentiality obligations set forth in this Agreement, including, without limitation, Philips' obligations to protect the Technology, shall survive the termination or expiration of this Agreement.

14.1.9 **ECONOMIC BENEFITS DERIVED HELD IN TRUST.** In the event that Philips derives an economic benefit, in any form, from a violation of its obligations under Section 14.1.4, it is hereby agreed that such economic benefit is the property of ESC and that Philips shall deliver the cash value of the economic benefit to ESC immediately upon receipt of the economic benefit. It is further agreed that Philips shall hold such economic benefit in trust for the benefit of ESC until such time as its cash value is delivered to ESC. The foregoing is agreed to without prejudice to ESC to exercise any other rights and remedies it may have, including without limitation, the right to terminate this Agreement and seek damages or other legal or equitable relief.

14.1.10 **CONFIDENTIALITY TERM.** Recipient shall be obligated to maintain the Confidential Information in confidence for a period of five (5) years after disclosure by Discloser.

15. USE OF TECHNOLOGY

15.1 **NO REVERSE ENGINEERING.** Philips shall not reverse engineer (or make any other attempt using any method or technique whatsoever to determine the source code for) any HTS Software, Third Party Software, or other software provided by HTS in binary form, including, but not limited to, the interface software and the object code of the conditional access task of the Technology.

15.2 **LOCATIONS.** Philips shall not, without the prior written consent of HTS, which consent shall not be unreasonably withheld, use the Technology or any derivative thereof at any location other than the Location(s).

15.3 MODIFICATION OF HTS SOFTWARE.

15.3.1 MODIFICATIONS AND ENHANCEMENTS OF THE HTS SOFTWARE BY PHILIPS. Nothing in this Agreement shall prohibit Philips (under the terms and conditions of this License), from developing modifications or enhancements to the HTS Software which do not require knowledge of, or access to, the source code for the HTS Software (the "Source Code"). Any and all intellectual property rights which result from such development of modifications or enhancements (including without limitation any derivative works for copyright purposes) to the HTS Software hereunder by Philips and which are materially related to the HTS Software shall become and remain (at no cost to HTS) the sole and exclusive property of HTS; provided, however, that "HTS Software" and "HTS Systems" shall be deemed to include such software and products as modified or enhanced hereunder and Philips shall receive a royalty free license to use such modifications and enhancements during the Term in accordance with the terms and conditions of this Agreement, including without limitation Sections 11.1 and 11.6 above.

15.3.2 PHILIPS DEVELOPMENTS. Subject to Section 13.1.1 and Section 11.6 above, HTS acknowledges that Philips may develop and incorporate into Philips Products made under this Agreement features that are proprietary to Philips ("Philips Technology"). For purposes of this Section, "Philips Technology" shall include only such features which do not: (i) contain any Technology; and (ii) do not constitute a derivative work for copyright purposes, modification or enhancement of the Technology. With regard to Philips Technology, HTS shall have the option to receive a license to use such Philips Technology for the sole purpose of manufacturing and selling HTS Systems under the HTS Marks or trademarks of Affiliates at fair market value. Except to third party manufacturers of HTS Systems under the brand name of HTS or its Affiliates, HTS shall have no right to license or sublicense Philips Technology to third parties without the express written permission of Philips.

15.3.3 THIRD PARTY INTELLECTUAL PROPERTY. Except as relates to: (i) Improvements; (ii) other modifications or enhancements to the HTS Software under Sections 15.3.1; or (iii) Philips Technology under Section 15.3.2, neither party shall have any rights to any intellectual property developed by a third party for or in conjunction with the other party. Each party understands and acknowledges that it may be restricted from being permitted to use any intellectual property developed by a third party for or in conjunction with the other party, including, but not limited to, intellectual property with regard to HTS Systems. To the extent that the HTS System contains Third Party Software that neither HTS nor any of its Affiliates have the right to sublicense to Philips, HTS will use reasonable commercial efforts to assist Philips in obtaining a license or agreement to license that will enable Philips to perform the activities contemplated in this Agreement.

15.4 U.S. EXPORT AND OTHER LAWS

15.4.1 COMPLIANCE REQUIREMENTS.

(a) Philips understands and acknowledges that HTS' obligations to Philips under this Agreement, including, without limitation, any and all obligations of HTS to provide the Technology (including the Specifications), any technical assistance, any media in which any of the foregoing is contained and related technical data (collectively referred to as the "Data") are subject to compliance with all applicable laws and regulations of the United States of America, and with the terms of any applicable U.S. export licenses issued in connection with the furnishing of the Data to Philips under this Agreement, and in the event HTS obligations should conflict with any law, regulation or export license, HTS shall be excused from performance of such obligations to the extent required for compliance therewith.

(b) Philips agrees to comply with all terms of any U.S. export licenses or regulations affecting Philips' use or disposition of technical data or the product thereof, or any know-how, technical information, manufacturing or test equipment, components or software supplied by HTS under this Agreement. In furtherance and not in limitation of the foregoing, Philips agrees that it will not export or reexport: (1) the Technology; (2) any Smart Cards purchased under Section 13 above; or (3) any Philips Product, DISH Branded Philips Product or other product designed, developed or manufactured utilizing the Technology, to Cuba, Iran, Iraq, Libya, North Korea, Sudan or Syria without the prior approval of the United States Government; and that it will not use: (i) the Technology; (ii) any Smart Cards purchased under Section 13 above; or (iii) or any Philips Product, DISH Branded Philips Product or other product designed, developed or manufactured utilizing the Technology, to support directly or indirectly the design, development, production or use of nuclear, chemical or biological weapons or ballistic missiles.

(c) HTS shall use commercially reasonable efforts to effect compliance, as soon as practicable, with applicable U.S. export laws and regulations in connection with the terms of this Agreement which are applicable to HTS (including obtaining the necessary licenses in connection with the furnishing of Data to Philips).

15.4.2 COMPLIANCE REPRESENTATION.

Philips represents and warrants that it will comply in all respects with the export and reexport restrictions set forth in any applicable U.S. export licenses with respect to any item used in the manufacture of the Philips Products or DISH Branded Philips Products by Philips and will otherwise comply with any and all applicable U.S. export and reexport laws and regulations or other United States laws and regulations in effect from time to time. In furtherance and not in limitation of the foregoing, Philips represents and warrants that it will not export or reexport the Technology or any Philips Product, DISH Branded Philips Product or other product

designed, developed or manufactured utilizing the Technology to Cuba, Iran, Iraq, Libya, North Korea, Sudan or Syria without the prior approval of the United States Government; and (iii) it will not use the Technology or any Philips Product, DISH Branded Philips Product or other product designed, developed or manufactured utilizing the Technology to support directly or indirectly the design, development, production or use of nuclear, chemical or biological weapons or ballistic missiles. Philips shall cooperate with HTS in making application for and securing any required export licenses, approvals or other authorizations and shall prepare, execute and deliver all documents that may be required in connection therewith.

15.4.3 Philips acknowledges and understands that U.S. export laws relating to the Philips Products and DISH Branded Philips Products may change from time to time in the future. Philips acknowledges that it is Philips' sole responsibility to be and remain informed of all U.S. laws relating to the export of Philips Products and DISH Branded Philips Products outside of the U.S. HTS has absolutely no obligation to update Philips regarding the status of U.S. export laws or any other U.S. laws relating to the export of Philips Products and DISH Branded Philips Products outside of the U.S. Without HTS giving any consent for export of the Philips Products or DISH Branded Philips Products and subject to territorial limitations of this Agreement, Philips represents and agrees that prior to exporting and/or selling any Philips Products or DISH Branded Philips Products outside of the U.S., it will investigate all applicable U.S. laws relating to the export of Philips Products and DISH Branded Philips Products outside of the U.S. Philips is strictly prohibited from violating any U.S. law relating to the export of Philips Products and DISH Branded Philips Products outside of the U.S. Should Philips export or sell any Philips Product or DISH Branded Philips Products outside of the U.S. in violation of this Agreement and/or U.S. law, this Agreement shall automatically terminate.

16. TRADEMARKS

16.1 PHILIPS MARKS; STANDARDS MARKS. Except as otherwise expressly provided in Section 16.2 below, Philips may only affix the Philips Marks and the "MPEG 2" standard and "DVB" standard trademarks on the Philips Product. Philips recognizes and understands that HTS has no authority to grant Philips any rights to affix the "MPEG 2" standard and "DVB" standard trademarks to the Philips Products. Should Philips desire to do so, Philips must negotiate the entitlement of such rights with the applicable rights holders. Except as restricted by Section 16.3 below, upon HTS' prior written consent, which consent shall not be unreasonably withheld, Philips may affix other Philips brand names to the Philips Products.

16.2 HTS MARKS. Philips shall not affix, use, display or otherwise incorporate any registered or unregistered HTS Marks or service marks on or in connection with Philips Products, including, but not limited to, on the receiver, antenna and packaging, or the electronic on screen guide, except as: (i) expressly consented to in advance in writing by HTS, which consent may be granted or withheld in HTS' absolute discretion; and

(ii) if such consent is granted, strictly in accordance with the usage guidelines for HTS Marks, as such guidelines may change from time to time in HTS' sole discretion. In addition, Philips agrees that HTS shall have the right to require Philips to affix the HTS Marks set forth in Exhibit D and the User Interface Guidelines on or in connection with the Philips Products, including without limitation on the Accessories and packaging and on the electronic program guide, such that the HTS Marks are displayed in a manner which is at least equally as prominent as the Philips Marks affixed to the same. Philips also agrees that, for the duration of the term and any extensions thereof, it will affix the HTS Marks set forth in Exhibit D in the center of, and above all Philips Marks and Third Party Marks affixed to, all dish antennas sold to end-users in connection with Philips Products.

16.3 OEM BRANDING AND MANUFACTURE RESTRICTION. Philips shall not manufacture or assemble the Philips Product under any third party label or brand for any third party, without HTS' prior written approval, which approval HTS may withhold in its sole discretion.

17 [CONFIDENTIAL MATERIAL REDACTED]

18. TERM AND TERMINATION

18.1 [CONFIDENTIAL MATERIAL REDACTED]

18.2 TERMINATION BY EITHER PARTY UPON DEFAULT. This Agreement may be terminated by a party (the "Affected Party") upon the occurrence of any of the following with respect to the other party (the "Other Party"):

18.2.1 The Other Party commits a payment default which is not cured within ten (10) days of receipt of written notice from the Affected Party.

18.2.2 The Other Party defaults on any obligation or breaches any representation, warranty or covenant in this Agreement (regardless of whether breach or default of such obligation, representation, warranty or Covenant is designated as giving rise to a termination right), and such default or breach is not cured within thirty (30) days of receipt of written notice from the Affected Party. The parties agree that all obligations, representations, warranties and covenants contained in this Agreement, whether or not specifically designated as such, are material to the agreement of the parties to enter into and continue this Agreement.

18.3 TERMINATION BY HTS. HTS may terminate this Agreement upon written notice to Phillips at any time in case of: (i) the occurrence of an event which gives rise to a right of ESC to terminate the payment of Commissions to Phillips pursuant to the provisions of Section 8 above; (ii) Phillips fails to use reasonable commercial efforts to commence production of commercial quantities of a full product line of HTS System-compatible of Phillips Products no later than the fourth quarter of 1998; (iii) Phillips fails to pay the License Activation Fee within thirty (30) days of execution of this Agreement by both parties; (iv) acquisition of Phillips, directly or indirectly, by a third party, or the merger of Phillips with a third party which manufactures, distributes or sells Digital Satellite Receivers (this Section will not apply to an acquisition of Phillips by, or the merger of Phillips with an Affiliate of Phillips; provided that such Affiliate is not a direct or indirect provider of direct to home satellite programming); (v) Phillip's falsification of any material records or reports required hereunder; or (vi) a material breach, as determined in the EchoStar Parties reasonable judgement, by Phillips of the confidentiality provisions contained in Section 14 above.

18.4 TERMINATION OF LICENSE. In the event; (i) this Agreement is terminated pursuant to Sections 18.2 or 18.3; or (ii) HTS loses its right, title or interest in all of the Technology: (a) the License granted hereunder shall terminate; (b) all Confidential information shall be returned to the Discloser; and (c) Phillips shall cease using the Technology, including, without limitation, to manufacture the Phillips Products and DISH branded Phillips Products.

18.6 PAYMENT, FORFEITURE AND CANCELLATION. Upon expiration or termination of this Agreement for any reason, all sums due the EchoStar Parties or Philips must be immediately paid. Any credit or allowance under any cooperative or incentive program or other promotion (including any credit or allowance against the future purchase of OEM Products or Philips Products) which has not been applied by such date shall be forfeited unless otherwise expressly provided in the program or promotion, and all orders in process shall be deemed canceled unless in transit or paid for in advance by Philips or the EchoStar Parties. The EchoStar Parties and Philips hereby waive all claims against each other in connection with such forfeiture and cancellation.

