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 SEPTEMBER 30, 2015.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO .

Commission File Number: 001-33807

EchoStar Corporation
(Exact Name of Registrant as Specified in Its Charter)

Nevada	**26-1232727**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
100 Inverness Terrace East, Englewood, Colorado	**80112-5308**
(Address of Principal Executive Offices)	(Zip Code)

(303) 706-4000
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

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

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

Large accelerated filer T	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

As of October 28, 2015, the registrant's outstanding common stock consisted of 44,906,535 shares of Class A common stock and 47,687,039 shares of Class B common stock.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

- our reliance on our primary customer, DISH Network Corporation and its subsidiaries ("DISH Network"), for a significant portion of our revenue;
- the impact of variable demand and the adverse pricing environment for digital set-top boxes;
- dependence on our ability to successfully manufacture and sell our digital set-top boxes in increasing volumes on a cost-effective basis and with acceptable quality;
- our ability to bring advanced technologies to market to keep pace with our competitors;
- significant risks related to the construction, launch and operation of our satellites, such as the risk of material malfunction on one or more of our satellites, changes in the space weather environment that could interfere with the operation of our satellites, and our general lack of commercial insurance coverage on our satellites;
- our failure to adequately anticipate the need for satellite capacity or the inability to obtain satellite capacity for our Hughes segment; and
- the failure of third-party providers of components, manufacturing, installation services and customer support services to appropriately deliver the contracted goods or services.

Other factors that could cause or contribute to such differences include, but are not limited to, those discussed under the caption "Risk Factors" in Part II, Item 1A of this Form 10-Q and in Part I, Item 1A of our most recent Annual Report on Form 10-K ("Form 10-K") filed with the Securities and Exchange Commission ("SEC"), those discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein and in our Form 10-K, and those discussed in other documents we file with the SEC.

All cautionary statements made herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks and uncertainties described herein and should not place undue reliance on any forward-looking statements. We do not undertake, and specifically disclaim, any obligation to publicly release the results of any revisions that may be made to any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	As of	
	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Assets		
Current Assets:		
Cash and cash equivalents	$ 779,105	$ 549,053
Marketable investment securities, at fair value	807,662	1,139,103
Trade accounts receivable, net of allowance for doubtful accounts of $13,543 and $14,188, respectively	177,553	163,232
Trade accounts receivable - DISH Network, net of allowance for doubtful accounts of zero	247,453	251,669
Inventory	73,956	62,963
Prepaid expenses	63,776	67,164
Deferred tax assets	95,525	87,208
Other current assets	12,623	7,699
Total current assets	2,257,653	2,328,091
Noncurrent Assets:		
Restricted cash and marketable investment securities	19,258	18,945
Property and equipment, net of accumulated depreciation of $2,910,823 and $2,899,353, respectively	3,320,222	3,194,793
Regulatory authorizations, net	544,343	568,378
Goodwill	510,630	510,630
Other intangible assets, net	147,535	195,662
Investments in unconsolidated entities	214,431	159,962
Other receivable - DISH Network	90,793	90,241
Other noncurrent assets, net	184,278	187,296
Total noncurrent assets	5,031,490	4,925,907
Total assets	$ 7,289,143	$ 7,253,998
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	$ 211,905	$ 188,282
Trade accounts payable - DISH Network	23,247	32,474
Current portion of long-term debt and capital lease obligations	32,228	41,912
Deferred revenue and prepayments	69,239	71,708
Accrued compensation	31,658	32,117
Accrued royalties	22,306	27,590
Accrued interest	41,790	8,905
Accrued expenses and other	110,492	114,745
Total current liabilities	542,865	517,733
Noncurrent Liabilities:		
Long-term debt and capital lease obligations, net of current portion	2,195,985	2,325,775
Deferred tax liabilities	745,959	679,524
Other noncurrent liabilities	100,767	107,328
Total noncurrent liabilities	3,042,711	3,112,627
Total liabilities	3,585,576	3,630,360
Commitments and Contingencies (Note 14)		
Stockholders' Equity:		
Preferred Stock, $.001 par value, 20,000,000 shares authorized:		
Hughes Retail Preferred Tracking Stock, $.001 par value, 13,000,000 shares authorized, 6,290,499 issued and outstanding at each of September 30, 2015 and December 31, 2014	6	6
Common stock, $.001 par value, 4,000,000,000 shares authorized:		
Class A common stock, $.001 par value, 1,600,000,000 shares authorized, 50,432,666 shares issued and 44,900,348 shares outstanding at September 30, 2015 and 49,576,247 shares issued and 44,043,929 shares outstanding at December 31, 2014	50	50
Class B common stock, $.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding at each of September 30, 2015 and December 31, 2014	48	48
Class C common stock, $.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of September 30, 2015 and December 31, 2014	—	—
Class D common stock, $.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of September 30, 2015 and December 31, 2014	—	—
Additional paid-in capital	3,755,547	3,706,122
Accumulated other comprehensive loss	(112,001)	(55,856)
Accumulated earnings (deficit)	70,943	(19,040)
Treasury stock, at cost	(98,162)	(98,162)
Total EchoStar stockholders' equity	3,616,431	3,533,168
Noncontrolling interest in HSS Tracking Stock	76,437	80,457
Other noncontrolling interests	10,699	10,013
Total stockholders' equity	3,703,567	3,623,638
Total liabilities and stockholders' equity	$ 7,289,143	$ 7,253,998

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue:				
Equipment revenue - DISH Network	$ 157,184	$ 299,050	$ 577,277	$ 907,466
Equipment revenue - other	89,454	101,927	256,362	265,890
Services and other revenue - DISH Network	236,601	215,935	695,358	609,552
Services and other revenue - other	277,640	278,928	824,130	818,783
Total revenue	760,879	895,840	2,353,127	2,601,691
Costs and Expenses:				
Cost of sales - equipment (exclusive of depreciation and amortization)	207,989	340,159	706,835	998,205
Cost of sales - services and other (exclusive of depreciation and amortization)	219,686	212,298	645,691	626,660
Selling, general and administrative expenses	91,830	93,127	280,462	271,251
Research and development expenses	19,875	15,685	57,432	44,841
Depreciation and amortization	132,892	142,294	398,547	416,167
Total costs and expenses	672,272	803,563	2,088,967	2,357,124
Operating income	88,607	92,277	264,160	244,567
Other Income (Expense):				
Interest income	2,562	2,270	7,896	7,015
Interest expense, net of amounts capitalized	(28,870)	(41,688)	(96,136)	(132,419)
Loss from partial redemption of debt	—	—	(5,044)	—
Gains (losses) on marketable investment securities, net	(3,912)	(27)	(5,516)	7
Other-than-temporary impairment loss on available-for-sale securities	(1,243)	—	(5,892)	—
Equity in earnings (losses) of unconsolidated affiliates, net	(2,324)	13,198	(2,580)	10,137
Other, net	2,115	(1,485)	(4,078)	(1,050)
Total other expense, net	(31,672)	(27,732)	(111,350)	(116,310)
Income before income taxes	56,935	64,545	152,810	128,257
Income tax provision, net	(28,577)	(6,108)	(65,841)	(28,176)
Net income	28,358	58,437	86,969	100,081
Less: Net loss attributable to noncontrolling interest in HSS Tracking Stock	(686)	(2,106)	(4,020)	(4,049)
Less: Net income attributable to other noncontrolling interests	209	375	1,006	1,103
Net income attributable to EchoStar	28,835	60,168	89,983	103,027
Less: Net loss attributable to Hughes Retail Preferred Tracking Stock (Note 2)	(1,267)	(3,887)	(7,421)	(7,474)
Net income attributable to EchoStar common stock	$ 30,102	$ 64,055	$ 97,404	$ 110,501
Weighted-average common shares outstanding - Class A and B common stock:				
Basic	92,500	91,358	92,253	91,050
Diluted	93,493	92,971	93,480	92,723
Earnings per share - Class A and B common stock:				
Basic	$ 0.33	$ 0.70	$ 1.06	$ 1.21
Diluted	$ 0.32	$ 0.69	$ 1.04	$ 1.19
Comprehensive Income (Loss)				
Net income	$ 28,358	$ 58,437	$ 86,969	$ 100,081
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(32,603)	(18,783)	(56,009)	(11,068)
Recognition of foreign currency translation loss in net income	—	—	1,889	—
Unrealized losses on available-for-sale securities and other	(7,373)	(6,981)	(8,208)	(9,484)
Recognition of other-than-temporary loss on available-for-sale securities in net income	1,243	—	5,892	—
Recognition of realized (gains) losses on available-for-sale securities in net income	(9)	27	(29)	(7)
Total other comprehensive loss, net of tax	(38,742)	(25,737)	(56,465)	(20,559)
Comprehensive income (loss)	(10,384)	32,700	30,504	79,522
Less: Comprehensive loss attributable to noncontrolling interest in HSS Tracking Stock	(686)	(2,106)	(4,020)	(4,049)
Less: Comprehensive income (loss) attributable to other noncontrolling interests	(111)	171	686	1,147
Comprehensive income (loss) attributable to EchoStar	$ (9,587)	$ 34,635	$ 33,838	$ 82,424