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

18.8 [CONFIDENTIAL MATERIAL REDACTED]

19. REPRESENTATIONS AND WARRANTIES

19.1 REPRESENTATIONS, WARRANTIES AND COVENANTS OF PHILIPS. Philips represents, warrants and covenants, as follows, which representations, warranties and covenants shall survive the execution of this Agreement:

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

19.1.2 Philips acknowledges the applicability of U.S. export control regulations which prohibit the sale, export, reexport or diversion of certain products and technology to certain countries, and will not sell, export or reexport any of the Philips Products, DISH Branded Philips Products or OEM Products, in the form received, or as

modified or incorporated into other equipment, except as permitted under this Agreement and authorized by such regulations.

19.1.3 Philips has the necessary technical knowledge, practical experience and capacity to manufacture, assemble and test the Philips Products and the DISH Branded Philips Products under the License granted hereunder.

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

19.1.5 Philips shall pay, as and when due, any and all applicable MPEG 2, DVB, Macrovision, programming guide and other royalties and applicable license fees to any and all applicable entities to which a royalty or license fee is required to be paid in connection with manufacture or distribution of the Philips Products and DISH Branded Philips Products.

19.1.6 Philips shall provide to HTS such adequate assurances as HTS may require from time to time in order to ensure that the requirements of this Section 19.1 have been met, and will continue to be met on an ongoing basis, by Philips.

19.1.7 Philips represents and warrants that it will secure licenses for Third Party Intellectual Property incorporated into DISH Branded Philips Products to the same extent that it secures licenses for Third Party Intellectual Property incorporated into Philips Products. Violation of this provision shall not be subject to the limitations on Philips' indemnification obligations set forth in Section 21.2.1(i) below.

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

19.2 REPRESENTATIONS, WARRANTIES AND COVENANTS OF HTS. The EchoStar Parties (or, HTS or ESC as identified below) represent, warrant and covenant as follows, which representations, warranties and covenants shall survive the execution of this Agreement:

19.2.1 The EchoStar Parties have the right and authority to enter into this Agreement and the execution, delivery and performance by the EchoStar Parties of this Agreement have been duly authorized by all requisite corporate action and will not violate any provision of articles of incorporation or bylaws, or any provision of any agreement by which the EchoStar Parties are bound or affected.

19.2.2 HTS is the beneficial owner of Intellectual Property created independently by it, and such Intellectual Property is not subject to any covenant or other restriction preventing or limiting HTS' right to manufacture the OEM Products as contemplated by this Agreement. Notwithstanding the above, but subject to Section 6.1, no warranty whatsoever is given for any Third Party Intellectual Property (as defined in Section 21.2.2(a)) or industry specific technology used in the manufacture of the OEM Product, including, without limitation, the requirement to make payment of applicable royalties or other license fees to others.

19.2.3 The EchoStar Parties are not, nor at any time will it be, in violation of any applicable Law by entering into and undertaking the performance of this Agreement and in performing their obligations pursuant to this Agreement. The EchoStar Parties agree to comply with any and all applicable Laws.

19.2.4 Except with respect to the technology and entities listed in Exhibit O hereto, HTS shall pay, as and when due, any and all applicable MPEG 2, DVB, Macrovision, programming guide and other royalties and applicable license fees to any and all applicable entities to which a royalty or license fee is required to be paid in connection with the manufacture or distribution of the OEM Product.

19.2.5 The EchoStar Parties shall provide to Philips such adequate assurances as Philips may require from time to time in order to ensure that the requirements of this Section 19.2 have been met, and will continue to be met on an ongoing basis, by HTS.

19.2.6 Except with respect to the technology and entities listed on Exhibit O, HTS represents and warrants that it will secure licenses for Third Party Intellectual Property incorporated into OEM Products to the same extent that it secures licenses for Third Party Intellectual Property incorporated into substantially similar Digital Satellite Receivers manufactured by HTS. Violation of this provision shall not be subject to the limitations on HTS' indemnification obligations set forth in Section 21.2.2(f) below.

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

20. LIMITATION OF LIABILITY

20.1 LIMITATION. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, SPECIAL, EXEMPLARY, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF USE OR LOST

BUSINESS, REVENUE, PROFITS OR GOODWILL) ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE LICENSE GRANTED HEREUNDER, TERMINATION OR ANY OTHER MATTER RELATED HERETO. IN ADDITION TO AND WITHOUT LIMITATION OF THE FOREGOING, HTS SHALL HAVE NO LIABILITY OR RESPONSIBILITY TO PHILIPS OR ANYONE CLAIMING THROUGH PHILIPS FOR ANY LOSS OR DAMAGE (INCLUDING, GENERAL, INDIRECT, EXEMPLARY, INCIDENTAL, SPECIAL AND CONSEQUENTIAL DAMAGES) ARISING OUT OF ANY FAILURE OR DELAY IN SHIPMENT, LATE SHIPMENT, OR DELIVERY OF ALL OR ANY PART OF ANY ORDER.

20.2 RISK ALLOCATION. The parties agree that each and every provision of this Agreement which provides for a limitation of liability, disclaimer of warranties or exclusion of damages is expressly intended to be severable and independent of any other provision since they represent separate elements of risk allocation between the parties and shall be separately enforced. This Section 20.2 shall expressly survive the expiration or termination of this Agreement.

21. [CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

22. GENERAL

22.1 [CONFIDENTIAL MATERIAL REDACTED]

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

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

If to Philips: PHILIPS ELECTRONICS NORTH AMERICA CORPORATION
 2300 South Decker Lake Boulevard

Salt Lake City, Utah 84119
ATTN: Travis Kelton
Fax No.: (801) 972-6304

With a copy to: Philips Business Electronics B.V.
Building SFH 6
P.O. Box 80002
5600 JB Eindhoven
The Netherlands
ATTN: Frans Vonk
Fax No.: 011-31-40-273-8007

With a copy to: Thomas M. Hafner
Vice President and General Counsel
Fax No.: (770) 821-2266

If to HTS: HOUSTON TRACKER SYSTEMS, INC.
90 Inverness Circle East
Englewood, Colorado 80112
ATTN: Mark Jackson
Fax No.: (303) 649-4910

With a copy to: David K. Moskowitz, Senior Vice President and
General Counsel
Fax No.: (303) 799-0354

If to ESC: ECHOSTAR SATELLITE CORPORATION
90 Inverness Circle East
Englewood, Colorado 80112
ATTN: James DeFranco
Fax No.: (303) 799-0354

With a copy to: David K. Moskowitz, Senior Vice President and
General Counsel
Fax No.: (303) 799-0354

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

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

22.6 DISPUTE RESOLUTION, CHOICE OF LAW AND JURISDICTION.

22.6.1 Prior to any party: (i) sending notice of termination of Commissions under Section 8.6.2; (ii) sending notice of termination of the Agreement under Section 18.2 or 18.3; or (iii) filing a lawsuit or commencing any other proceeding arising out of, or in connection with, the interpretation, performance or the nonperformance of this Agreement or transactions in any way related to this Agreement and/or the relationship between the parties (including but not limited to the termination of this Agreement or the relationship or disputes under rights granted pursuant to statutes or common law, including those in the country in which Philips is located), the party shall refer (in accordance with the notice provisions set forth in Section 22.3 above) the matter in writing to Charlie Ergen, or his designee, on behalf of the EchoStar Parties, and Rob van Oostenbrugge, or his designee, on behalf of Philips, for review and discussions regarding the possibility of resolving the matter. In the event that Messrs. Ergen and van Oostenbrugge, or their respective designees, are unable to reach a mutually satisfactory resolution within five (5) business days after referral of the matter to both parties, the referring party shall have the right to pursue any remedies available to it under the Agreement, at law or in equity.

22.6.2 This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Colorado and the United States of America, without giving effect to the conflict of law provisions thereof.

22.6.3 Except as expressly provided in Section 22.6.1 above, any and all disputes arising out of, or in connection with, the interpretation, performance or the nonperformance of this Agreement or any and all disputes arising out of, or in connection with, transactions in any way related to this Agreement and/or the relationship between the parties (including but not limited to the termination of this Agreement or the relationship or disputes under rights granted pursuant to statutes or common law, including those in the country in which Philips is located) shall be litigated solely and exclusively before the United States District Court for the District of Colorado. The parties consent to the IN PERSONAM jurisdiction of said court for the purposes of any such litigation, and waive, fully and completely, any right to dismiss and/or transfer any action pursuant to 28 U.S.C.A. 1404 or 1406 (or any successor statute). In the event the United States District Court for the District of Colorado does not have subject matter jurisdiction of said matter, then such matter shall be litigated solely and exclusively before the appropriate state court of competent jurisdiction located in Arapahoe County, State of Colorado.

22.7 ENTIRE AGREEMENT. This Agreement sets forth the entire, final and complete understanding between the parties hereto relevant to the subject matter of this Agreement, and it supersedes and replaces all previous understandings or agreements, written, oral, or implied, relevant to the subject matter of this Agreement made or existing before the date of this Agreement. Except as expressly provided by this Agreement, no waiver or modification of any of the terms or conditions of this Agreement shall be effective unless in writing and signed by both parties.

22.8 FORCE MAJEURE. Neither party shall be liable to the other party for nonperformance or delay in performance of any of its obligations under this Agreement due to causes reasonably beyond its control or which cause makes performance a commercial impracticability, including act of God, fire, explosion, flood, windstorm, earthquake, trade embargoes, strikes, labor troubles or other industrial disturbances, accidents, governmental regulations, riots, and insurrections ("Force Majeure"). Upon the occurrence of a Force Majeure condition, the affected party shall immediately notify the other party with as much detail as possible and shall promptly inform the other party of any further developments. Immediately after the Force Majeure event is removed or abates, the affected party shall perform such obligations with all due speed. Neither party shall be deemed in default of this Agreement if a delay or other breach is caused by a Force Majeure event. If a Force Majeure event is expected to continue for more than three (3) months, any party may terminate this Agreement by providing thirty (30) days prior written notice to the other parties. Such termination shall be without any continuing liabilities or obligations on the part of one party to the other of any kind except as expressly set forth herein.

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

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

22.11 ASSIGNMENT. The EchoStar Parties may assign their rights and delegate its duties under this Agreement in whole or in part at any time; provided, however, that, in the event the EchoStar parties assign this Agreement to a non-Affiliate, the assignee must be at least as creditworthy as the EchoStar Parties at the time they originally executed this Agreement. Philips may not assign any rights or delegate any duties under this Agreement without the EchoStar Parties' prior written consent, which consent shall not be unreasonably withheld, except to an Affiliate of Philips; provided, however, that, such Affiliate is: (i) at least as creditworthy as Philips at the time it originally executed this Agreement; (ii) is not a direct or indirect provider of direct to home programming; and (iii) Philips North America Corporation unconditionally guarantees the full and timely payment and performance of the Affiliate's obligations under the

Agreement. Any attempt to do so without such consent shall be void. This Agreement will bind, and inure to the benefit of, the parties and their respective successors and permitted assigns.

22.12 COMPLIANCE WITH LAW. The parties shall comply with, and agree that this Agreement is subject to, all applicable federal, state, and local laws, rules and regulations, and all amendments thereto, now enacted or hereafter promulgated in force during the term of this Agreement.

22.13 GENERAL PROVISIONS. The terms and conditions attached as exhibits hereto are fully incorporated into this Agreement.

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

ECHOSTAR SATELLITE CORPORATION

/s/ CHARLIE ERGEN

Name: Charlie Ergen
Title: Chief Executive Officer

HOUSTON TRACKER SYSTEMS, INC.

/S/ MIKE DUGAN

Name: Mike Dugan
Title: President

PHILIPS ELECTRONICS NORTH AMERICA CORPORATION, DIGITAL VIDEO SYSTEMS DIVISION

/S/ SAMUEL J. ROZEL

Name: Samuel J. Rozel
Title: Senior Vice President

EXHIBIT LIST

EXHIBIT A	ACCESSORIES
EXHIBIT B	APPROVED OEM BRAND NAMES
EXHIBIT C	COMMISSIONABLE PROGRAMMING
EXHIBIT D	HTS MARKS
EXHIBIT E	HTS SOFTWARE
EXHIBIT F	SPECIFICATIONS
EXHIBIT G	PROGRAMMING AND PRICING
EXHIBIT H	THIRD PARTY SOFTWARE
EXHIBIT I	RETAILER COMMISSION AGREEMENT
EXHIBIT J	CURRENT WHOLESALE PRICE LIST
EXHIBIT K	USAGE GUIDELINES FOR HTS MARKS
EXHIBIT L	PERMITTED SUBCONTRACTORS
EXHIBIT M	STANDARD HOURLY RATES FOR TECHNICAL ASSISTANCE
EXHIBIT N	TEST PROCEDURES AND PLAN
EXHIBIT O	TECHNOLOGY AND ENTITIES
EXHIBIT P	TRADEMARK LICENSE AGREEMENT
EXHIBIT Q	APPROVED DISH BRAND NAMES
EXHIBIT R	ENGINEERING CHANGE REQUEST PROCEDURE

ACCESSORIES

EXHIBIT B
APPROVED OEM BRAND NAMES

EXHIBIT C

COMMISSIONABLE PROGRAMMING

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT D
HTS MARKS

EXHIBIT E
HTS SOFTWARE

EXHIBIT F
SPECIFICATIONS

EXHIBIT G
PROGRAMMING AND PRICING

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT H
THIRD PARTY SOFTWARE

EXHIBIT I
RETAILER COMMISSION AGREEMENT

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT J

CURRENT WHOLESALE PRICE LIST

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT K
USAGE GUIDELINES FOR HTS MARKS

EXHIBIT L

PERMITTED SUBCONTRACTORS

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT M
STANDARD HOURLY RATES FOR TECHNICAL ASSISTANCE

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT N
TEST PROCEDURES AND PLAN

EXHIBIT 0
TECHNOLOGY AND ENTITIES

EXHIBIT P

TRADEMARK LICENSE AGREEMENT

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT Q
APPROVED DISH BRAND NAMES

EXHIBIT R
ENGINEERING CHANGE REQUEST PROCEDURE

EXHIBIT B

Approved OEM Brand Names: Philips, Philips-Magnavox, Magnavox, Marantz

Exhibit D

HTS MARK TO BE PLACED ON PRODUCTS

DISH

DISH NETWORK LOGO SHEET

The TM version of the DISH Network logo is to be used when any mention or representation of DISH Network systems/hardware is made. (The SM logo may only be used when talking about DISH Network programming only, and not when there is any mention of systems/hardware.) The DISH Network logo must appear in either all black or black and pantone 186 red as separated below. The tagline may be reversed to white from a black background of necessary, however this is not preferred.

[LOGOS]

EXHIBIT K
USAGE GUIDELINES FOR HTS' MARKS

RECEIVER APPLICATION

Minimum size for
application on receiver
is 1" horizontal

DISH

two color application
on light color

DISH

one color application
on dark color

DISH

two color application
on dark color

EXHIBIT K

USAGE GUIDELINES FOR HTS' MARKS

GENERAL APPLICATION

[LOGOS]

EXHIBIT K
USAGE GUIDELINES FOR HTM'S MARKS

DISH

BASIC GUIDELINES FOR ECHOSTAR/DISH NETWORK

DISH NETWORK (If headline is in all caps)

DISH Network (headline or body copy with caps as indicated)

ECHOSTAR (if headline is in all caps)

EchoStar (headline or body copy with caps as indicated)

Nothing Else Compares.sm (caps as indicated for headline or in body copy)

"A DISH IN EVERY HOME." (if headline is all caps)

"A Dish in Every Home." (headline or body copy with caps as indicated)

In a list, there is no comma before the "and" (e.g., lions, tigers and bears.).

REGISTERED TRADEMARK, TRADEMARK AND SERVICE MARK USAGE

(All sm and tm marks are raised off the baseline as superscript and must be used the first time only that it appears in any piece)

"A Dish in Every Home." Sm

DISH Network logo is tm or sm depending upon whether it's software/services (sm) or hardware (tm) with tm for the generic hardware and software

DISH Networktm & DISH Networkssm (depends on whether it's hardware(sm) or Software/services(sm) with tm when we're speaking about both generically)

EAC (r)

Echonet (r)

Echosphere (r)

EchoStar (r)

EchoStar (r) Revolving Charge Plan

Nothing Else Compares.sm

Smart Cardtm

FrontLoad^{ertm}

Houston Tracker Systems (r)

HT^{Stm}

Track^{ertm}

Tracker Premi^{ertm}

America's Top 40sm (our \$19.99 programming package)
America's Top 40 CDsm (our \$24.99 programming package)
America's Top 40 Premium Plussm (our \$29.99 programming package)
America's Top 40 Deluxe Plussm (our \$39.99 programming package)
America's Top 40 Ultimate Plussm (our \$49.99 programming package)
America's Top 50 CD (our new upgraded \$300 a year package (\$25 a month)
DISH-on-Demandsm (pay-per-view)
DISH Pixsm (choose your own programming package)
DISH Network Credit Corporation
DISH CDsm

(Samples of trademark copy)

DISH Network is a service mark of EchoStar Communications Corporation.
(for logo and when written out - programming and services only)
DISH Network is a trademark of EchoStar Communications Corporation. (for
logo and when written out - hardware and generically)
EAC is a registered trademark of EchoStar Acceptance Corporation
Echonet is a registered service mark of Echonet Business Network, Inc.
Echosphere is a registered trademark of Echosphere Corporation.
EchoStar is a registered trademark of Echosphere Corporation.

DISH Network is a trademark and service mark of EchoStar Communications
Corporation. (combining legal copy)
DISH Network is a trademark and DISH-On-Demand is a service mark of
EchoStar Communications Corporation. (combining legal copy)

Houston Tracker Systems is a registered trademark of Houston Tracker
Systems, Inc.
HTS, Excellence By Design, Tracker and Tracker Premier are trademarks of
Houston Tracker Systems, Inc.

SPELLINGS AND TERMS FOR ECHOSTAR/DISH NETWORK

big-screen (adj.)
C-band (adj.)
CD-quality (adj.)
CONUS (all caps) - contiguous United States
cost-effective (adj.)
database
DBS - Direct Broadcast Satellites
DBS - Digital Broadcast System (DBS satellites)
dealer base
DISH Network Credit Corporation
DSS - direct satellite service
DTH - direct-to-home (adj.)

DVB - digital video broadcast (European standard like MPEG-2 in U.S.)
18-inch (adj.)
FCC - Federal Communications Commission
full-featured (adj.)
full-service (adj.)
HDTV - high-definition television
high-power (adj.)
high-powered (adj.)
high-quality (adj.)
high-tech (adj.)
high-yield (adj.)
in-house (adj.)
IRDs (plural) - integrated receiver descramblers
Ku-band (adj.)
laserdisc
lineup (1 word)
LNBF - low noise block converter with integrated feed
long-term (adj.)
low-cost (adj.)
MPEG-2 - motion pictures expert group (set digital pictures transmission
standard for U.S.)
MPEG-2/DVB compatible
OEM - original equipment manufacturer
110-volt and 240-volt (adj.)
one-stop (adj.)
on-line (adj.)
on-screen (adj.)
predetermined
real time -- instantly available information
QC - quality control
remote control (adj.)
RF - radio frequency
same-day (adj.)
SBCA - Satellite Broadcasting and Communications Association
short-term (adj.)
signal-splitting (noun)
single-family (adj.)
startup (1 word)
state-of-the-art (adj.)
surround sound (adj.)
toll-free (adj.)
trade-off (adj.)
TVRO - television receive only
2-year and two year (adj.), etc.
UHF -- ultra high frequency
VHF -- very high frequency

videodisc

American Division (of EchoStar - initial caps)

DIRECTV

DISH Network Credit Corporation

Hughes/Hubbard

International Division (of EchoStar - initial caps)

Primestar

Satellite Source (no (r) or tm)

The Company (initial cap C in copy when talking about EchoStar)

The Echosphere Group (initial caps)

USSB - U.S. Satellite Broadcasting

Exhibit Q

Approved DISH brand names:
- - - - -

DISH
DISH Network

LICENSING AGREEMENT

This Licensing Agreement ("Agreement") is entered into as of this 23rd day of February, 1998, by and among Houston Tracker Systems, Inc. ("HTS"), EchoStar Satellite Corporation ("ESC"), both with their principal places of business at 90 Inverness Circle East, Englewood, Colorado 80112 (HTS and ESC are collectively referred to herein as the "EchoStar Parties"), and VTech Communications Ltd. ("VTech"), having a principal place of business at 23/F Tai Ping Industrial Centre, Block 1, 57 Ting Kok Road, Tai Po, N.T., Hong Kong.

INTRODUCTION

A. HTS has developed a proprietary Digital Satellite Receiver (as defined in Section 1.7 below) for use in conjunction with the DISH Network, a digital direct broadcast satellite ("DBS") programming service network owned and operated by ESC in the United States (the "HTS System", as defined in Section 1.15 below).

B. VTech is a designer, developer, manufacturer and distributor of electronics products, including consumer electronics products.

C. VTech desires to obtain certain non-exclusive rights to the Technology (as defined in Section 1.28 below) in order: (1) to manufacture the DISH Products (as defined in Section 1.9 below) solely for sale in connection with the DISH Network in the Territory (as defined in Section 1.30 below); (2) in order to in order to design, develop and manufacture the Domestic Products (as defined in Section 1.10 below) solely for sale in connection with the DISH Network in the Territory; and (3) in order to design, develop and manufacture the Foreign Products (as defined in Section 1.12 below) solely for sale in the Foreign Countries (as defined in Section 1.11 below).

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

1. DEFINITIONS

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

1.1 "Accessories" means an antenna, LNB, feedhorn, feedarm and related components listed on Exhibit A hereto, as such components may change from time to time in HTS' sole discretion.

1.2 "Affiliate" means, with respect to a party to this Agreement, any person or entity directly or indirectly controlling, controlled by or under common control with such party.

1.3 "Approved DISH Brand Name" means those HTS Marks, which have been approved in writing by VTech (which approval shall not be unreasonably withheld), for placement on the bezel (front panel) of Domestic Products, Foreign Products and packaging for both in accordance with the trademark usage guidelines (or as otherwise mutually agreed) of both VTech and HTS. The initial Approved DISH Brand Names are attached hereto as Exhibit B.

1.4 "Baker Platform" means the HTS System identified internally within HTS and its Affiliates as the "Baker" platform (or any new identification for the same platform), including any modifications or enhancements to such platform (including the "Bones" and "Bravo" platforms, but excluding the "Charlie", later and other platforms) developed by HTS or its Affiliates and introduced commercially in the U.S. for use in connection with the Dish Network.

1.5 "Charlie Platform" means the HTS System identified internally within HTS and its Affiliates as the "Charlie" platform (or any new identification for the same platform), including any modifications or enhancements to such platform (excluding later and other platforms) developed by HTS or its Affiliates and introduced commercially in the U.S. for use in connection with the Dish Network

1.6 "Commissionable Programming" means the Programming packages for which ESC pays a monthly commission to retailers. A current list of Commissionable Programming is attached hereto as Exhibit C, which list may change from time to time in the sole discretion of ESC.

1.7 "Digital Satellite Receiver" means a digital satellite receiver/decoder for use in connection with direct to home satellite programming services, which may include Accessories.

1.8 "DISH Network" means the digital direct broadcast satellite ("DBS") programming service network owned and operated by ESC in the United States.

1.9 "DISH Product" means a Digital Satellite Receiver branded as set forth in Section 9.2 below and manufactured by VTech in strict accordance with the Specifications and HTS' design for sale to HTS with such custom bezels and such enhanced features and functions as may be requested by HTS.

1.10 "Domestic Product" means a Digital Satellite Receiver incorporating all or any part of the Technology and manufactured by VTech or for VTech by a Permitted Subcontractor for resale by VTech in the Territory in connection with the DISH Network,

and expressly excludes Digital Satellite Receivers incorporated into, or combined with, other products (including without limitation televisions, VCRs or DVD players).

1.11 "Foreign Country" means a country listed in Exhibit D attached hereto.

1.12 "Foreign Product" means a Digital Satellite Receiver incorporating all or any part of the Technology and that is manufactured by VTech or for VTech by a Permitted Subcontractor for resale by VTech in a Foreign Country, and expressly excludes Digital Satellite Receivers incorporated into, or combined with, other products (including without limitation televisions, VCRs or DVD players).

1.13 "HTS Marks" means those trademarks, service marks or trade names owned by HTS or for which HTS has the right to grant a sublicense, as listed on Exhibit E, as such HTS Marks may change from time to time in HTS' discretion.

1.14 "HTS Software" means the software developed and owned exclusively by HTS and its Affiliates which is resident in the HTS System, including without limitation the software listed in attached Exhibit F hereto.

1.15 "HTS System" means an MPEG-2/DVB compliant Digital Satellite Receiver manufactured by or on behalf of HTS for use in connection with the DISH Network.

1.16 "Improvements" means any and all modifications, enhancements and derivative works to the Technology created by, or on behalf of, VTech or HTS in accordance with the terms of this Agreement.

1.17 "Intellectual Property" means all patents, copyrights, design rights, trademarks, service marks, trade secrets, know-how and any other intellectual or industrial property rights (whether registered or unregistered) and all applications for the same owned or controlled by HTS or VTech, respectively, anywhere in the world.

1.18 "Components" means those components of the DISH Product and Domestic Product set forth in the bill of materials provided by HTS to VTech for each variation of the Baker Platform and Charlie Platform, as such Components may change from time to time in HTS' sole discretion.

1.19 "License" shall have the meaning given to such term in Section 2.1 below.

1.20 "Location(s)" means a facility operated by VTech, an Affiliate of VTech or a Permitted Subcontractor in which Domestic Products, Foreign Products and/or DISH Products are or will be manufactured, assembled, tested and/or developed.

1.21 "Permitted Subcontractor" shall have the meaning given to such term in Section 2.4 below.

1.22 "Programming" means the video and audio signals transmitted by DBS satellite transponders that are owned or controlled by ESC or an Affiliate and are part of the DISH Network's regular programming services. A current list of Programming and the current retail prices therefor is attached hereto as Exhibit G, as such Exhibit may be changed from time to time in ESC's sole discretion.