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

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Nine Months Ended September 30,	
	2015	2014
Cash Flows from Operating Activities:		
Net income	$ 86,969	$ 100,081
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	398,547	416,167
Equity in losses (earnings) of unconsolidated affiliates, net	2,580	(10,137)
Loss from partial redemption of debt	5,044	—
Losses (gains) and other-than-temporary impairment on marketable investment securities, net	11,408	(7)
Stock-based compensation	16,204	10,648
Deferred tax provision	63,421	18,773
Changes in current assets and current liabilities, net	(274)	110,671
Changes in noncurrent assets and noncurrent liabilities, net	3,457	(10,170)
Other, net	20,567	26,408
Net cash flows from operating activities	607,923	662,434
Cash Flows from Investing Activities:		
Purchases of marketable investment securities	(345,391)	(920,672)
Sales and maturities of marketable investment securities	669,393	891,917
Purchases of property and equipment	(585,902)	(434,428)
Refunds and other receipts related to capital expenditures	105,750	—
Changes in restricted cash and marketable investment securities	(313)	(2,958)
Investments in unconsolidated entities	(64,655)	—
Acquisition of regulatory authorization	(3,428)	—
Capital contribution to Sling TV Holding	—	(18,569)
Expenditures for externally marketed software	(16,905)	(17,401)
Other, net	(50)	1,981
Net cash flows from investing activities	(241,501)	(500,130)
Cash Flows from Financing Activities:		
Repayment of 6 1/2% Senior Notes Due 2019 and related premium	(113,300)	—
Repayment of other long-term debt and capital lease obligations	(35,303)	(52,763)
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	19,893	20,678
Net proceeds from issuance of Tracking Stock (Note 2)	—	7,526
Other, net	1,525	(9,752)
Net cash flows from financing activities	(127,185)	(34,311)
Effect of exchange rates on cash and cash equivalents	(9,185)	(1,721)
Net increase (decrease) in cash and cash equivalents	230,052	126,272
Cash and cash equivalents, beginning of period	549,053	634,119
Cash and cash equivalents, end of period	$ 779,105	$ 760,391
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest (including capitalized interest)	$ 102,335	$ 106,268
Capitalized interest	$ 44,335	$ 14,670
Cash paid for income taxes	$ 5,185	$ 11,610
Employee benefits paid in Class A common stock	$ 10,711	$ 10,310
Satellites and other assets financed under capital lease obligations	$ 5,551	$ 2,947
Increase in capital expenditures included in accounts payable, net	$ 10,297	$ 3,805
Net noncash assets transferred from DISH Network in exchange for Tracking Stock (Note 2)	$ —	$ 398,095
Assets received from Sling TV Holding (Note 6)	$ —	$ 34,075
Reduction of capital lease obligation for AMC-15 and AMC-16 satellites	$ 4,500	$ —

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

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Organization and Business Activities

Principal Business

EchoStar Corporation (which, together with its subsidiaries, is referred to as "EchoStar," the "Company," "we," "us" and/or "our") is a holding company that was organized in October 2007 as a corporation under the laws of the State of Nevada. We are a global provider of satellite operations, video delivery solutions, digital set-top boxes, and broadband satellite technologies and services for home and office, delivering innovative network technologies, managed services, and solutions for enterprises and governments. Our Class A common stock is publicly traded on the Nasdaq Global Select Market ("Nasdaq") under the symbol "SATS."

We currently operate in the following three business segments:

- ***EchoStar Technologies ("ETC")*** — which designs, develops and distributes digital set-top boxes and related products and technology, primarily for satellite TV service providers and telecommunication companies. Our EchoStar Technologies segment also provides digital broadcast operations, including satellite uplinking/downlinking, transmission services, signal processing, conditional access management, and other services, primarily to DISH Network. In addition, we provide our TVEverywhere technology through Slingboxes directly to consumers via retail outlets and online, as well as to the pay-TV operator market. Beginning in 2015, this segment also includes Move Network, our live linear over-the-top platform business, which includes assets acquired from Sling TV Holding L.L.C. (formerly DISH Digital Holding L.L.C.), and primarily provides support services to DISH Network's Sling TV operations.

- ***Hughes*** — which provides satellite broadband internet access to North American consumers and broadband network services and equipment to domestic and international enterprise markets. The Hughes segment also provides managed services to large enterprises and solutions to customers for mobile satellite systems.

- ***EchoStar Satellite Services ("ESS")*** — which uses certain of our owned and leased in-orbit satellites and related licenses to provide satellite services on a full-time and occasional-use basis primarily to DISH Network, Dish Mexico, S. de R.L. de C.V. ("Dish Mexico"), a joint venture we entered into in 2008, United States ("U.S.") government service providers, internet service providers, broadcast news organizations, programmers, and private enterprise customers.

Our operations also include real estate and other activities that have not been assigned to our operating segments, including, costs incurred in certain satellite development programs and other business development activities, expenses of various corporate departments, and our centralized treasury operations, including, income from our investment portfolio and interest expense on our debt. These activities are accounted for in the "All Other and Eliminations" column in Note 15.

In 2008, DISH Network completed its distribution to us of its digital set-top box business, certain infrastructure, and other assets and related liabilities, including certain of its satellites, uplink and satellite transmission assets, and real estate (the "Spin-off"). Since the Spin-off, EchoStar and DISH Network have operated as separate publicly-traded companies. However, as a result of the Satellite and Tracking Stock Transaction described in Note 2 below, DISH Network owns shares of our and our subsidiary's preferred tracking stock representing an aggregate 80.0% economic interest in the residential retail satellite broadband business of our Hughes segment. In addition, a substantial majority of the voting power of the shares of DISH Network and EchoStar is owned beneficially by Charles W. Ergen, our Chairman, and by certain trusts established by Mr. Ergen for the benefit of his family.

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

Note 2. Hughes Retail Preferred Tracking Stock

Satellite and Tracking Stock Transaction

On February 20, 2014, EchoStar entered into agreements with certain subsidiaries of DISH Network pursuant to which, effective March 1, 2014, (i) EchoStar issued shares of its newly authorized Hughes Retail Preferred Tracking Stock (the "EchoStar Tracking Stock") and Hughes Satellite Systems Corporation ("HSS"), a subsidiary of EchoStar, also issued shares of its newly authorized Hughes Retail Preferred Tracking Stock (the "HSS Tracking Stock" and together with the EchoStar Tracking Stock, the "Tracking Stock") to DISH Network in exchange for five satellites (EchoStar I, EchoStar VII, EchoStar X, EchoStar XI, and EchoStar XIV), including the assumption of related in-orbit incentive obligations, and $11.4 million in cash and (ii) DISH Network began receiving certain satellite services on these five satellites from us (the "Satellite and Tracking Stock Transaction"). The Tracking Stock tracks the residential retail satellite broadband business of our Hughes segment, including certain operations, assets and liabilities attributed to such business (collectively, the "Hughes Retail Group" or "HRG"). The Satellite and Tracking Stock Transaction is consistent with the long-term strategy of the Company to increase the scale of its satellite services business, which provides high-margin revenues, while continuing to benefit from the growth of the satellite broadband business. As a result of the additional satellites received in the Satellite and Tracking Stock Transaction, EchoStar has been able to increase short-term cash flow that it believes will better position it to achieve its strategic objectives.

EchoStar and HSS have adopted policy statements (the "Policy Statements") setting forth management and allocation policies for purposes of attributing all of the business and operations of EchoStar to either the Hughes Retail Group or the "EchoStar Group," which is defined as all other operations of EchoStar, including all existing and future businesses, other than the Hughes Retail Group. Among other things, the Policy Statements govern how assets, liabilities, revenue and expenses are attributed or allocated between HRG and the EchoStar Group. Such attributions and allocations generally do not affect the amounts reported in our consolidated financial statements, except for the attribution of stockholders' equity and net income or loss between the holders of Tracking Stock and common stock. The Policy Statements also do not significantly affect the way that management assesses operating performance and allocates resources within our Hughes segment.

We provide unaudited attributed financial information for HRG and the EchoStar Group in an exhibit to our periodic reports on Form 10-Q and Form 10-K. Set forth below is information about certain terms of the Tracking Stock and the initial recording of the Satellite and Tracking Stock Transaction in our consolidated financial statements.