1.23 "Qualified Vendor" means a supplier of Components set forth in the bill of materials provided by HTS to VTech for each variation of the Baker Platform and Charlie Platform, as such Qualified Vendors may change from time to time in HTS' sole discretion.

1.24 "Qualifying Residential Subscriber" means an individual at a Residential Location who orders Programming from ESC for reception in connection with a Domestic Product, who pays for the Programming in full, and who has never received any audio, video or any other digital programming services from ESC or any Affiliate of ESC. A Qualifying Residential Subscriber shall not include any individual who would otherwise qualify, but whose equipment ESC, in its reasonable discretion, declines to activate.

1.25 "Residential Location" means a single family residential dwelling (i.e. single family houses, apartments, condominiums or other dwellings used primarily for residential purposes), located in the Territory; provided, however, in no case shall any satellite master antenna television system or private cable system in a residential multiple dwelling unit or any similar programming reception system (i.e., dormitories, etc.) be considered a Residential Location. ESC shall have the right to determine, in its reasonable discretion (taking into consideration, among other relevant factors, the provisions of ESC's programming contracts), whether a location constitutes a Residential Location, or is more appropriately considered a commercial location or other non-residential location.

1.26 "Specifications" means the functional and operational aspects of the HTS System which must be incorporated in the Domestic Products and DISH Products in order to ensure compatibility with the HTS System, as set forth in attached Exhibit H, as such exhibit may be modified from time to time upon reasonable prior notice to VTech, in accordance with the terms of this Agreement, including for the purpose of incorporating Improvements.

1.27 "Subscriber Account" means the account set up and maintained by ESC for a Qualifying Residential Subscriber who purchased a Domestic Product and for whom Commissionable Programming has been activated by ESC and which account remains active and in good standing.

1.28 "Technology" means all confidential information, data, designs, bill of materials, lists of components and suppliers thereof, schematics, technical

specifications, the Specifications, and all other written documentation provided by HTS hereunder relating to the design, development and manufacture of the HTS System, and, subject to Section 3.1.1, shall include the HTS Software for the Baker Platform and the Charlie Platform (including source code for the Baker Platform and Charlie Platform, but excluding: (i) source code for any conditional access tasks; (ii) source code for any modifications or enhancements developed by HTS or its Affiliates for use by a third party; or (iii) source code subject to confidentiality or license restrictions precluding disclosure to VTech). Technology does not include VTech Intellectual Property. Technology does not include OpenTV software; however, the parties agree to discuss the possibility of entering into a relationship pursuant to which HTS would license OpenTV software to VTech for an additional fee.

1.29 "Term" means the duration of this Agreement as specified in Section 14.1 hereof.

1.30 "Territory" means the geographic boundaries of the United States of America, its territories, possessions and commonwealths.

1.31 "Third Party Software" means the software resident in the HTS System for which the Intellectual Property rights do not belong, in whole or part, to HTS or any Affiliate thereof. After reasonable investigative efforts, to the best of HTS' knowledge as of the date first set forth above, Third Party Software is limited to the software listed in attached Exhibit I. VTech acknowledges and agrees, however, that there may be additional Third Party Software.

1.32 "VTech Marks" means the trademarks or trade names owned by VTech, or for which VTech has a license to use or the right to grant a sublicense sufficient for the purposes of this Agreement.

1.33 "VTech Retailer" means a retail entity (excluding Affiliates of VTech) that purchases Domestic Products from VTech and resells the same directly to end users.

2. GRANT OF LICENSE

2.1 [CONFIDENTIAL MATERIAL REDACTED]

2.2 APPROVED DISH BRAND NAMES. Upon request by HTS, VTech shall manufacture the Domestic Products and Foreign Products with any of the Approved DISH Brand Names which are listed on Exhibit B affixed to the bezel (front panel) and onto the electronic program guide and any Accessories or packaging in accordance with Section 12 below. At the request of HTS, new Approved DISH Brand Names may be added to the list set forth in Exhibit B hereto upon prior written approval of VTech (which approval shall not be unreasonably withheld). The provisions of Section 12.2 shall apply to the use of VTech Marks on or in connection with Domestic Product or Foreign Product delivered hereunder which include any Approved DISH Brand Name. VTech hereby acknowledges that, in the future, HTS may request that VTech affix the trademarks, service marks or trade names of the owners of third party technology that is presently, or at some time in the future, incorporated into the Specifications to the Domestic Products and Foreign Products, and VTech hereby agrees to affix any such trademarks, service marks or trade names to the Domestic Products and Foreign Products; provided that HTS secures, at its expense, all necessary and licenses required for VTech to affix such marks and names.

2.3 LICENSE LIMITATION.

2.3.1 GENERAL LICENSE LIMITATIONS. VTech shall use the Technology for the sole purposes of: (i) manufacturing the DISH Products; and (ii) designing, developing and manufacturing the Domestic Products and Foreign Products, and not for any other purposes. In furtherance and without limitation of the foregoing, VTech will manufacture and assemble the Domestic Products and the DISH Products so that

they are only compatible with the DISH Network and cannot be used to receive signals transmitted by third party providers of DBS programming. In furtherance and without limitation of the foregoing, VTech is expressly prohibited from incorporating all or any part of the Technology into any product which combines a Digital satellite Receiver with any other products (including without limitation television, VCRs and DVD players). In furtherance and without limitation of the foregoing, VTech is expressly prohibited from incorporating all or any part of the Technology into any product which is compatible with DISH Network and also incorporates technology enabling the product to receive and/or decode signals transmitted by satellite transponders that are neither owned nor controlled by ESC or an ESC Affiliate. VTech is prohibited from using or distributing all or any part of the Technology for the purpose of manufacturing, or having manufactured, any other Digital Satellite Receiver or for any purpose not expressly set forth in this Agreement without HTS' prior written consent, which consent may be withheld in HTS' sole discretion. VTech shall notify HTS in writing prior to discussing with any third party the possibility of designing, developing and/or manufacturing Foreign Product with or for the third party. In the event that HTS has already commenced similar discussions with the same third party, VTech agrees not to further pursue the design, development and/or manufacture of Foreign Product for or with the third party without HTS' consent, which consent may be withheld in HTS' sole discretion. In the event that HTS has not already commenced similar discussions with the same third party, the parties will mutually agree upon whether VTech, HTS or VTech and HTS jointly will pursue the design, development and/or manufacturing of Digital Satellite Receivers for or with the third party.

2.3.2 SOURCE CODE LICENSE LIMITATIONS. HTS' obligation to provide source code for the Baker Platform and the Charlie Platform (collectively, the "Source Code") to VTech shall be limited to the delivery of a single copy of the Source Code for use by VTech at a single Location identified to HTS in advance by VTech. VTech shall be authorized to make and maintain a single copy of the Source Code delivered to VTech for backup and archival purposes. VTech shall be expressly prohibited from transferring or disclosing the Source Code to any third party without the prior written authorization of HTS (which may be withheld in HTS' absolute discretion) and shall disclose the Source Code solely to its employees on a strict need-to-know basis only. VTech shall maintain written records, which shall be available for inspection by HTS on reasonable notice, of all such persons who have had access to the Source Code and the period(s) of time for which such access was granted. VTech shall expressly advise each such employee of the confidential nature of the Source Code and applicable prohibitions on copying and disclosure.

2.4 SUBCONTRACTING. VTech has no right under this Agreement to grant sublicenses with respect to the License or any of the Technology, without the prior written consent of HTS. VTech may subcontract the manufacture of Domestic Products, DISH Products and/or Foreign Product upon HTS' prior written approval of the subcontract manufacturer suggested by

VTech (a "Permitted Subcontractor"). HTS will not unreasonably withhold its approval of a subcontract manufacturer suggested by VTech; provided, however, VTech recognizes and acknowledges that HTS may withhold its approval of a subcontract manufacturer to which HTS has reasonable commercial concerns, including without limitation: (i) adequate protection of the Technology or HTS Confidential Information (as defined in Section 10.1.1 below); (ii) proper use of the Technology; or (iii) the subcontract manufacturer (at the finished goods level) is a competitor (in HTS' reasonable judgment) of HTS or ESC, or manufactures Digital Satellite Receivers for a competitor of HTS or ESC.

2.5 [CONFIDENTIAL MATERIAL REDACTED]

2.6 RESPONSIBILITY FOR PERMITTED SUBCONTRACTOR. VTech acknowledges and agrees that it shall bear full responsibility for all acts and omissions of any Permitted Subcontractor (including any employee or agent thereof, whether or not such acts or omissions are within the scope of employment of such employees or agents) relating to the manufacture of the Domestic Products, Foreign Products and/or DISH products

under this Agreement, to the same extent as if any such act or omission were committed by VTech.

2.7 ACKNOWLEDGMENT OF HTS RIGHTS. VTech acknowledges and understands that HTS or any of its Affiliates may, directly or through any third party, manufacture, assemble, distribute and sell Digital Satellite Receivers in the Territory and anywhere else in the world for use by customers in the Territory and anywhere else in the world in connection with the DISH Network (as defined in Section A of the Introduction) or any other satellite or other programming delivery system. VTech further acknowledges and understands that HTS and its Affiliates may at any time license or sublicense the Technology in the Territory or elsewhere, in whole or in part, for the manufacture of Digital Satellite Receivers or for any other purpose.

2.8 THIRD PARTY INTELLECTUAL PROPERTY RIGHTS. VTech acknowledges and understands that manufacture of the Domestic Products and Foreign Products may require compliance with MPEG 2, DVB and other industry standard technologies and the use of a range of other third party intellectual property rights. VTech acknowledges and understands that it, and not HTS, is responsible for: (i) determining those entities with which it must negotiate and enter into licensing agreements; (ii) negotiating license rights from all those third parties; and (iii) paying (and represents and warrants that it will pay as and when due) any and all applicable license fees to any and all entities to which a royalty or license fee is required to be paid for a unit of the Domestic Products or Foreign Products manufactured by or for and/or sold by VTech.

2.9 ELECTRONIC ON SCREEN PROGRAMMING GUIDE. VTech understands and acknowledges that HTS has designed a specific electronic on screen programming guide, which may be incorporated by VTech into the Domestic Products and Foreign Products. VTech may substitute another on screen programming guide in the Domestic Products; provided that such substitute on screen programming guide meets the Specifications as set forth in attached Exhibit H and the User Interface Guidelines. VTech acknowledges and agrees that, to the extent VTech incorporates the electronic programming guide used in the HTS System (the "EPG") into the Domestic Products and/or Foreign Products, it does so at its sole risk and liability. VTech further acknowledges and agrees that the EchoStar Parties make no representations or warranties, either express or implied, statutory or otherwise, with respect to the EPG and all such warranties are hereby excluded except to the extent such exclusion is absolutely prohibited by law. Without limitation of the foregoing, VTech acknowledges and agrees that no warranty whatsoever is given regarding HTS' ownership of the EPG or any requirements to make royalty and/or other license fee payments to third parties. VTech acknowledges and understands that the use of the EPG or an electronic programming guide other than the EPG which meet the Specifications and is compatible with the Technology in the Domestic Products or Foreign Products may require licenses from third parties, and that VTech and not HTS is responsible for: (i) determining those entities with which it must negotiate and enter into licensing agreements; (ii) negotiating license rights from all those third parties; and (iii) paying (and represents and warrants that VTech will pay as and when due) any and all applicable license fees to any and all entities to which

a royalty or license fee is required to be paid for a unit of the Domestic Products or Foreign Product manufactured and/or sold by or for VTech. VTech further acknowledges and agrees that VTech shall be solely responsible for the payment, and the EchoStar Parties shall have no obligation to indemnify VTech for, any costs, losses, liabilities, damages, lawsuits, judgments, claims, actions, penalties, fines and expenses (including, without limitation, interest, penalties, reasonable attorneys' fees and all monies paid in the investigation, defense or settlement of any or all of the foregoing), that arise out of, or are incurred in connection with the incorporation of the EPG or any other electronic programming guide into the Domestic Products or Foreign Products.

2.10 SERIAL NUMBERS AND SMART CARD NUMBERS. For the purpose of facilitating the activation of Domestic Products and DISH Products by ESC, VTech will provide ESC with a list, on paper and electronic media in the format requested by ESC, which includes the serial number of each Domestic Product, DISH Product and corresponding Smart Card number prior to: (i) delivery of the Domestic Product to a VTech Retailer, or the DISH Product to HTS or its Affiliates; or (ii) placement of the Domestic Products into VTech's inventory utilized for the fulfillment of orders submitted to VTech directly from end-users.

2.11 RESIDENTIAL CUSTOMER AGREEMENT. VTech agrees that it will include a copy of ESC's standard Residential Customer Agreement, as amended from time to time in ESC's sole discretion, (the "RCA") with each Domestic Product and DISH Product packaged by VTech. VTech agrees to include the RCA in the same manner as the then current method used to include the RCA with Digital Satellite Receivers packaged by HTS and its Affiliates, as such method may change from time to time in HTS' sole discretion, or such other manner as the parties may agree to in a writing signed by both parties.

2.12 ADDITIONAL AGREEMENTS. The parties agree to discuss the potential for VTech to develop, manufacture and sell Digital Satellite Receivers incorporating the HTS Technology for use in connection with DBS networks utilizing the same technology as the DISH Network in countries outside the United States and the countries set forth in Exhibit D attached hereto.

2.13 FREEDOM OF ACTION.

2.13.1 VTech acknowledges and agrees that this Agreement is non-exclusive in nature and that, except as expressly provided in Section 2.3 above, nothing in this Agreement shall prohibit or otherwise restrict the EchoStar Parties from entering into an agreement with any third party concerning activities which are the same or similar activities to those contemplated in this Agreement, or any other activity.

2.13.2 The EchoStar Parties acknowledge and agree that this Agreement is non-exclusive in nature and that, except as expressly provided in Section 2.3 above, nothing in this Agreement shall prohibit or otherwise restrict VTech from

entering into an agreement with any third party concerning activities which are the same or similar activities to those contemplated in this Agreement, or any other activity.

3. [CONFIDENTIAL MATERIAL REDACTED]

4. QUALITY CONTROL

4.1 MANUFACTURE OF DOMESTIC PRODUCTS, DISH PRODUCTS AND FOREIGN PRODUCTS

4.1.1 INCORPORATION OF SPECIFICATIONS. VTech agrees that it will manufacture, assemble and test the DISH Products in strict accordance with the Specifications and HTS' design, and will not alter or modify the Specifications, processes or procedures set forth therein or HTS' design except upon HTS' request. VTech agrees that it will strictly follow all written instructions issued by HTS (as amended and updated from time to time by HTS in its sole discretion) for manufacturing, assembling and testing the DISH Products. VTech agrees that it will design, develop, manufacture, assemble and test the Domestic Products in strict accordance with the Specifications, and will not alter or modify the Specifications, processes or procedures set forth therein without the prior written consent of HTS. VTech shall have the right, but not the obligation, to use all or any part of the Technology in the design, development and manufacture of the Foreign Products. VTech agrees to comply with any and all industry and governmental standards and regulations, including, without limitation, product safety standards, which may apply to the manufacture, sale and use of the DISH Products and the design, development, manufacture, sale and use of the Domestic Products and Foreign Products. VTech may make changes to the Domestic Products which do not adversely affect the fit, form, function, performance or compatibility of the Domestic Products to the HTS System, without HTS' consent. Any other changes to the Domestic Products shall be made only upon receiving the prior written consent of HTS, which consent shall not be unreasonably withheld. VTech agrees that in the manufacture of the DISH Products pursuant to this Agreement, manufacturing operations shall at all times be conducted to

ensure that the DISH Products manufactured by VTech or Permitted Subcontractors shall be in strict conformance with the Specifications, HTS' design and all written instructions issued by HTS (as amended and updated from time to time by HTS in its sole discretion) for the manufacture of the DISH Products. VTech agrees that in the manufacture of the Domestic Products pursuant to this Agreement, manufacturing operations shall at all times be conducted to ensure that the Domestic Products manufactured by VTech or Permitted Subcontractors shall be in strict conformance with the Specifications. EchoStar does not represent, warrant or covenant that VTech will be able to manufacture, or have manufactured on its behalf, the Domestic Products, Foreign Products or DISH Products in such a manner as to ensure that they will perform in accordance with the performance requirements of the Specifications. Changes to the Specifications shall be made in accordance with HTS' standard Engineering Change Request ("ECR") procedure, as such ECR procedure may change from time to time in HTS' sole discretion. HTS current ECR procedure is set forth in Exhibit N attached hereto.

4.1.2 MARKING DOMESTIC PRODUCTS. VTech agrees to individually mark each unit of Domestic Product and Foreign Product manufactured by VTech pursuant to this Agreement with a unique serial number and a clear and distinct designation of the country of manufacture and/or assembly origin in accordance with applicable laws.

4.1.3 COMPLIANCE WITH IMPORT LAWS. VTech will, at VTech' sole cost and expense, comply with all laws, rules and regulations relating to the importation by VTech of machinery, equipment, parts, components and materials required or used in: (i) the manufacture, assembly and testing of the DISH Products; (ii) the design, development, manufacture, assembly and testing of the Domestic Products and the design, development, manufacture, assembly and testing of the Foreign Products, without any responsibility or liability on the part of HTS with respect to such import licenses or imports. Without limitation of the foregoing, HTS and ESC agree, at VTech's expense, to offer reasonable assistance to VTech in any effort to obtain import or export licenses required for compliance with this Section 4.1.3.

4.2 LOCATION(S); INSPECTION OF LOCATION(S) AND DOMESTIC PRODUCTS

4.2.1 LOCATION. The Domestic Products and DISH Products, and the Foreign Products will be manufactured, assembled and tested at the Location(s) operated by VTech or an Affiliate of VTech or by a Permitted Subcontractor listed in Exhibit K or Exhibit L respectively.

4.2.2 LOCATION INSPECTION. VTech will permit HTS to enter Location(s) upon reasonable prior notice during normal business hours to inspect the facilities, equipment and materials used in manufacturing, assembling and testing the Domestic Products, Foreign Products and/or DISH Products to check operations and methods, and to take with them samples of the Domestic Products, Foreign Products and/or

DISH Products as provided in Section 4.2.3 and reasonable samples of the materials and supplies used in manufacturing, assembling and testing the Domestic Products, Foreign Products and/or DISH Products.

4.2.3 APPROVAL OF DOMESTIC PRODUCTS AND FOREIGN PRODUCTS.

VTech shall, at VTech' cost, provide HTS up to fifty (50) (as determined by HTS) production intent (pre-pilot) samples of each model of the Domestic Products, DISH Products and Foreign Products prior to its full-scale manufacture by VTech. HTS will notify VTech in writing of the conformity or otherwise of that Domestic Product or DISH Product to the Specifications within thirty (30) days of receipt by HTS of the Domestic Product or DISH Product. VTech also shall, at VTech' cost, provide HTS up to fifty (50) (as determined by HTS) production samples of each model of the Domestic Products, DISH Products and Foreign Products prior to its full-scale manufacture by VTech. HTS will notify VTech in writing of the conformity or otherwise of that Domestic Product or DISH Product to the Specifications within fifteen (15) days of receipt by HTS of the Domestic Product or DISH Product. The written test procedures and test plan that is used to determine conformity of the Domestic Product or DISH Product to the Specifications ("Test Procedures and Plan"), a copy of which, in written form, will be attached hereto as Exhibit 0) shall be furnished to VTech by HTS at least one hundred and twenty (120) days prior to the start of full-scale manufacture of the Domestic Products or DISH Products by VTech. If HTS reasonably determines that any of VTech samples fail to meet the quality, performance and compatibility standards in the Test Procedures and Plan, then VTech shall promptly correct the deficiency before continuing the manufacture of the Domestic Products or DISH Products. The examination by HTS of the conformity of the Domestic Products or the DISH Products to the Test Procedures and Plan shall not be construed as constituting a certification or warranty. VTech shall not be authorized to refer to HTS' examination in connection with the sale of the Domestic Products, DISH Products or Foreign Products as a certification or warranty by HTS, unless expressly agreed by HTS. HTS shall have no liability whatsoever arising from its examination of the Domestic Products, DISH Products or Foreign Products. Should HTS fail to provide to VTech the Test Procedures and Plan one hundred and twenty (120) days prior to the start of full-scale manufacture of the Domestic Products or DISH Products by VTech, VTech shall not be limited or restrained in any way from beginning production of the Domestic Products or DISH Products, and HTS will waive its rights under this Section with respect to the first full-scale manufacture of the Domestic Products or DISH Products, as the case may be; provided that in any event VTech's or its Permitted Subcontractors' manufacture of the Domestic Products must be in compliance with the Specifications and of the DISH Products must be in compliance with the Specifications and HTS' design.

4.2.4 QUALITY CONTROL PROCEDURES. VTech and its Permitted

Subcontractors shall maintain a quality control program which ensures compliance with any and all applicable governmental standards, regulations or certifications. All work undertaken by VTech shall be performed in accordance with VTech established Quality

Control procedures and guidelines, which VTech shall provide to HTS for HTS' review, at HTS' request.

4.2.5 FACTORY TESTING. Prior to shipment from Location(s), each Domestic Product, Foreign Product and DISH Product shall be factory tested by VTech or its Permitted Subcontractors, and VTech and its Permitted Subcontractors shall submit to HTS, upon request of HTS, complete certified test results. Upon reasonable prior notice, VTech will permit HTS to have access to all such records for VTech and its Permitted Subcontractors at VTech Location(s) during normal business hours.

4.3 [CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

5. [CONFIDENTIAL MATERIAL REDACTED]

6. [CONFIDENTIAL MATERIAL REDACTED]

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10. CONFIDENTIAL AND PROPRIETARY INFORMATION

10.1 CONFIDENTIAL INFORMATION

10.1.1 HTS CONFIDENTIAL INFORMATION. VTech understands that the Technology, including without limitation, Exhibits F, H, I, and O and all information relating to it, and information provided by HTS to VTech or otherwise obtained by VTech relating to the business or operations of HTS and its Affiliates (except as set forth below in Section 10.1.3) ("HTS Confidential Information") will be treated by VTech,

its Affiliates, employees, agents and Permitted Subcontractors as strictly confidential. VTech represents and agrees that it will only use HTS Confidential Information as expressly permitted under the terms and conditions of this Agreement, or as otherwise permitted in writing in advance by HTS. VTech may only disclose HTS Confidential Information to: (i) those of VTech and its Affiliates officers, directors and employees who have a need to know HTS Confidential Information in connection with carrying out VTech' obligations under this Agreement, and only provided that each of such parties agrees in writing to be bound by the terms and conditions of this Agreement; and (ii) Permitted Subcontractors as provided in Section 2.4 above. VTech shall not disclose HTS Confidential Information to any others, or allow any others to use HTS Confidential Information, during the Term or at any time thereafter, without the prior written consent of HTS. VTech represents and agrees that it shall use its best efforts to protect the confidential nature of HTS Confidential Information, and in all events shall use at least the same degree of care as it uses to protect its own confidential and proprietary information. Further, VTech acknowledges and understands that HTS Confidential Information would be useful to HTS competitors, and would cause damage to HTS current and prospective business if disclosed without the prior written consent of HTS or in violation of this Agreement.

10.1.2 VTECH CONFIDENTIAL INFORMATION. HTS understands that the information provided by VTech to HTS or otherwise obtained by HTS relating to the business or operations of VTech and its Affiliates (except as set forth below in Section 10.1.3) ("VTech Confidential Information") will be treated by HTS, its Affiliates, employees, and agents as strictly confidential. HTS represents and agrees that it will only use VTech Confidential Information as expressly permitted under the terms and conditions of this Agreement, or as otherwise permitted in writing in advance by VTech. HTS may only disclose VTech Confidential Information to those of HTS' or its Affiliates' officers, directors and employees who have a need to know VTech Confidential Information in connection with carrying out HTS obligations under this Agreement, and only provided that each of such parties agrees in writing to be bound by the terms and conditions of this Agreement. HTS shall not disclose VTech Confidential Information, during the Term or at any time thereafter, without the prior written consent of VTech. HTS represents and agrees that it shall use its best efforts to protect the confidential nature of VTech Confidential Information, and in all events shall use at least the same degree of care as it uses to protect its own confidential and proprietary information. Further, HTS acknowledges and understands that VTech Confidential Information would be useful to VTech competitors, and would cause damage to VTech current and prospective business if disclosed without the prior written consent of VTech or in violation of this Agreement.

10.1.3 EXCLUSIONS. For the purpose of this Section 10, HTS and VTech as the case may be, are referred to as the "Recipient" or the "Discloser". Notwithstanding any provision to the contrary in this Section 10, HTS Confidential Information and VTech Confidential Information (collectively referred to as the "Confidential Information") shall not include any information which is:

(i) already in or comes into the public domain through no wrongful act of the Recipient;

(ii) independently developed by the Recipient, as evidenced by written documentation compiled by the Recipient;

(iii) independently known by the Recipient, as evidenced by written documentation compiled by the Recipient prior to receipt by the Recipient the Confidential Information in question;

(iv) disclosed by the Discloser to a third party without similar restriction;

(v) received by the Recipient from a third party without restriction and without breach of this Agreement; or

(vi) release pursuant to a binding order of a government agency or a court so long as the prior to any such release the releasing party provides the other party with the greatest possible notice permitted under the circumstances, so that that Disclosing Party may seek a protective order or other appropriate remedy. In any such event, the releasing party will disclose only such Confidential Information as is legally required and will exercise reasonable efforts to obtain confidential treatment for any Confidential Information being disclosed.

10.1.4 SCOPE. The Recipient's confidentiality obligation shall include, but is not limited to, not making more copies of the Confidential Information than is reasonably necessary for fulfilling its obligations under this Agreement and security backup purposes, without the prior written consent of the Discloser. The original and all copies or other reproductions of the Confidential Information shall contain markings of "Confidential", "Proprietary" or like import. All materials created or fabricated by the Recipient, including, without limitation, evaluations, based on the Confidential Information, are owned by and are the exclusive property of the Discloser, and shall be returned by the Recipient to the Discloser immediately upon request by the Discloser or termination or expiration of this Agreement.