Description of the Tracking Stock

Tracking stock is a type of capital stock that the issuing company intends to reflect or "track" the economic performance of a particular business component within the company, rather than reflect the economic performance of the company as a whole. The Tracking Stock is intended to track the economic performance of the Hughes Retail Group. The shares of the Tracking Stock issued to DISH Network represent an aggregate 80.0% economic interest in the Hughes Retail Group (the shares issued as EchoStar Tracking Stock represent a 51.89% economic interest in the Hughes Retail Group and the shares issued as HSS Tracking Stock represent a 28.11% economic interest in the Hughes Retail Group). In addition to the remaining 20.0% economic interest in the Hughes Retail Group, EchoStar retains all economic interest in the wholesale satellite broadband business and other businesses of EchoStar. The 80.0% economic interest was determined at the time of issuance based on the estimated fair value of the consideration received from DISH Network in exchange for the Tracking Stock, consisting of the five satellites and $11.4 million in cash, relative to the estimated fair value of the Hughes Retail Group. The allocation of economic interest represented by the Tracking Stock of 51.89% issued as EchoStar Tracking Stock and 28.11% issued as HSS Tracking Stock reflected the relative assignment to HSS Tracking Stock and EchoStar Tracking Stock of the aggregate increase in equity resulting from DISH Network's contribution of the satellites and cash. The tracking stock structure and the allocation of the tracking stock economic interest between EchoStar and HSS was advantageous to EchoStar from an economic and tax perspective by allowing the Company to increase cash flow by using the value of the Hughes Retail Group to purchase the satellites from DISH Network.

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

While DISH Network, as the holder of the Tracking Stock, holds an aggregate 80.0% economic interest in the Hughes Retail Group, the Hughes Retail Group is not a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Holders of the Tracking Stock have no direct claim to the assets of the Hughes Retail Group; rather, holders of the Tracking Stock are stockholders of its respective issuer (EchoStar or HSS) and are subject to all risks and liabilities of the issuer.

The EchoStar Tracking Stock is a series of preferred stock consisting of 13,000,000 authorized shares with a par value of $0.001 per share, of which 6,290,499 shares were issued to DISH Network on March 1, 2014. The HSS Tracking Stock is a series of HSS preferred stock consisting of 300 authorized shares with a par value of $0.001 per share, of which 81.128 shares were issued to DISH Network on March 1, 2014. Following the issuance of the shares of the EchoStar Tracking Stock and the HSS Tracking Stock, DISH Network held 6.5% and 7.5% of the aggregate number of outstanding shares of EchoStar and HSS capital stock, respectively.

Holders of shares of the Tracking Stock vote with holders of the outstanding shares of common stock of its respective issuer, as a single class, with respect to any and all matters presented to stockholders for their action or consideration. Each share of the Tracking Stock is entitled to one-tenth (1/10th) of one vote, which resulted in a relative loss of voting power for our Class A and Class B common stockholders. In the event of a liquidation of EchoStar, holders of shares of EchoStar Class A common stock, EchoStar Class B common stock and the EchoStar Tracking Stock are entitled to receive their respective proportionate interests in the net assets of EchoStar, if any, remaining for distribution upon liquidation, pro rata based upon the aggregate market value of outstanding shares of the EchoStar Tracking Stock (determined by an independent appraisal to the extent such shares are not then listed or quoted on any U.S. national or regional securities exchange or quotation system) as compared to the aggregate market value of outstanding shares of EchoStar Class A common stock and EchoStar Class B common stock. Similarly, in the event of a liquidation of HSS, holders of shares of HSS common stock and HSS Tracking Stock are entitled to receive their respective proportionate interests in the net assets of HSS, if any, remaining for distribution upon liquidation, pro rata based upon the aggregate market value of outstanding shares of HSS Tracking Stock as compared to the aggregate market value of outstanding shares of HSS common stock. Market values of HSS Tracking Stock and HSS common stock are to be determined by an independent appraisal to the extent such shares are not then listed or quoted on any U.S. national or regional securities exchange or quotation system.

Should our board of directors, or the board of directors of HSS, make a future determination to pay a dividend on any shares of capital stock, the respective board of directors may, in its sole discretion, declare dividends only on shares of common stock, only on shares of the Tracking Stock or on shares of both the common stock and the Tracking Stock of the respective company. No dividend or other distribution may be paid on any shares of EchoStar Tracking Stock unless a dividend or distribution in an equivalent amount is paid on shares of HSS Tracking Stock and no dividend or other distribution may be paid on any shares of HSS Tracking Stock unless a dividend or distribution in an equivalent amount is paid on shares of EchoStar Tracking Stock.

EchoStar and HSS may each, at its option, redeem all of the outstanding shares of its Tracking Stock in exchange for shares of common stock in an HRG Holding Company (as defined below), which EchoStar is required to establish pursuant to the Investor Rights Agreement discussed below.

Investor Rights Agreement

In connection with the Satellite and Tracking Stock Transaction, EchoStar, HSS and DISH Network entered into an agreement (the "Investor Rights Agreement") setting forth certain rights and obligations of the parties with respect to the Tracking Stock. Among other provisions, the Investor Rights Agreement provides: (i) certain information and consultation rights for DISH Network; (ii) certain transfer restrictions on the Tracking Stock and certain rights and obligations to offer and sell under certain circumstances (including a prohibition on transfer of the Tracking Stock until March 1, 2015), with continuing transfer restrictions (including a right of first offer in favor of EchoStar) thereafter, an obligation to sell the Tracking Stock to us in connection with a change of control of DISH Network and a right to require us to repurchase the Tracking Stock in connection with a change of control of EchoStar, in each case subject to certain terms and conditions; (iii) certain protective covenants afforded to holders of the Tracking Stock; and (iv) a requirement for EchoStar to establish a holding company subsidiary (an "HRG Holding Company") that is directly or indirectly wholly-owned by EchoStar and that will hold the Hughes Retail Group.

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In addition, the Investor Rights Agreement provides that DISH Network may, on or after September 1, 2016, require EchoStar to use its commercially reasonable efforts to register some or all of the outstanding shares of the Tracking Stock under the Securities Act of 1933, as amended, subject to certain terms and conditions (including our right, upon the receipt of a demand for registration, to offer to repurchase all of the Tracking Stock). In connection with any demand for registration, DISH Network may require any outstanding shares of the HSS Tracking Stock to be exchanged for shares of the EchoStar Tracking Stock with an equivalent economic interest in the Hughes Retail Group. In the event that a registration of shares of Tracking Stock is effected, EchoStar is required to use its reasonable best efforts to amend the terms of the Tracking Stock so that the Tracking Stock will be convertible or exchangeable for shares of EchoStar Class A common stock with equivalent market value.

Note 3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these financial statements do not include all of the information and notes required for complete financial statements prepared in accordance with GAAP. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Our results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the consolidated financial statements and notes thereto included in our Form 10-K for the year ended December 31, 2014.

Principles of Consolidation

We consolidate all majority owned subsidiaries, investments in entities in which we have controlling interest and variable interest entities where we are the primary beneficiary. For entities we control but do not wholly own, we record a noncontrolling interest within stockholders' equity for the portion of the entity's equity attributed to the noncontrolling ownership interests. For the noncontrolling interest in the HSS Tracking Stock (see Note 2), we attribute a portion of HSS net income or loss to the noncontrolling interest in HSS Tracking Stock with such portion equal to 28.11% (the HSS portion of the 80.0% economic interest) of the Hughes Retail Group attributed net income or loss represented by the HSS Tracking Stock, as determined in accordance with the Policy Statements and other documents governing the Tracking Stock. We use the equity method to account for investments in entities that we do not control but have the ability to significantly influence the operating decisions of the investee. We use the cost method when we do not have the ability to significantly influence the operating decisions of the investee. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheets, the reported amounts of revenue and expense for each reporting period, and certain information disclosed in the notes to our condensed consolidated financial statements. Estimates are used in accounting for, among other things, amortization periods for deferred revenue and deferred subscriber acquisition costs, revenue recognition using the percentage-of-completion method, allowances for doubtful accounts, allowances for sales returns and rebates, warranty obligations, self-insurance obligations, deferred taxes and related valuation allowances, uncertain tax positions, loss contingencies, fair value of financial instruments, fair value of awards granted under our stock-based compensation plans, fair value of assets and liabilities acquired in business combinations, lease classifications, asset impairments, useful lives and methods for depreciation and amortization of long-lived assets, goodwill impairment testing, royalty obligations, and allocations that affect the net income or loss attributable to the Tracking Stock. We base our estimates and assumptions on historical experience, observable market inputs and on various other factors that we believe to be relevant under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results may differ from previously estimated amounts, and such differences may be material to our condensed consolidated financial statements. Weakened economic conditions may increase the inherent uncertainty in the

estimates and assumptions indicated above. We review our estimates and assumptions periodically and the effects of revisions are reflected in the period they occur or prospectively if the revised estimate affects future periods.

Fair Value Measurements

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

- Level 1, defined as observable inputs being quoted prices in active markets for identical assets;
- Level 2, defined as observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3, defined as unobservable inputs for which little or no market data exists, consistent with characteristics of the asset or liability that would be considered by market participants in a transaction to purchase or sell the asset or liability.