10.1.5 NO IMPLIED LICENSE. Except as expressly set forth in this Agreement, this Agreement shall not be construed as granting or conferring any interests or rights, by license or otherwise, in any of the Confidential Information, including, without limitation, any patent or patent application or any copyright in which the Discloser now has or subsequently may obtain any right, title or interest or any other Intellectual Property rights.

10.1.6 EQUITABLE RELIEF. The Recipient recognizes that the unauthorized use or disclosure by the Recipient, its Affiliates, its employees, agents or

Permitted Subcontractors of any of the Confidential Information would cause irreparable injury and damage to the Discloser. The Recipient agrees that the Discloser shall, in addition to and not in limitation of, any other legal or equitable remedies and damages, be entitled to injunctive relief (without the necessity of posting or filing a bond or other security) to restrain the threatened or actual violation hereof by the Recipient, its Affiliates, its employees and agents. All of the provisions of this Agreement which protect the Confidential Information, including, without limitation, VTech' obligations to protect the Technology, shall survive the termination or expiration of this Agreement.

10.1.7 CONFIDENTIALITY TERM. Recipient shall be obligated to maintain the Confidential Information in confidence for a period of five (5) years after disclosure by Discloser.

11. USE OF TECHNOLOGY

11.1 NO REVERSE ENGINEERING. VTech shall not reverse engineer (or make any other attempt using any method or technique whatsoever to determine the source code for) any HTS Software, Third Party Software, or other software provided by HTS solely in binary form, including, but not limited to, the interface software and the object code of the conditional access task of the Technology.

11.2 LOCATIONS. VTech shall not, without the prior written consent of HTS, which consent shall not be unreasonably withheld, use the Technology or any derivative thereof at any location other than the Location(s).

11.3 MODIFICATIONS OF HTS SOFTWARE.

11.3.1 MODIFICATIONS AND ENHANCEMENTS OF THE HTS SOFTWARE BY VTECH. Nothing in this Agreement shall prohibit VTech (under the terms and conditions of this License), from performing modifications or enhancements to the HTS Software which do not require knowledge of, or access to: (i) the source code for any conditional access tasks; (ii) the source code for any modifications or enhancements developed by HTS for use by a third party; or (iii) source code subject to confidentiality or license restrictions precluding disclosure to VTech. Any and all intellectual property rights which result from the development of the modifications or enhancements (including any derivative works for copyright purposes) of the HTS Software hereunder by VTech shall become and remain (at no cost to VTech) the sole and exclusive property of VTech; provided, however, that HTS shall receive an unlimited, perpetual, royalty-free license to use such modifications and enhancements for any and all purposes that HTS' sees fit in its sole judgment, with full rights to license or sublicense such modifications and enhancements to third parties without VTech's consent. Notwithstanding the foregoing, in the event that VTech develops an enhancement or modification to the HTS Software (in complete accordance with the terms and conditions of this Agreement, including without limitation any restrictions on the disclosure of the Technology or other HTS Confidential Information to third parties) that

VTech must pay a royalty or license fee to a third party in order to use, VTech agrees to use its best efforts to secure a license for HTS to use such modification or enhancement for the same purposes and under the same terms and conditions as the license contemplated in the immediately preceding sentence with the sole exception that HTS and VTech will mutually agree upon a reasonable royalty to be paid by HTS to VTech for the use of such enhancement or modification. VTech agrees that it will notify HTS of each modification to the HTS Software developed by VTech under this Section 11.3.1 which is implemented in a production unit of a Domestic Product or Foreign Product and will furnish a complete copy of the modified source code for the HTS Software to HTS, within five (5) after such implementation.

11.3.2 VTECH DEVELOPMENTS. Subject to Sections 2.3 and 4.1.1 above, HTS acknowledges that VTech may develop and incorporate into Foreign Products made under this Agreement features that are proprietary to VTech ("VTech Technology"). For purposes of this Section, "VTech Technology" shall include only such features which do not: (i) contain any Technology; and (ii) do not constitute a derivative work for copyright purposes, modification or enhancement of the Technology. With regard to VTech Technology, HTS shall receive a royalty free license to use such VTech Technology for the sole purpose of manufacturing and selling Digital Satellite Receivers under the HTS Marks or trademarks of Affiliates. Except to third party manufacturers of Digital Satellite Receivers under the brand name of HTS or its Affiliates, HTS shall have no right to license or sublicense VTech Technology to third parties without the express written permission of VTech.

11.3.3 THIRD PARTY INTELLECTUAL PROPERTY. Except as relates to: (i) Improvements; (ii) other modifications or enhancements to the HTS Software under Sections 11.3.1; or (iii) VTech Technology under Section 11.3.2, neither party shall have any rights to any intellectual property developed by a third party for or in conjunction with the other party. Each party understands and acknowledges that it may be restricted from being permitted to use any intellectual property developed by a third party for or in conjunction with the other party, including, but not limited to, intellectual property with regard to HTS Systems. To the extent that the HTS System contains Third Party Software that neither HTS nor any of its Affiliates have the right to sublicense to VTech, HTS will use reasonable commercial efforts to assist VTech in obtaining a license or agreement to license that will enable VTech to perform the activities contemplated in this Agreement.

11.4 U.S. EXPORT AND OTHER LAWS

11.4.1 COMPLIANCE REQUIREMENTS.

(a) VTech understands and acknowledges that HTS' obligations to VTech under this Agreement, including, without limitation, any and all obligations of HTS to provide the Technology (including the Specifications), any technical assistance, any media in which any of the foregoing is contained and related

technical data (collectively referred to as the "Data") are subject to compliance with all applicable laws and regulations of the United States of America, and with the terms of any applicable U.S. export licenses issued in connection with the furnishing of the Data to VTech under this Agreement, and in the event HTS obligations should conflict with any law, regulation or export license, HTS shall be excused from performance of such obligations to the extent required for compliance therewith.

(b) VTech agrees to comply with all terms of any U.S. export licenses or regulations affecting VTech' use or disposition of technical data or the product thereof, or any know-how, technical information, manufacturing or test equipment, components or software supplied by HTS under this Agreement. In furtherance and not in limitation of the foregoing, VTech agrees that it will not export or reexport:: (1) the Technology; (2) any Smart Cards purchased under Section 4.3.2 above; or (3) any DISH Product, Domestic Product, Foreign Product or any other product designed, developed or manufactured utilizing the Technology, to Cuba, Iran, Iraq, Libya, North Korea, Sudan or Syria without the prior approval of the United States Government; and that it will not use: (1) the Technology; (2) any Smart Cards purchased under Section 4.3.2 above; or (3) or any DISH Product, Domestic Product, Foreign Product or any other product designed, developed or manufactured utilizing the Technology, to support directly or indirectly the design, development, production or use of nuclear, chemical or biological weapons or ballistic missiles.

(c) HTS shall use commercially reasonable efforts to effect compliance, as soon as practicable, with applicable U.S. export laws and regulations in connection with the terms of this Agreement which are applicable to HTS (including obtaining the necessary licenses in connection with the furnishing of Data to VTech).

11.4.2 COMPLIANCE REPRESENTATION. VTech represents and warrants that it will comply in all respects with the export and reexport restrictions set forth in any applicable U.S. export licenses with respect to any item used in the manufacture of the Domestic Products, Foreign Products or DISH Products by VTech and will otherwise comply with any and all applicable U.S. export and reexport laws and regulations or other United States laws and regulations in effect from time to time. In furtherance and not in limitation of the foregoing, VTech represents and warrants that it will not export or reexport:: (1) the Technology; (2) any Smart Cards purchased under Section 4.3.2 above; or (3) any DISH Product, Domestic Product, Foreign Product or any other product designed, developed or manufactured utilizing the Technology, to Cuba, Iran, Iraq, Libya, North Korea, Sudan or Syria without the prior approval of the United States Government; and that it will not use: (i) the Technology; (ii) any Smart Cards purchased under Section 4.3.2 above; or (iii) or any DISH Product, Domestic Product, Foreign Product or any other product designed, developed or manufactured utilizing the Technology, to support directly or indirectly the design, development, production or use of nuclear, chemical or biological weapons or ballistic missiles. VTech shall cooperate with HTS in making application for and securing any required

export licenses, approvals or other authorizations and shall prepare, execute and deliver all documents that may be required in connection therewith.

11.4.3 VTech acknowledges and understands that U.S. export laws relating to the Domestic Products, Foreign Products and DISH Products may change from time to time in the future. VTech acknowledges that it is VTech's sole responsibility to be and remain informed of all U.S. laws relating to the export of Domestic Products, Foreign Products or DISH Products outside of the U.S. HTS has absolutely no obligation to update VTech regarding the status of U.S. export laws or any other U.S. laws relating to the export of Domestic Products, Foreign Products or DISH Products outside of the U.S. Without HTS giving any consent for export of the Domestic Products, Foreign Products or DISH Products and subject to territorial limitations of this Agreement, VTech represents and agrees that prior to exporting and/or selling any Domestic Products, Foreign Products or DISH Products outside of the U.S., it will investigate all applicable U.S. laws relating to the export of Domestic Products, Foreign Products or DISH Products outside of the U.S. VTech is strictly prohibited from violating any U.S. law relating to the export of Domestic Products, Foreign Products or DISH Products outside of the U.S. Should VTech export or sell any Domestic Product, Foreign Products or DISH Products outside of the U.S. in violation of this Agreement and/or U.S. law, HTS shall have the right to terminate this Agreement automatically upon written notice to VTech.

12. TRADEMARKS

12.1 VTECH MARKS; STANDARDS MARKS. VTech may only affix the VTech Marks on the Domestic Product and Foreign Products. VTech may also affix to the Domestic Product and Foreign Products the "MPEG 2" standard and "DVB" standard trademarks. VTech recognizes and understands that HTS has no authority to grant VTech any rights to affix the "MPEG 2" standard and "DVB" standard trademarks to the Domestic Products or Foreign Products. Should VTech desire to do so, VTech must negotiate the entitlement of such rights with the applicable rights holders. Except as restricted by Section 16.3 below, upon HTS' prior written consent, which consent shall not be unreasonably withheld, VTech may affix other VTech brand names to the Domestic Products and Foreign Products.

12.2 HTS MARKS. VTech shall not affix, use, display or otherwise incorporate any registered or unregistered HTS Marks or service marks on or in connection with Domestic Products or Foreign Products, including, but not limited to, on the receiver, antenna and packaging, or the electronic on screen guide, except as: (i) expressly consented to in advance in writing by HTS, which consent may be granted or withheld in HTS' absolute discretion; and (ii) if such consent is granted, strictly in accordance with the usage guidelines for HTS Marks, as such guidelines may change from time to time in HTS' sole discretion. In addition, VTech agrees that HTS shall have the right to require VTech to affix the HTS Marks set forth in Exhibit E and the User Interface Guidelines on or in connection with the Domestic Products, including without limitation

on the Accessories and packaging and on the electronic program guide, such that the HTS Marks are displayed in a manner which is at least equally as prominent as the VTech Marks affixed to the same. VTech also agrees that, for the duration of the term and any extensions thereof, it will affix the HTS Marks set forth in Exhibit E in the center of, and above all VTech Marks and Third Party Marks affixed to, all dish antennas sold to end-users in connection with Domestic Products.

12.3 OEM BRANDING AND MANUFACTURE RESTRICTION. VTech shall not manufacture or assemble the Domestic Product under any label or brand other than the VTech brand, without HTS' prior written approval, which approval HTS may withhold in its sole discretion.

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

12.5 RIGHTS TO VTECH MARKS. HTS agrees that it will not in any way dispute or impugn the validity of any of VTech Marks or registrations of VTech Marks, nor the sole proprietary right of VTech and its Affiliates thereto, nor the right of VTech and its Affiliates to use or license the use of VTech Marks in the Territory or elsewhere, either during the Term or at any time thereafter. HTS further agrees not to perform, either during the Term or at any time thereafter, any act or deed either of commission or of omission which is inconsistent with VTech's or its Affiliates' proprietary rights in and to VTech Marks, whether or not the VTech Marks are registered.

13 [CONFIDENTIAL MATERIAL REDACTED]

14. TERM AND TERMINATION

14.1 [CONFIDENTIAL MATERIAL REDACTED]

14.2 TERMINATION BY EITHER PARTY UPON DEFAULT. This Agreement may be terminated by a party (the "Affected Party") upon the occurrence of any of the following with respect to the other party (the "Other Party"):

14.2.1 The Other Party commits a payment default which is not cured within ten (10) days of receipt of written notice from the Affect Party.

14.2.2 The Other Party defaults on any obligation or breaches any representation, warranty or covenant in this Agreement (regardless of whether breach or default of such obligation, representation, warranty or covenant is designated as giving rise to a termination right), and such default or breach is not cured within thirty (30) days of receipt of written notice from the Affected Party.