Transfers between levels in the fair value hierarchy are considered to occur at the beginning of the quarterly accounting period. There were no transfers between levels for each of the nine months ended September 30, 2015 or 2014.

As of September 30, 2015 and December 31, 2014, the carrying amounts of our cash and cash equivalents, trade accounts receivable, net of allowance for doubtful accounts, accounts payable and accrued liabilities were equal to or approximated fair value due to their short-term nature or proximity to current market rates.

Fair values of our current marketable investment securities are based on a variety of observable market inputs. For our investments in publicly traded equity securities and U.S. government securities, fair value ordinarily is determined based on a Level 1 measurement that reflects quoted prices for identical securities in active markets. Fair values of our investments in other marketable debt securities generally are based on Level 2 measurements, as the markets for such debt securities are less active. Trades of identical debt securities on or near the measurement date are considered a strong indication of fair value. Matrix pricing techniques that consider par value, coupon rate, credit quality, maturity and other relevant features also may be used to determine fair value of our investments in marketable debt securities.

Fair values for our publicly traded long-term debt are based on quoted market prices in less active markets and are categorized as Level 2 measurements. The fair values of our privately held debt are Level 2 measurements and are estimated to approximate their carrying amounts based on the proximity of their interest rates to current market rates. As of September 30, 2015 and December 31, 2014, the fair values of our in-orbit incentive obligations, based on measurements categorized within Level 2 of the fair value hierarchy, approximated their carrying amounts of $80.3 million and $85.8 million, respectively. We use fair value measurements from time-to-time in connection with impairment testing and the assignment of purchase consideration to assets and liabilities of acquired companies. Those fair value measurements typically include significant unobservable inputs and are categorized within Level 3 of the fair value hierarchy.

Research and Development

In addition to research and development expenses reported in our condensed consolidated statements of operations and comprehensive income (loss), our cost of sales includes research and development costs funded by customers of approximately $15.2 million and $18.0 million for the three months ended September 30, 2015 and 2014, respectively, and $45.7 million and $52.4 million for the nine months ended September 30, 2015 and 2014, respectively.

Capitalized Software Costs

Development costs related to software for internal-use and externally marketed software are capitalized and amortized using the straight-line method over the estimated useful life of the software, not in excess of five years. Capitalized costs of internal-use software are included in "Property and equipment, net" and capitalized costs of externally marketed software are included in "Other noncurrent assets, net" in our condensed consolidated balance sheets. Externally marketed software is generally installed in the equipment we sell to customers. We conduct software program reviews for externally marketed capitalized software costs at least annually, or as events and circumstances warrant such a review, to determine if capitalized software development costs are recoverable and to ensure that costs associated with programs that are no longer generating revenue are expensed. As of September 30, 2015 and December 31, 2014, the net carrying amount of externally marketed software was $59.7 million and $48.9 million, respectively. We capitalized costs of $5.3 million and $5.1 million for the three months ended September 30, 2015 and 2014, respectively, and costs of $17.0 million and $17.6 million for the nine months ended September 30, 2015 and 2014, respectively, related to the development of externally marketed software. We recorded amortization expense relating to the development of externally marketed software of $2.2 million and $1.9 million for the three months ended September 30, 2015 and 2014, respectively, and $6.1 million and $3.6 million for the nine months ended September 30, 2015 and 2014, respectively. The weighted average useful life of our externally marketed software was approximately four years as of September 30, 2015.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). It outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." In August 2015, the FASB issued Accounting Standards Update No. 2015-14, which deferred by one year the mandatory effective date of ASU 2014-09. As a result, public entities are required to adopt the new revenue standard in annual periods beginning after December 15, 2017 and in interim periods within those annual periods. The standard may be applied either retrospectively to prior periods or as a cumulative-effect adjustment as of the date of adoption. Early adoption is permitted, but not before annual periods beginning after December 15, 2016. We have not determined when we will adopt the new revenue standard or selected the transition method that we will apply upon adoption. We are assessing the impact of adopting this new accounting standard on our consolidated financial statements and related disclosures.

In February 2015, the FASB issued Accounting Standards Update No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis ("ASU 2015-02"). This standard amends the consolidation guidance for variable interest entities ("VIEs") and general partners' investments in limited partnerships and similar entities. ASU 2015-02 is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods, and requires either a retrospective or a modified retrospective approach as of the beginning of the fiscal year of adoption. Early adoption is permitted. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements or related disclosures. We do not expect to adopt this standard prior to the effective date.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, Simplifying the Presentation of Debt Issuance Costs, ("ASU 2015-03"). This standard requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. ASU 2015-03 is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods, and requires a retrospective approach to adoption. Early adoption is permitted. Based on our preliminary assessment, upon adoption of this standard, we expect to present unamortized deferred costs in other noncurrent assets with a carrying amount of $32.8 million and $39.1 million as of September 30, 2015 and December 31, 2014, respectively, as a reduction of our long-term debt balances. We do not expect to adopt this standard prior to the effective date.

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Note 4. Earnings per Share

We present basic earnings per share ("EPS") and diluted EPS for our Class A and Class B common stock. The EchoStar Tracking Stock is a participating security that shares in our consolidated earnings and therefore, effective March 1, 2014, the issuance date of the EchoStar Tracking Stock, we apply the two-class method to calculate EPS. Under the two-class method, we allocate net income or loss attributable to EchoStar between common stock and the EchoStar Tracking Stock considering both dividends declared on each class of stock and the participation rights of each class of stock in undistributed earnings. Based on the 51.89% economic interest in the Hughes Retail Group outstanding as the EchoStar Tracking Stock, we allocate undistributed earnings to the EchoStar Tracking Stock based on 51.89% of the attributed net income or loss of the Hughes Retail Group. We allocated a net loss of $1.3 million and $3.9 million for the three months ended September 30, 2015 and 2014, respectively, and a net loss of $7.4 million and $7.5 million for the nine months ended September 30, 2015 and 2014, respectively, to the EchoStar Tracking Stock reflecting DISH Network's 51.89% economic interest (represented by the EchoStar Tracking Stock) in the net loss of the Hughes Retail Group. Moreover, because the reported amount of "Net income attributable to EchoStar" in our condensed consolidated statements of operations and comprehensive income (loss) excludes DISH Network's 28.11% economic interest (represented by the HSS Tracking Stock) in the net loss of the Hughes Retail Group (reported as a noncontrolling interest), the amount of consolidated net income or loss allocated to holders of Class A and Class B common stock effectively excludes an aggregate 80.0% of the attributed net loss of the Hughes Retail Group.

Basic EPS for our Class A and Class B common stock excludes potential dilution and is computed by dividing "Net income attributable to EchoStar common stock" by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if our common stock awards were exercised. The potential dilution from common stock awards was computed using the treasury stock method based on the average market value of our Class A common stock during the period. The calculation of our diluted weighted-average common shares outstanding excluded options to purchase shares of our Class A common stock, whose effect would be anti-dilutive, of 3.1 million shares and 2.0 million shares for the three and nine months ended September 30, 2015, respectively, and 0.8 million shares for each of the three and nine months ended September 30, 2014, respectively. For the three and nine months ended September 30, 2014, the calculation also excluded 0.7 million shares of our Class A common stock that were issuable pursuant to our performance based stock incentive plan contingent upon meeting a company-specific performance measure by March 31, 2015, that was not achieved and which resulted in the expiration of such shares as of March 31, 2015.

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The following table presents basic and diluted EPS amounts for all periods and the corresponding weighted-average shares outstanding used in the calculations.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(In thousands, except per share amounts)			
Net income attributable to EchoStar	$ 28,835	$ 60,168	$ 89,983	$ 103,027
Less: Net loss attributable to EchoStar Tracking Stock	(1,267)	(3,887)	(7,421)	(7,474)
Net income attributable to EchoStar common stock	$ 30,102	$ 64,055	$ 97,404	$ 110,501
Weighted-average common shares outstanding :				
Class A and B common stock:				
Basic	92,500	91,358	92,253	91,050
Dilutive impact of stock awards outstanding	993	1,613	1,227	1,673
Diluted	93,493	92,971	93,480	92,723
Earnings per share:				
Class A and B common stock:				
Basic	$ 0.33	$ 0.70	$ 1.06	$ 1.21
Diluted	$ 0.32	$ 0.69	$ 1.04	$ 1.19

Note 5. Other Comprehensive Income (Loss) and Related Tax Effects

We have not recognized any tax effects on foreign currency translation adjustments because they are not expected to result in future taxable income or deductions. We have not recognized any tax effects on unrealized gains or losses on available-for-sale securities because such gains or losses would affect the amount of existing capital loss carryforwards for which the related deferred tax asset has been fully offset by a valuation allowance.

Accumulated other comprehensive loss includes cumulative foreign currency translation losses of $117.6 million and $63.8 million as of September 30, 2015 and December 31, 2014, respectively.