14.3 TERMINATION BY HTS. HTS may terminate this Agreement upon written notice to VTech at any time in case of: (i) the occurrence of an event which gives rise to a right of ESC to terminate the payment of Commissions to VTech pursuant to the provisions of Section 6 above; (ii) VTech fails to use its best efforts to commence the manufacture and shipment of commercial quantities of an HTS System-compatible DISH Product no later than May 31, 1998; (iii) VTech fails to pay the License Activation Fee in accordance with the schedule set forth in Section 13.1 above; (iv) acquisition of VTech, directly or indirectly, by a third party, or the merger of VTech with a third party which manufactures, distributes or sells Digital Satellite Receivers (this Section will not apply to an acquisition of VTech by, or the merger of VTech with, an Affiliate of VTech; provided that such Affiliate is not a direct or indirect provider of direct to home satellite programming); (v) VTech' falsification of any material records or reports required hereunder; or (vi) a material breach, as determined in the EchoStar Parties reasonable judgment, by VTech of the confidentiality provisions contained in Sections 10 or 18.2 below.

14.4 TERMINATION OF LICENSE. In the event: (i) this Agreement is terminated pursuant to Sections 14.2 or 14.3; or (ii) HTS loses its right, title or interest in all of the Technology; (a) the License granted hereunder shall terminate; (b) all Confidential Information shall be returned to the Discloser; and (c) VTech shall cease using the Technology, including, without limitation, to manufacture the Domestic Products and Foreign Products.

14.5 PURCHASE DURING NOTICE PERIOD. During any notice and cure period under Section 14.2, HTS will determine in its reasonable judgment, giving due consideration as to whether the relevant breach or default relates to the Domestic Product, the Foreign Product or both, the amount of Domestic Products and Foreign Products, if any, VTech may manufacture.

14.6 PAYMENT, FORFEITURE AND CANCELLATION. Upon expiration or termination of this Agreement for any reason, all sums due the EchoStar Parties or VTech must be immediately paid. Upon expiration or termination of this Agreement for any reason, all orders in process shall be deemed canceled unless in transit or paid for in advance by VTech or the EchoStar Parties. The EchoStar Parties and VTech hereby waive all claims against each other in connection with such cancellation.

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

15. REPRESENTATIONS AND WARRANTIES

15.1 REPRESENTATIONS, WARRANTIES AND COVENANTS OF VTECH. VTech represents, warrants and covenants, as follows, which representations, warranties and covenants shall survive the execution of this Agreement:

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

15.1.2 VTech acknowledges the applicability of U.S. export control regulations which prohibit the sale, export, reexport or diversion of certain products and technology to certain countries, and will not sell, export or reexport any of the

Technology, Domestic Products, Foreign Products or DISH Products, in the form received, or as modified or incorporated into other equipment, except as permitted under this Agreement and authorized by such regulations.

15.1.3 VTEch has the necessary technical knowledge, practical experience and capacity to manufacture, assemble and test the Domestic Products, Foreign Products and the DISH Products under the License granted hereunder.

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

15.1.5 VTEch is not, nor at any time will it be, in violation of any applicable Law or knowingly in breach of any agreement by entering into and undertaking the performance of this Agreement and in performing its obligations pursuant to this Agreement. VTEch agrees to comply with any and all applicable Laws.

15.1.6 VTEch shall pay, as and when due, any and all applicable MPEG 2, DVB, Macrovision, electronic on screen programming guide and other royalties and applicable license fees to any and all applicable entities to which a royalty or license fee is required to be paid in connection with manufacture or distribution of the Domestic Products and Foreign Products. Without limitation of the foregoing, HTS agrees, at VTEch's expense, to offer reasonable assistance to VTEch in its efforts to secure any licenses necessary for compliance with VTEch's obligations under this Section 15.1.6.

15.1.7 VTEch shall provide to HTS such adequate assurances as HTS may require from time to time in order to ensure that the requirements of this Section 15.1 have been met, and will continue to be met on an ongoing basis, by VTEch.

15.2 REPRESENTATIONS, WARRANTIES AND COVENANTS OF HTS. The EchoStar Parties (or, HTS or ESC as identified below) represent, warrant and covenant as follows, which representations, warranties and covenants shall survive the execution of this Agreement:

15.2.1 the EchoStar Parties have the right and authority to enter into this Agreement and the execution, delivery and performance by the EchoStar Parties of this Agreement have been duly authorized by all requisite corporate action and will not violate any provision of articles of incorporation or bylaws, or any provision of any agreement by which the EchoStar Parties are bound or affected.

15.2.2 HTS is the beneficial owner of Intellectual Property created independently by it. Notwithstanding the above, no warranty whatsoever is given for any Third Party Intellectual Property (as defined in Section 17.2.1(a) or industry specific

technology used in the manufacture of the Domestic Products, Foreign Products or DISH Product, including, without limitation, the requirement to make payment of applicable royalties or other license fees to others.

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

15.2.4 The EchoStar Parties are not, nor at any time will it be, in violation of any applicable Law or knowingly in breach of any agreement by entering into and undertaking the performance of this Agreement and in performing their obligations pursuant to this Agreement. The EchoStar Parties agree to comply with any and all applicable Laws.

15.2.5 the EchoStar Parties shall provide to VTech such adequate assurances as VTech may require from time to time in order to ensure that the requirements of this Section 15.2 have been met, and will continue to be met on an ongoing basis, by HTS.

16. LIMITATION OF LIABILITY

16.1 LIMITATION. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, SPECIAL, EXEMPLARY, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF USE OR LOST BUSINESS, REVENUE, PROFITS OR GOODWILL) ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE LICENSE GRANTED HEREUNDER, TERMINATION OR ANY OTHER MATTER RELATED HERETO.

16.2 RISK ALLOCATION. The parties agree that each and every provision of this Agreement which provides for a limitation of liability, disclaimer of warranties or exclusion of damages is expressly intended to be severable and independent of any other provision since they represent separate elements of risk allocation between the parties and shall be separately enforced. This Section 16.2 shall expressly survive the expiration or termination of this Agreement.

17. [CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

[CONFIDENTIAL MATERIAL REDACTED]

18. GENERAL

18.1 [CONFIDENTIAL MATERIAL REDACTED]

18.2 CONFIDENTIALITY.

18.2.1 GENERAL. At all times during the term of this Agreement and for a period of five (5) years thereafter, the parties and their employees will maintain, in confidence, the terms and provisions of this Agreement, as well as all data, summaries, reports or information of all kinds, whether oral or written, acquired, devised or developed in any manner from the another party's personnel or files, or as a direct or indirect result of a party's actions or performance under this Agreement, and each party represents that it has not and will not reveal the same to any persons not employed by such party, except: (i) at the written direction of the party which is the owner of such information; (ii) to the extent necessary to comply with law, the valid order of a court of competent jurisdiction or the valid order or requirement of a governmental agency or any successor agency thereto, in which event the disclosing party shall notify the owner of the information in advance, prior to making any disclosure, and shall seek confidential treatment of such information; (iii) as part of its normal reporting or review procedure to its parent company, its auditors and its attorneys, provided such parent company, auditors and attorneys agree to be bound by the provisions of this paragraph; or (iv) to the extent necessary to permit the performance of obligations under this Agreement.

18.2.2 SUBSCRIBER INFORMATION. All subscribers who subscribe to DISH Network Programming services shall be deemed customers of ESC for all purposes relating to direct to home programming services. VTech acknowledges and agrees that the names, addresses and related information ("Subscriber Information") of subscribers are as between VTech and ESC, with respect to the delivery of direct to

home satellite services, proprietary to ESC, and shall be treated with the highest degree of confidentiality by VTech. VTech shall not use any Subscriber Information for the purpose of soliciting, or to permit any others to solicit, subscribers to subscribe to any other programming services, and VTech shall under no circumstance directly or indirectly reveal any Subscriber Information to any third party for any reason without the express prior written consent of ESC, which ESC may withhold in its sole and absolute discretion; provided however, that nothing shall prohibit VTech from utilizing its own customer list for its general business operations unrelated to the delivery of programming services. The provisions of this Section 18.2.2 shall survive termination or expiration of this Agreement indefinitely.

18.2.3 REMEDIES. The parties agree that a breach of these obligations of confidentiality, it will result in the substantial likelihood of irreparable harm and injury to owner of the confidential information for which monetary damages alone would be an inadequate remedy, and which damages are difficult to accurately measure. Accordingly, the parties agree that each party shall have the right, in addition to any other remedies available, to obtain immediate injunctive relief as well as other equitable relief allowed by the federal and state courts. The foregoing remedy of injunctive relief is agreed to without prejudice to any party to exercise any other rights and remedies it may have, including without limitation, the right to terminate this Agreement and seek damages or other legal or equitable relief. The foregoing confidentiality obligations will survive termination of this Agreement.

18.2.4 ECONOMIC BENEFITS DERIVED HELD IN TRUST. In the event that VTech derives an economic benefit, in any form, from a violation of its obligations under Section 18.2.2, it is hereby agreed that such economic benefit is the property of ESC and that VTech shall deliver the cash value of the economic benefit to ESC immediately upon receipt of the economic benefit. It is further agreed that VTech shall hold such economic benefit in trust for the benefit of ESC until such time as its cash value is delivered to ESC. The foregoing is agreed to without prejudice to ESC to exercise any other rights and remedies it may have, including without limitation, the right to terminate this Agreement and seek damages or other legal or equitable relief.

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

If to VTech: VTECH COMMUNICATIONS LTD.
23/F Tai Ping Industrial Centre, Block 1
57 Ting Kok Road, Tai Po, N.T.
Hong Kong
ATTN: Sandro Aquilina
Vice President, Marketing and Sales
Fax No.:

With a copy to: -----

Fax No.:

If to HTS: HOUSTON TRACKER SYSTEMS, INC.
90 Inverness Circle East
Englewood, Colorado 80112
ATTN: Mike Dugan
Fax No.: (303) 649-4910

With a copy to: David K. Moskowitz, Senior Vice President and
General Counsel
Fax No.: (303) 799-0354

If to ESC: ECHOSTAR SATELLITE CORPORATION
90 Inverness Circle East
Englewood, Colorado 80112
ATTN: Mark Jackson
Fax No.: (303) 799-0354

With a copy to: David K. Moskowitz, Senior Vice President and
General Counsel
Fax No.: (303) 799-0354

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

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

18.6 CHOICE OF LAW AND JURISDICTION.

18.6.1 This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Colorado and the United States of America, without giving effect to the conflict of law provisions thereof.

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

18.7 ENTIRE AGREEMENT. This Agreement sets forth the entire, final and complete understanding between the parties hereto relevant to the subject matter of this Agreement, and it supersedes and replaces all previous understandings or agreements, written, oral, or implied, relevant to the subject matter of this Agreement made or existing before the date of this Agreement. Except as expressly provided by this Agreement, no waiver or modification of any of the terms or conditions of this Agreement shall be effective unless in writing and signed by both parties.

18.8 FORCE MAJEURE. Neither party shall be liable to the other party for nonperformance or delay in performance of any of its obligations under this Agreement due to causes reasonably beyond its control or which cause makes performance a commercial impracticability, including act of God, fire, explosion, flood, windstorm, earthquake, trade embargoes, strikes, labor troubles or other industrial disturbances, accidents, governmental regulations, riots, and insurrections ("Force Majeure"). Upon the occurrence of a Force Majeure condition, the affected party shall immediately notify the other party with as much detail as possible and shall promptly inform the other party of any further developments. Immediately after the Force Majeure event is removed or abates, the affected party shall perform such obligations with all due speed. Neither party shall be deemed in default of this Agreement if a delay or other breach is caused by a Force Majeure event. If a Force Majeure event is expected to continue for more than three (3) months, any party may terminate this Agreement by providing thirty (30) days prior written notice to the other parties. Such termination shall be without any

continuing liabilities or obligations on the part of one party to the other of any kind except as expressly set forth herein.

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

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

18.11 ASSIGNMENT. The EchoStar Parties may assign their rights and delegate its duties under this Agreement in whole or in part at any time; provided, however, that, in the event the EchoStar parties assign this Agreement to a non-Affiliate, the assignee must be at least as creditworthy as the EchoStar Parties at the time they originally executed this Agreement. VTech may not assign any rights or delegate any duties under this Agreement without the EchoStar Parties' prior written consent, which consent shall not be unreasonably withheld, except to an Affiliate of VTech; provided, however, that, such Affiliate is: (i) at least as creditworthy as VTech at the time it originally executed this Agreement; (ii) is not a direct or indirect provider of direct to home programming; and (iii) VTech unconditionally guarantees the full and timely payment and performance of the Affiliate's obligations under the Agreement. Any attempt to do so without such consent shall be void. This Agreement will bind, and inure to the benefit of, the parties and their respective successors and permitted assigns.

18.12 COMPLIANCE WITH LAW. The parties shall comply with, and agree that this Agreement is subject to, all applicable federal, state, and local laws, rules and regulations, and all amendments thereto, now enacted or hereafter promulgated in force during the term of this Agreement.