Reclassifications out of accumulated other comprehensive loss for the three and nine months ended September 30, 2015 and 2014 were as follows:

Accumulated Other Comprehensive Loss Components	Affected Line Item in our Condensed Consolidated Statement of Operations	For the Three Months Ended September 30, 2015	2014	For the Nine Months Ended September 30, 2015	2014
		(In thousands)			
Recognition of realized (gains) losses on available-for-sale securities in net income (1)	Gains (losses) on marketable investment securities, net	$ (9)	$ 27	$ (29)	$ (7)
Recognition of other-than-temporary impairment loss on available-for-sale securities in net income (2)	Other-than-temporary impairment loss on available-for sale securities	1,243	—	5,892	—
Recognition of foreign currency translation losses in net income (3)	Other, net	—	—	1,889	—
Total reclassifications, net of tax and noncontrolling interests		$ 1,234	$ 27	$ 7,752	$ (7)

(1) When available-for-sale securities are sold, the related unrealized gains and losses that were previously recognized in other comprehensive income (loss) are reclassified and recognized as realized gains (losses) on available-for-sale securities on the condensed consolidated statement of operations and comprehensive income (loss).
(2) In June 2015 and September 2015, we recorded other-than-temporary impairment losses on shares of certain common stock included in our strategic equity securities. See Note 6 for further discussion.
(3) As a result of the deconsolidation of several of our European subsidiaries in connection with our investment in SmarDTV SA in May 2015, the related cumulative translation adjustments that were previously recognized in other comprehensive income (loss) were reclassified and recognized as a loss within "Other income (expense)" in our condensed consolidated statement of operations and comprehensive income (loss). See Note 6 for further discussion.

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Note 6. Investment Securities

Our marketable investment securities, restricted cash and cash equivalents, and investments in unconsolidated entities consisted of the following:

	As of	
	September 30, 2015	December 31, 2014
	(In thousands)	
Marketable investment securities—current:		
Corporate bonds	$ 731,893	$ 1,049,139
Strategic equity securities	43,501	41,705
Other	32,268	48,259
Total marketable investment securities—current	807,662	1,139,103
Restricted marketable investment securities (1)	11,806	11,712
Total	819,468	1,150,815
Restricted cash and cash equivalents (1)	7,452	7,233
Investments in unconsolidated entities—noncurrent:		
Cost method	81,174	31,174
Equity method	133,257	128,788
Total investments in unconsolidated entities—noncurrent	214,431	159,962
Total marketable investment securities, restricted cash and cash equivalents, and investments in unconsolidated entities	$ 1,041,351	$ 1,318,010

(1) Restricted marketable investment securities and restricted cash and cash equivalents are included in "Restricted cash and marketable investment securities" in our condensed consolidated balance sheets.

Marketable Investment Securities

Our marketable investment securities portfolio consists of various debt and equity instruments, which generally are classified as available-for-sale. As of September 30, 2015, certain of our equity securities were classified as trading securities in order to reflect our investment strategy for those securities. The value of our investment portfolio depends on the value of such securities and other instruments comprising the portfolio.

Corporate Bonds

Our corporate bond portfolio includes debt instruments issued by individual corporations, primarily in the industrial and financial services industries.

Strategic Equity Securities

Our strategic investment portfolio consists of investments in shares of common stock of public companies, which are highly speculative and have experienced and continue to experience volatility.

As of September 30, 2015 and December 31, 2014, our strategic equity securities included shares of common stock of one of our customers that we received in satisfaction of certain milestone payments that were required to be paid to us under an existing long-term contract. For the three and nine months ended September 30, 2015, "Other-than-temporary impairment loss on available-for-sale securities" included a $1.2 million and $5.9 million other-than-temporary impairment of such common stock in our available-for-sale portfolio, respectively. For the three and nine months ended September 30, 2015, "Gains (losses) on marketable investment securities, net" includes $3.9 million and $5.5 million in losses on such common stock in our trading securities portfolio, respectively, which had a fair value of $11.3 million as of September 30, 2015.

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Other

Our other current marketable investment securities portfolio includes investments in various debt instruments, including U.S. government bonds and variable rate demand notes.

Restricted Cash and Marketable Investment Securities

As of September 30, 2015 and December 31, 2014, our restricted marketable investment securities, together with our restricted cash, included amounts required as collateral for our letters of credit or surety bonds.

Investments in unconsolidated entities - Noncurrent

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

In June 2015, we purchased a noncontrolling equity investment in WorldVu Satellites Limited ("WorldVu"), a low-earth orbit satellite company. WorldVu plans to develop and operate a global network of low-earth orbit Ku-band satellites to provide internet access to fixed and mobile terminals. We do not exercise significant influence over the management of WorldVu; accordingly, we account for the investment using the cost method. Our Hughes segment entered into an agreement to sell certain equipment and services to WorldVu for the ground systems for WorldVu's low-earth orbit satellites in connection with our investment based on then existing market terms.

In May 2015, we acquired a 22.5% interest in the equity and subordinated debt of SmarDTV SA ("SmarDTV"), a Swiss subsidiary of Kudelski SA that offers set-top boxes and conditional access modules, in exchange for cash of $13.9 million and the contribution of several of our European subsidiaries to SmarDTV. We recorded our initial investment in SmarDTV at $20.0 million, representing our estimate of the investment's fair value using discounted cash flow techniques. Our estimate included significant unobservable inputs related to SmarDTV's future operations and is categorized within Level 3 of the fair value hierarchy. As of the acquisition date, we deconsolidated the contributed entities and recognized a $2.6 million loss within "Other income (expense)" in our condensed consolidated statement of operations and comprehensive income (loss), consisting of: (i) a $0.7 million loss resulting from our initial investment (at fair value) being less than our $13.9 million cash payment and the carrying amount of the net assets of the deconsolidated entities and (ii) the reclassification from accumulated other comprehensive loss of $1.9 million in foreign currency translation adjustments related to the deconsolidated entities. The net assets of the deconsolidated entities included net property and equipment of $6.7 million and cash of $0.8 million. We have the ability to exercise significant influence over SmarDTV and therefore account for our investment using the equity method. We and SmarDTV also entered into a services agreement pursuant to which our EchoStar Technologies segment purchases certain engineering services from SmarDTV. See Note 16 for information about our related party transactions with SmarDTV subsequent to the date of our initial investment.

On August 8, 2014, an option providing for an unrelated party to acquire a 51.0% equity interest in Dish Mexico was terminated. Although we have owned 49.0% of the equity of Dish Mexico since its inception in 2008, we accounted for our investment as a 24.0% equity interest using the equity method based on assumed dilution that would occur upon the exercise of the option. Upon termination of the option, we recorded a $10.3 million adjustment to increase "Equity in earnings (losses) of unconsolidated affiliates" to reflect an increase from 24.0% to 49.0% in our interest in Dish Mexico's inception-to-date net income. For periods subsequent to the date of the termination of the option, we account for our investment in Dish Mexico as a 49.0% equity interest using the equity method.

Effective August 1, 2014, we and DISH Digital Holding, L.L.C. (now known as Sling TV Holding L.L.C., "Sling TV Holding") entered into an exchange agreement (the "Exchange Agreement") pursuant to which we exchanged our one-third voting interest in Sling TV Holding, which we accounted for using the equity method, for a 10.0%

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non-voting interest in Sling TV Holding, which we account for using the cost method. As part of this transaction, we received a distribution of certain noncurrent assets associated with an internet protocol television technology business, including property and equipment, technology-related intangible assets and goodwill. Because we and Sling TV Holding are entities under common control, we recorded the distributed assets at their carrying amounts in Sling TV Holding's accounts, which totaled $34.1 million at the date of distribution, and we recorded our non-voting interest at $1.1 million, which represents 10.0% of the carrying amount of the remaining equity in Sling TV Holding. These amounts exceeded the carrying amount of our existing equity method investment by $8.8 million, which was credited to additional paid-in capital because gain recognition generally is precluded by GAAP in exchanges between entities under common control. In connection with our obligations associated with our interest prior to the Exchange Agreement, we contributed $18.6 million in cash to Sling TV Holding during the third quarter of 2014. We have no obligation to contribute additional capital to Sling TV Holding. See Note 16 for more information regarding the Exchange Agreement with Sling TV Holding.

Unrealized Gains (Losses) on Marketable Investment Securities

The components of our available-for-sale investments are summarized in the table below.

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
	(In thousands)			
As of September 30, 2015				
Debt securities:				
Corporate bonds	$ 732,354	$ 36	$ (497)	$ 731,893
Other (including restricted)	44,069	8	(3)	44,074
Equity securities - strategic	26,188	9,373	(3,336)	32,225
Total marketable investment securities	$ 802,611	$ 9,417	$ (3,836)	$ 808,192
As of December 31, 2014				
Debt securities:				
Corporate bonds	$ 1,050,803	$ 33	$ (1,697)	$ 1,049,139
Other (including restricted)	59,977	1	(7)	59,971
Equity securities - strategic	32,081	12,849	(3,225)	41,705
Total marketable investment securities	$ 1,142,861	$ 12,883	$ (4,929)	$ 1,150,815

As of September 30, 2015, restricted and non-restricted marketable investment securities included debt securities of $754.2 million with contractual maturities of one year or less and $21.8 million with contractual maturities greater than one year. We may realize proceeds from certain investments prior to their contractual maturity as a result of our ability to sell these securities prior to their contractual maturity.

Marketable Investment Securities in a Loss Position

The following table reflects the length of time that our available-for-sale securities have been in an unrealized loss position. We do not intend to sell these securities before they recover or mature, and it is more likely than not that we will hold these securities until they recover or mature. We believe that changes in the estimated fair values of these securities are primarily related to temporary market conditions as of September 30, 2015.

	As of September 30, 2015		As of December 31, 2014	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)			
Less than 12 months	$ 485,186	$ (3,751)	$ 968,941	$ (4,929)
12 months or more	135,389	(85)	—	—
Total	$ 620,575	$ (3,836)	$ 968,941	$ (4,929)

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Sales of Marketable Investment Securities

We recognized minimal gains and losses from the sales of our available-for-sale marketable investment securities for each of the three and nine months ended September 30, 2015 and 2014.

Proceeds from sales of our available-for-sale marketable investment securities totaled $4.0 million and $36.9 million for the three months ended September 30, 2015 and 2014, respectively, and $94.2 million and $42.3 million for the nine months ended September 30, 2015 and 2014, respectively.

Fair Value Measurements

Our current marketable investment securities are measured at fair value on a recurring basis as summarized in the table below. As of September 30, 2015 and December 31, 2014, we did not have investments that were categorized within Level 3 of the fair value hierarchy.

	As of					
	September 30, 2015			December 31, 2014		
	Total	Level 1	Level 2	Total	Level 1	Level 2
	(In thousands)					
Cash equivalents (including restricted)	$ 701,706	$ 10,540	$ 691,166	$ 437,886	$ 58,108	$ 379,778
Debt securities:						
Corporate bonds	$ 731,893	$ —	$ 731,893	$ 1,049,139	$ —	$ 1,049,139
Other (including restricted)	44,074	4,523	39,551	59,971	5,630	54,341
Equity securities - strategic	43,501	43,501	—	41,705	41,705	—
Total marketable investment securities	$ 819,468	$ 48,024	$ 771,444	$ 1,150,815	$ 47,335	$ 1,103,480

Note 7. Trade Accounts Receivable

Our trade accounts receivable consisted of the following:

	As of	
	September 30, 2015	December 31, 2014
	(In thousands)	
Trade accounts receivable	$ 156,645	$ 160,886
Contracts in process, net	34,451	16,534
Total trade accounts receivable	191,096	177,420
Allowance for doubtful accounts	(13,543)	(14,188)
Trade accounts receivable - DISH Network	247,453	251,669
Total trade accounts receivable, net	$ 425,006	$ 414,901

As of September 30, 2015 and December 31, 2014, progress billings offset against contracts in process amounted to $0.8 million and $2.5 million, respectively.

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Note 8. Inventory

Our inventory consisted of the following:

	As of	
	September 30, 2015	December 31, 2014
	(In thousands)	
Finished goods	$ 56,641	$ 49,038
Raw materials	7,852	6,192
Work-in-process	9,463	7,733
Total inventory	$ 73,956	$ 62,963

Note 9. Property and Equipment

Property and equipment consisted of the following:

	Depreciable Life (In Years)	As of	
		September 30, 2015	December 31, 2014
		(In thousands)	
Land	-	$ 41,458	$ 42,826
Buildings and improvements	1-40	369,940	375,920
Furniture, fixtures, equipment and other	1-12	1,231,416	1,223,807
Customer rental equipment	2-4	581,394	498,180
Satellites - owned	2-15	2,381,120	2,381,120
Satellites acquired under capital leases	10-15	665,518	935,104
Construction in progress	-	960,199	637,189
Total property and equipment		6,231,045	6,094,146
Accumulated depreciation		(2,910,823)	(2,899,353)
Property and equipment, net		$ 3,320,222	$ 3,194,793

Construction in progress consisted of the following:

	As of	
	September 30, 2015	December 31, 2014
	(In thousands)	
Progress amounts for satellite construction, including prepayments under capital leases and launch services costs	$ 836,827	$ 583,877
Uplinking equipment	97,852	34,270
Other	25,520	19,042
Construction in progress	$ 960,199	$ 637,189

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Depreciation expense associated with our property and equipment consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(In thousands)			
Satellites	$ 51,436	$ 55,643	$ 149,677	$ 158,782
Furniture, fixtures, equipment and other	29,104	30,595	89,504	89,647
Customer rental equipment	30,839	29,892	91,550	86,800
Buildings and improvements	3,325	3,401	10,183	10,344
Total depreciation expense	$ 114,704	$ 119,531	$ 340,914	$ 345,573

Satellites

As of September 30, 2015, we utilized 19 of our owned and leased satellites in geosynchronous orbit, approximately 22,300 miles above the equator. We depreciate our owned satellites on a straight-line basis over the estimated useful life of each satellite. Two of our satellites are accounted for as capital leases and are depreciated on a straight-line basis over the terms of the satellite service agreements. Three of our satellites are accounted for as operating leases and are not included in property and equipment.

Recent Developments

Satellite Construction-Launch Services Costs. In the third quarter of 2015, we mutually agreed with a vendor to cancel an existing launch services agreement. Pursuant to the cancellation, we received a refund of prior payments related to the launch services, and credited the refund amount to construction in progress in the third quarter of 2015. Also in the third quarter of 2015, we entered into an agreement with a different vendor to provide for the launch services of the satellite, which is expected to be launched in the fourth quarter of 2016.

AMC-15 and AMC-16. In August 2014, in connection with the execution of agreements related to the EchoStar 105/SES-11 satellite, we entered into amendments that extend the terms of our existing agreements with SES Americom Colorado, Inc. for satellite services on the AMC-15 and AMC-16 satellites. As amended, the term of our agreement for satellite services on certain transponders on the AMC-15 satellite was extended from December 2014 through the in-service date of the EchoStar 105/SES-11 satellite. The amended agreement for the AMC-16 satellite services extends the term for the satellite's entire communications capacity, subject to available power, for one year following expiration of the initial term in February 2015. The extended terms of these agreements are being accounted for as operating leases.

Satellite Anomalies

Certain of our satellites have experienced anomalies, some of which have had a significant adverse impact on their remaining useful lives and/or the commercial operation of the satellites. There can be no assurance that existing and future anomalies will not further impact the remaining useful life and/or the commercial operation of any of the satellites in our fleet. In addition, there can be no assurance that we can recover critical transmission capacity in the event one or more of our in-orbit satellites were to fail. We generally do not carry in-orbit insurance on our satellites; therefore, we generally bear the risk of any uninsured in-orbit failures. Pursuant to the terms of the agreements governing certain portions of our indebtedness, we are required, subject to certain limitations on coverage, to maintain launch and in-orbit insurance for our SPACEWAY 3, EchoStar XVI, and EchoStar XVII satellites. In addition, although we are not required to maintain in-orbit insurance pursuant to our service agreement with DISH Network for the EchoStar XV satellite, we are liable for any damage caused by our use of the satellite and therefore we carry third-party insurance on the EchoStar XV satellite.

We have previously disclosed in our financial statements as of and for the year ended December 31, 2014 anomalies in prior years that affect our in-service owned and leased satellites, including the EchoStar III, EchoStar VI, EchoStar VIII, EchoStar XII, and AMC-16 satellites. In August 2015, SPACEWAY 3 experienced an anomaly causing one of the two on-board computers used to control the satellite payload to temporarily go offline, causing an

interruption of service. The issue has since been resolved and the satellite is functioning normally. This anomaly did not affect the long-term commercial operations of the satellite or its estimated useful life. We are not aware of any additional anomalies that have occurred with respect to any of our owned or leased satellites in 2015 as of the date of this report that have materially affected the commercial operation of these satellites or their useful life. The EchoStar III and EchoStar VI satellites are fully depreciated and the EchoStar III satellite is being used as an in-orbit spare; accordingly, the prior anomalies affecting these satellites have not had a significant effect on our operating results and cash flows. The EchoStar XII satellite, as previously disclosed in our Form 10-K, has experienced several anomalies, which have resulted in a loss of electrical power. Those anomalies have not had a significant adverse impact on service under the related satellite services agreement with DISH Network for the EchoStar XII satellite; however, the anomalies have increased the risk of future transponder failures that could result in reductions in our revenue.