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

18.14 BANKRUPTCY.

18.14.1 Should either party become bankrupt or declare bankruptcy, and the Trustee in bankruptcy rejects this Agreement as executory, the non-bankrupt party may elect:

(a) to treat this Agreement as terminated by such rejection if such rejection by the Trustee amounts to such a breach as would entitle the non-bankrupt party to treat this Agreement as terminated by virtue of its own terms or applicable non-bankruptcy law; or

(b) to retain its rights (including a right to enforce any exclusivity provision of this Agreement, but excluding any other right under applicable non-bankruptcy law to specific performance of such contract) under this Agreement and under any agreement supplementary to this Agreement, to the licensed property as such rights existed immediately before the bankruptcy commenced, for the duration of this Agreement; and any period for which this Agreement may be extended by the non-bankrupt party as of right under applicable non-bankruptcy law.

18.14.2 If the non-bankrupt party elects to retain its rights:

(a) the Trustee shall allow the non-bankrupt party to exercise such rights;

(b) The non-bankrupt party shall make all royalty payments as due under the terms this Agreement for the duration of this Agreement and for any period for which this Agreement may be extended by the non-bankrupt party as of right under applicable non-bankruptcy law and for which the non-bankrupt party does extend this Agreement; or

(c) The non-bankrupt party shall be deemed to waive any right of setoff it may have with respect to such contract under this title or applicable non-bankruptcy law and any claim allowable for administrative expenses arising from the performance of this Agreement.

18.14.3 If the non-bankrupt party elects to retain its rights, then on the written request of the non-bankrupt party the Trustee shall:

(a) to the extent provided in this Agreement, or any agreement supplementary to this Agreement, provide to the non-bankrupt party the licensed properties by the Trustee; and

(b) not interfere with the rights of the non-bankrupt party as provided in this Agreement, or any agreement supplementary to this Agreement, to such licensed property including any right to obtain such licensed property from another Person.

18.14.4 Unless and until the Trustee rejects this Agreement, on the written request of the non-bankrupt party the Trustee shall:

(a) to the extent provided in this Agreement or any agreement supplementary to this Agreement perform this Agreement or provide to the non-bankrupt party such licensed property held by the Trustee; and

(b) not interfere with the rights of the non-bankrupt party as provided in this Agreement, or any agreement supplementary to this Agreement, to such licensed property, including any right to obtain such Intellectual Property from another Person.

18.15 [CONFIDENTIAL MATERIAL REDACTED]

18.16 GENERAL PROVISIONS. The terms and conditions attached as exhibits hereto are fully incorporated into this Agreement.

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

ECHOSTAR SATELLITE CORPORATION

/S/ CHARLIE ERGEN

Name: Charlie Ergen
Title: Chief Executive Officer

HOUSTON TRACKER SYSTEMS, INC.

/S/ MIKE DUGAN

Name: Mike Dugan
Title: President

VTECH COMMUNICATIONS LTD.

/S/ C. W. TO

Name: C. W. To
Title: Director

EXHIBIT LIST

EXHIBIT A	ACCESSORIES
EXHIBIT B	APPROVED DISH BRAND NAMES
EXHIBIT C	COMMISSIONABLE PROGRAMMING
EXHIBIT D	FOREIGN COUNTRIES
EXHIBIT E	HTS MARKS
EXHIBIT F	HTS SOFTWARE
EXHIBIT G	PROGRAMMING AND PRICING
EXHIBIT H	SPECIFICATIONS
EXHIBIT I	THIRD PARTY SOFTWARE
EXHIBIT J	PERSONS AND ENTITIES
EXHIBIT K	PERMITTED SUBCONTRACTORS FOR DOMESTIC PRODUCTS AND DISH PRODUCTS
EXHIBIT L	PERMITTED SUBCONTRACTORS FOR FOREIGN PRODUCTS
EXHIBIT M	STANDARD HOURLY RATES FOR TECHNICAL ASSISTANCE
EXHIBIT N	ENGINEERING CHANGE REQUEST PROCEDURE
EXHIBIT O	TEST PROCEDURES AND PLAN
EXHIBIT P	RETAILER COMMISSION AGREEMENT
EXHIBIT Q	USAGE GUIDELINES FOR HTS MARKS
EXHIBIT R	TECHNOLOGY AND ENTITIES
EXHIBIT S	GUARANTEE

EXHIBIT A
ACCESSORIES

EXHIBIT B
APPROVED DISH BRAND NAMES

EXHIBIT C
COMMISSIONABLE PROGRAMMING

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT D
FOREIGN COUNTRIES

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT E

HTS MARKS

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EXHIBIT F

HTS SOFTWARE

TO BE FURNISHED TO VTECH BY HTS UPON PAYMENT OF THE SECOND INSTALLMENT OF THE
LICENSE ACTIVATION FEE UNDER SECTION 13.1(ii).

EXHIBIT G
PROGRAMMING AND PRICING

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT H

SPECIFICATIONS

TO BE FURNISHED TO VTECH BY HTS UPON PAYMENT OF THE SECOND INSTALLMENT OF THE
LICENSE ACTIVATION FEE UNDER SECTION 13.1(ii).

EXHIBIT I
THIRD PARTY SOFTWARE

EXHIBIT J
PERSONS AND ENTITIES

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT K

PERMITTED SUBCONTRACTORS FOR DOMESTIC PRODUCTS AND DISH PRODUCTS

EXHIBIT L

PERMITTED SUBCONTRACTORS FOR FOREIGN PRODUCTS

EXHIBIT M
STANDARD HOURLY RATES FOR TECHNICAL ASSISTANCE

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT N

ENGINEERING CHANGE REQUEST PROCEDURE

TO BE FURNISHED TO VTECH BY HTS WITH THE SPECIFICATIONS AND HTS SOFTWARE.

EXHIBIT 0

TEST PROCEDURES AND PLAN

TO BE FURNISHED TO VTECH BY HTS AT LEAST 120 DAYS PRIOR TO THE START OF FULL SCALE MANUFACTURE OF THE DOMESTIC PRODUCTS OR DISH PRODUCTS BY VTECH.

EXHIBIT P

RETAILER COMMISSION AGREEMENT

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT Q
USAGE GUIDELINES FOR HTS MARKS

EXHIBIT R
TECHNOLOGY AND ENTITIES

EXHIBIT S
CORPORATE GUARANTEE

[CONFIDENTIAL MATERIAL REDACTED]

EXHIBIT A

Accessories (within system pack-out):	Single or Dual output LNBF IR or UHF remote control 18" DISH antenna and hardware RCA, SVHS, RJ-11, and RG-59 cables UHF antenna User/installation guide Batteries Packaging
Accessories (sold separately):	Wireless Phone Jack Single or Dual LNBF 18" or 24" DISH antenna and hardware IR/UHF Universal Remote Control kit DISH Network Self-Installation Kit

Exhibit B

APPROVED DISH BRAND NAMES:

DISH
DISH Network

EXHIBIT E

HTS MARK TO BE PLACED ON PRODUCTS

DISH

EXHIBIT K

USAGE GUIDELINES FOR HTS' MARKS

RECEIVER APPLICATION

Minimum size for
application on receiver
is 1" horizontal

dish

two color application
on light color

dish

one color application
on dark color

dish

two color application
on dark color

EXHIBIT K

USAGE GUIDELINES FOR HTS' MARKS

GENERAL APPLICATION

[LOGOS]

EXHIBIT K
USAGE GUIDELINES FOR HTM'S MARKS

DISH

BASIC GUIDELINES FOR ECHOSTAR/DISH NETWORK

DISH NETWORK (If headline is in all caps)

DISH Network (headline or body copy with caps as indicated)

ECHOSTAR (if headline is in all caps)

EchoStar (headline or body copy with caps as indicated)

Nothing Else Compares.sm (caps as indicated for headline or in body copy)

"A DISH IN EVERY HOME." (if headline is all caps)

"A Dish in Every Home." (headline or body copy with caps as indicated)

In a list, there is no comma before the "and" (e.g., lions, tigers and bears.).

REGISTERED TRADEMARK, TRADEMARK AND SERVICE MARK USAGE

(All sm and tm marks are raised off the baseline as superscript and must be used the first time only that it appears in any piece)

"A Dish in Every Home." Sm

DISH Network logo is tm or sm depending upon whether it's software/services (sm) or hardware (tm) with tm for the generic hardware and software

DISH Networktm & DISH Networkssm (depends on whether it's hardware(sm) or Software/services(sm) with tm when we're speaking about both generically)

EAC (r)

Echonet (r)

Echosphere (r)

EchoStar (r)

EchoStar (r) Revolving Charge Plan

Nothing Else Compares.sm

Smart Cardtm

FrontLoad^{er}tm

Houston Tracker Systems (r)

HTStm

Track^{er}tm

Tracker Premi^{er}tm

America's Top 40sm (our \$19.99 programming package)
America's Top 40 CDsm (our \$24.99 programming package)
America's Top 40 Premium Plussm (our \$29.99 programming package)
America's Top 40 Deluxe Plussm (our \$39.99 programming package)
America's Top 40 Ultimate Plussm (our \$49.99 programming package)
America's Top 50 CD (our new upgraded \$300 a year package (\$25 a month)
DISH-on-Demandsm (pay-per-view)
DISH Pixsm (choose your own programming package)
DISH Network Credit Corporation
DISH CDsm

(Samples of trademark copy)
DISH Network is a service mark of EchoStar Communications Corporation.
(for logo and when written out - programming and services only)
DISH Network is a trademark of EchoStar Communications Corporation. (for
logo and when written out - hardware and generically)
EAC is a registered trademark of EchoStar Acceptance Corporation
Echonet is a registered service mark of Echonet Business Network, Inc.
Echosphere is a registered trademark of Echosphere Corporation.
EchoStar is a registered trademark of Echosphere Corporation.

DISH Network is a trademark and service mark of EchoStar Communications
Corporation. (combining legal copy)
DISH Network is a trademark and DISH-On-Demand is a service mark of
EchoStar Communications Corporation. (combining legal copy)

Houston Tracker Systems is a registered trademark of Houston Tracker
Systems, Inc.
HTS, Excellence By Design, Tracker and Tracker Premier are trademarks of
Houston Tracker Systems, Inc.

SPELLINGS AND TERMS FOR ECHOSTAR/DISH NETWORK

big-screen (adj.)
C-band (adj.)
CD-quality (adj.)
CONUS (all caps) - contiguous United States
cost-effective (adj.)
database
DBS - Direct Broadcast Satellites
DBS - Digital Broadcast System (DBS satellites)
dealer base
DISH Network Credit Corporation
DSS - direct satellite service
DTH - direct-to-home (adj.)

DVB - digital video broadcast (European standard like MPEG-2 in U.S.)
18-inch (adj.)
FCC - Federal Communications Commission
full-featured (adj.)
full-service (adj.)
HDTV - high-definition television
high-power (adj.)
high-powered (adj.)
high-quality (adj.)
high-tech (adj.)
high-yield (adj.)
in-house (adj.)
IRDs (plural) - integrated receiver descramblers
Ku-band (adj.)
laserdisc
lineup (1 word)
LNBF - low noise block converter with integrated feed
long-term (adj.)
low-cost (adj.)
MPEG-2 - motion pictures expert group (set digital pictures transmission
standard for U.S.)
MPEG-2/DVB compatible
OEM - original equipment manufacturer
110-volt and 240-volt (adj.)
one-stop (adj.)
on-line (adj.)
on-screen (adj.)
predetermined
real time -- instantly available information
QC - quality control
remote control (adj.)
RF - radio frequency
same-day (adj.)
SBCA - Satellite Broadcasting and Communications Association
short-term (adj.)
signal-splitting (noun)
single-family (adj.)
startup (1 word)
state-of-the-art (adj.)
surround sound (adj.)
toll-free (adj.)
trade-off (adj.)
TVRO - television receive only
2-year and two year (adj.), etc.
UHF -- ultra high frequency
VHF -- very high frequency

videodisc

American Division (of EchoStar - initial caps)

DIRECTV

DISH Network Credit Corporation

Hughes/Hubbard

International Division (of EchoStar - initial caps)

Primestar

Satellite Source (no (r) or tm)

The Company (initial cap C in copy when talking about EchoStar)

The Echosphere Group (initial caps)

USSB - U.S. Satellite Broadcasting

DISH NETWORK LOGO SHEET

The TM version of the DISH Network logo is to be used when any mention or representation of DISH Network systems/hardware is made. (The SM logo may only be used when talking about DISH Network programming only, and not when there is any mention of systems/hardware.) The DISH Network logo must appear in either all black or black and pantone 186 red as separated below. The tagline may be reversed to white from a black background of necessary, however this is not preferred.

[LOGOS]

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF ECHOSTAR COMMUNICATIONS CORPORATION AS OF AND FOR THE QUARTER ENDED MARCH 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THOSE FINANCIAL STATEMENTS.

1,000

	3-MOS	
	DEC-31-1998	
	JAN-01-1998	
	MAR-31-1998	
		234,052
		154,729
		84,226
		1,673
		34,643
	534,532	
		1,002,973
		104,162
		1,794,700
318,029		
		1,391,755
205,585		
		123,154
		449
		(266,878)
1,794,700		
		209,844
	214,439	
		134,245
		235,604
		28,550
		1,691
	37,374	
		(49,715)
		171
(49,886)		
		0
		0
		0
		(49,886)
		(1.30)
		(1.30)

Includes sales of programming.
Includes costs of programming.
Net of amounts capitalized.