Satellite Impairments

We evaluate our satellites for impairment and test for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Certain of the anomalies previously disclosed, may be considered to represent a significant adverse change in the physical condition of a particular satellite. However, based on the redundancy designed within each satellite, certain of these anomalies are not necessarily considered to be significant events that would require a test of recoverability.

Note 10. Goodwill, Regulatory Authorizations and Other Intangible Assets

Goodwill

The excess of the cost of an acquired business over the fair values of net tangible and identifiable intangible assets at the time of the acquisition is recorded as goodwill. Goodwill is assigned to our reporting units of our operating segments and is subject to impairment testing annually, or more frequently when events or changes in circumstances indicate the fair value of a reporting unit is more likely than not less than its carrying amount.

As of September 30, 2015 and December 31, 2014, approximately $504.2 million of our goodwill was assigned to reporting units of our Hughes segment. We test this goodwill for impairment annually in the second quarter. Based on our qualitative assessment of impairment of such goodwill in the second quarter of 2015, we determined that it was not more likely than not that the fair values of the Hughes segment reporting units were less than the corresponding carrying amounts.

In August 2014, we and Sling TV Holding entered into the Exchange Agreement pursuant to which, among other things, Sling TV Holding distributed certain assets to us at their carrying amounts, including our Move Network business with associated goodwill of $6.5 million. See Note 16 for a description of the Exchange Agreement.

Regulatory Authorizations

Regulatory authorizations included amounts with finite and indefinite useful lives, as follows:

	As of December 31, 2014	Additions	Currency Translation Adjustment	As of September 30, 2015
	(In thousands)			
Finite useful lives:				
Cost	$ 103,499	$ —	$ (22,078)	$ 81,421
Accumulated amortization	(6,778)	(3,612)	1,655	(8,735)
Net	96,721	(3,612)	(20,423)	72,686
Indefinite lives	471,657	—	—	471,657
Total regulatory authorizations, net	$ 568,378	$ (3,612)	$ (20,423)	$ 544,343

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Other Intangible Assets

Our other intangible assets, which are subject to amortization, consisted of the following:

	Weighted Average Useful life (in Years)	As of September 30, 2015 Cost	September 30, 2015 Accumulated Amortization	September 30, 2015 Carrying Amount	December 31, 2014 Cost	December 31, 2014 Accumulated Amortization	December 31, 2014 Carrying Amount
		(In thousands)					
Customer relationships	8	$ 293,932	$ (206,506)	$ 87,426	$ 293,932	$ (185,393)	$ 108,539
Contract-based	10	255,366	(247,619)	7,747	255,366	(233,009)	22,357
Technology-based	7	137,337	(108,240)	29,097	140,837	(100,940)	39,897
Trademark portfolio	20	29,700	(6,435)	23,265	29,700	(5,321)	24,379
Favorable leases	4	4,707	(4,707)	—	4,707	(4,217)	490
Total other intangible assets		$ 721,042	$ (573,507)	$ 147,535	$ 724,542	$ (528,880)	$ 195,662

Customer relationships are amortized predominantly in relation to the expected contribution of cash flow to the business over the life of the intangible asset. Other intangible assets are amortized on a straight-line basis over the periods the assets are expected to contribute to our cash flows. Amortization expense, including amortization of regulatory authorizations with finite lives and externally marketed capitalized software, was $18.2 million and $22.8 million for the three months ended September 30, 2015 and 2014, respectively, and $57.6 million and $70.6 million for the nine months ended September 30, 2015 and 2014, respectively.

Note 11. Debt and Capital Lease Obligations

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

	As of September 30, 2015 Carrying Amount	September 30, 2015 Fair Value	December 31, 2014 Carrying Amount	December 31, 2014 Fair Value
	(In thousands)			
6 1/2% Senior Secured Notes due 2019	$ 990,000	$ 1,069,200	$ 1,100,000	$ 1,177,000
7 5/8% Senior Notes due 2021	900,000	969,192	900,000	994,500
Other	885	885	1,240	1,240
Subtotal	1,890,885	$ 2,039,277	2,001,240	$ 2,172,740
Capital lease obligations	337,328		366,447	
Total debt and capital lease obligations	2,228,213		2,367,687	
Less: Current portion	(32,228)		(41,912)	
Long-term portion of debt and capital lease obligations	$ 2,195,985		$ 2,325,775	

On June 12, 2015, we redeemed $110.0 million of HSS' 6 1/2% Senior Secured Notes due 2019 (the "Senior Secured Notes") at a redemption price equal to 103.0% of the principal amount plus related accrued interest. As a result, we recorded a $5.0 million loss consisting of the $3.3 million redemption premium and $1.7 million representing the write-off of related deferred financing costs.

Note 12. Income Taxes

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

Our quarterly tax provision, and our quarterly estimate of our annual effective tax rate, is subject to significant volatility due to several factors, including variability in accurately predicting our pre-tax and taxable income and loss and the mix of jurisdictions to which they relate, income and losses from investments, changes in tax laws and relative changes of expenses or losses for which tax benefits are not recognized. Additionally, our effective tax rate

can be more or less volatile based on the amount of pre-tax income. For example, the impact of discrete items and non-deductible expenses on our effective tax rate is greater when our pre-tax income is lower.

Income tax expense was approximately $65.8 million and $28.2 million for the nine months ended September 30, 2015 and 2014, respectively. Our effective income tax rate was 43.1% and 22.0% for the nine months ended September 30, 2015 and 2014, respectively. The variation in our current year effective tax rate from the U.S. federal statutory rate for the nine months ended September 30, 2015 was primarily due to the increase in our valuation allowance associated with certain foreign losses as well as realized and unrealized losses that are capital in nature for tax purposes, partially offset by research and experimentation tax credits. For the nine months ended September 30, 2014, the variation in our effective tax rate from the U.S. federal statutory rate was primarily due to research and experimentation tax credits and a lower state effective tax rate, partially offset by the increase in our valuation allowance associated with realized and unrealized losses that are capital in nature for tax purposes.

Note 13. Stock-Based Compensation

We maintain stock incentive plans to attract and retain officers, directors and key employees. Stock awards under these plans include both performance based and non-performance based stock incentives. We granted stock options to our employees and nonemployee directors to acquire 27,000 and 909,000 shares of our Class A common stock for the three and nine months ended September 30, 2015, respectively. We granted stock options to our employees and nonemployee directors to acquire 100,000 and 315,000 shares of our Class A common stock for the three and nine months ended September 30, 2014, respectively.

We granted zero and 100,000 restricted stock units ("RSU") for the three and nine months ended September 30, 2015, respectively. The RSUs vest based on the attainment of certain quarterly company performance criteria for the second, third and fourth quarters of 2015 and will expire on March 31, 2016. During the three and nine months ended September 30, 2015, 33,333 of the RSUs vested.

Our stock-based compensation expense was recorded in our condensed consolidated statements of operations and comprehensive income (loss) as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(In thousands)			
Research and development expenses	$ 1,270	$ 585	$ 3,318	$ 1,760
Selling, general and administrative expenses	4,646	2,885	12,886	8,888
Total stock-based compensation	$ 5,916	$ 3,470	$ 16,204	$ 10,648

As of September 30, 2015, total unrecognized stock-based compensation cost, net of estimated forfeitures, related to our unvested stock awards was $38.4 million.

Note 14. Commitments and Contingencies

Commitments

As of September 30, 2015, our satellite-related obligations were approximately $1.27 billion. Our satellite-related obligations primarily include payments pursuant to agreements for the construction of the EchoStar XIX, EchoStar XXI, EchoStar XXIII, and EchoStar 105/SES-11 satellites, payments pursuant to launch services contracts and regulatory authorizations, executory costs for our capital lease satellites, costs under satellite service agreements and in-orbit incentives relating to certain satellites, as well as commitments for long-term satellite operating leases and satellite service arrangements.

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Contingencies

Separation Agreement

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

Litigation

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

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

California Institute of Technology

On October 1, 2013, the California Institute of Technology ("Caltech") filed suit against two of our subsidiaries, Hughes Communications, Inc. and Hughes Network Systems, LLC ("HNS"), as well as against DISH Network, DISH Network L.L.C., and dishNET Satellite Broadband L.L.C., in the United States District Court for the Central District of California alleging infringement of United States Patent Nos. 7,116,710; 7,421,032; 7,916,781; and 8,284,833, each of which is entitled "Serial Concatenation of Interleaved Convolutional Codes forming Turbo-Like Codes." Caltech asserted that encoding data as specified by the DVB-S2 standard infringes each of the asserted patents. In the operative Amended Complaint, served on March 6, 2014, Caltech claims that the Hopper™ set-top box that we design and sell to DISH Network, as well as certain of our Hughes segment's satellite broadband products and services, infringe the asserted patents by implementing the DVB-S2 standard. On September 26, 2014, Caltech requested leave to amend its Amended Complaint to add EchoStar Corporation and our subsidiary, EchoStar Technologies L.L.C. as defendants, as well as to allege that a number of additional set-top boxes infringe the asserted patents. On November 7, 2014, the Court rejected that request. Additionally, on November 4, 2014, the Court ruled that the patent claims at issue in the suit are directed to patentable subject matter. On February 17, 2015, Caltech filed a second complaint in the same district against the same defendants alleging that HNS' Gen4 HT1000 and HT1100 products infringe the same patents asserted in the first case. We answered that second complaint on March 24, 2015. The trial for the first case which was scheduled to commence on April 20, 2015, was vacated by the Court on March 16, 2015 and a new trial date has yet to be set. On May 5, 2015, the Court granted summary judgment for us on a number of issues, finding that Caltech's damages theory improperly apportioned alleged damages, that allegations of infringement against DISH Network, DISH Network L.L.C., and dishNET

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Satellite Broadband L.L.C. should be dismissed from the case, and affirming that Caltech could not assert infringement under the doctrine of equivalents. The Court also granted motions by Caltech seeking findings that certain of its patents were not indefinite or subject to equitable estoppel. The Court otherwise denied motions for summary judgment, including a motion by Caltech seeking summary judgment of infringement. On May 14, 2015, the judge assigned to the case passed away. A new judge has not yet been formally assigned.

The parties are discussing resolving these cases without further litigation. There can be no assurance that a settlement agreement will be reached. If a settlement agreement is not reached, we cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages and we intend to vigorously defend these cases. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to our consumers.

ClearPlay, Inc.

On March 13, 2014, ClearPlay, Inc. ("ClearPlay") filed a complaint against EchoStar Corporation and our subsidiary, EchoStar Technologies L.L.C., as well as against DISH Network and DISH Network L.L.C. in the United States District Court for the District of Utah. The complaint alleges infringement of United States Patent Nos. 6,898,799, entitled "Multimedia Content Navigation and Playback"; 7,526,784, entitled "Delivery of Navigation Data for Playback of Audio and Video Content"; 7,543,318, entitled "Delivery of Navigation Data for Playback of Audio and Video Content"; 7,577,970, entitled "Multimedia Content Navigation and Playback"; and 8,117,282, entitled "Media Player Configured to Receive Playback Filters From Alternative Storage Mediums." ClearPlay alleges that the AutoHop™ feature of the Hopper™ set-top box infringes the asserted patents. On February 11, 2015, the Court stayed the case pending various third-party challenges before the United States Patent and Trademark Office regarding the validity of certain of the patents ClearPlay asserted in the case.

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

CRFD Research, Inc. (a subsidiary of Marathon Patent Group, Inc.)

On January 17, 2014, CRFD Research, Inc. ("CRFD") filed a complaint against EchoStar Corporation and our subsidiary, EchoStar Technologies L.L.C., as well as against DISH Network, DISH DBS Corporation and DISH Network L.L.C., in United States District Court for the District of Delaware, alleging infringement of United States Patent No. 7,191,233 (the "233 patent"). The 233 patent is entitled "System for Automated, Mid-Session, User-Directed, Device-to-Device Session Transfer System," and relates to transferring an ongoing software session from one device to another. CRFD alleges that certain of our set-top boxes infringe the 233 patent. On the same day, CRFD filed patent infringement complaints against AT&T Inc.; Comcast Corp.; DirecTV; Time Warner Cable Inc.; Cox Communications, Inc.; Level 3 Communications, Inc.; Akamai Technologies, Inc.; Cablevision Systems Corp. and Limelight Networks, Inc. On January 26, 2015, we and DISH Network filed a petition before the United States Patent and Trademark Office challenging the validity of the 233 patent. The United States Patent and Trademark Office has agreed to institute a proceeding on our petition, as well as on two third-party petitions challenging the validity of the 233 patent. On June 4, 2015, the litigation in the District Court was ordered stayed pending resolution of the proceeding before the United States Patent and Trademark Office. CRFD is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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

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Elbit

On January 23, 2015, Elbit Systems Land and C4I LTD and Elbit Systems of America Ltd. (together referred to as "Elbit") filed a complaint against our subsidiary HNS, as well as against Black Elk Energy Offshore Operations, LLC, Bluetide Communications, Inc. and Helm Hotels Group, in the United States District Court for the Eastern District of Texas, alleging infringement of United States Patent Nos. 6,240,073 (the "073 patent") and 7,245,874 ("874 patent"). The 073 patent is entitled "Reverse Link for a Satellite Communication Network" and the 874 patent is entitled "Infrastructure for Telephony Network." Elbit alleges that the 073 patent is infringed by broadband satellite systems that practice the Internet Protocol Over Satellite standard. Elbit alleges that the 874 patent is infringed by the manufacture and sale of broadband satellite systems that provide cellular backhaul service via connections to E1 or T1 interfaces at cellular backhaul base stations. On March 16, 2015, the defendants filed motions to dismiss portions of Elbit's complaint. On April 2, 2015, Elbit responded to those motions to dismiss and further filed an amended complaint removing Helm Hotels Group as a defendant, but making similar allegations against a new defendant, Country Home Investments, Inc. On April 20, 2015, the defendants filed motions to dismiss portions of Elbit's amended complaint.

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

The Hopper Litigation

On May 24, 2012, DISH Network L.L.C., filed suit in the United States District Court for the Southern District of New York against American Broadcasting Companies, Inc. ("ABC"), CBS Corporation ("CBS"), Fox Entertainment Group, Inc., Fox Television Holdings, Inc., Fox Cable Network Services, L.L.C. (collectively, "Fox") and NBCUniversal Media, LLC ("NBC"). The lawsuit seeks a declaratory judgment that DISH Network L.L.C is not infringing any defendant's copyright, or breaching any defendant's retransmission consent agreement, by virtue of the PrimeTime Anytime™ and AutoHop features of the Hopper™ set-top boxes we design and sell to DISH Network. A consumer can use the PrimeTime Anytime feature at his or her option, to record certain primetime programs airing on ABC, CBS, Fox, and/or NBC up to every night, and to store those recordings for up to eight days. A consumer can use the AutoHop feature at his or her option, to watch certain recordings the subscriber made with our PrimeTime Anytime feature, commercial-free, if played back at a certain point after the show's original airing.

Later on May 24, 2012, (i) Fox Broadcasting Company, Twentieth Century Fox Film Corp. and Fox Television Holdings, Inc. filed a lawsuit against DISH Network and DISH Network L.L.C. (collectively, "DISH") in the United States District Court for the Central District of California, alleging that the PrimeTime Anytime feature, the AutoHop feature, as well as DISH's use of Slingbox placeshifting functionality infringe their copyrights and breach their retransmission consent agreements, (ii) NBC Studios LLC, Universal Network Television, LLC, Open 4 Business Productions LLC and NBCUniversal Media, LLC filed a lawsuit against DISH in the United States District Court for the Central District of California, alleging that the PrimeTime Anytime feature and the AutoHop feature infringe their copyrights, and (iii) CBS Broadcasting Inc., CBS Studios Inc. and Survivor Productions LLC filed a lawsuit against DISH in the United States District Court for the Central District of California, alleging that the PrimeTime Anytime feature and the AutoHop feature infringe their copyrights.

As a result of certain parties' competing counterclaims and venue-related motions brought in both the New York and California actions, as described below, and certain networks filing various amended complaints, the claims have proceeded in the following venues: (1) the copyright and contract claims regarding the ABC and CBS parties in New York; and (2) the copyright and contract claims regarding the Fox and NBC parties in California.

California Actions. On August 17, 2012, the NBC plaintiffs filed a first amended complaint in their California action adding EchoStar Corporation and our subsidiary EchoStar Technologies L.L.C. to the NBC litigation, alleging various claims of copyright infringement. We and our subsidiary answered on September 18, 2012.

On November 7, 2012, the California court denied the Fox plaintiffs' motion for a preliminary injunction to enjoin the Hopper set-top box's PrimeTime Anytime and AutoHop features, and the Fox plaintiffs appealed. On March 27, 2013, at the request of the parties, the Central District of California granted a stay of all proceedings in the action brought by the NBC plaintiffs, pending resolution of the appeal by the Fox plaintiffs. On July 24, 2013, the United States Court of Appeals for the Ninth Circuit affirmed the denial of the Fox plaintiffs' motion for a preliminary injunction as to the PrimeTime Anytime and AutoHop features. On August 7, 2013, the Fox plaintiffs filed a petition for rehearing and rehearing en banc, which was denied on January 24, 2014. The United States Supreme Court granted the Fox plaintiffs an extension until May 23, 2014 to file a petition for writ of certiorari, but they did not file. As a result, the stay of the NBC plaintiffs' action expired. On August 6, 2014, at the request of the parties, the Central District of California granted a further stay of all proceedings in the action brought by the NBC plaintiffs, pending a final judgment on all claims in the Fox plaintiffs' action. No trial date is currently set on the NBC claims.

In addition, on February 21, 2013, the Fox plaintiffs filed a second motion for preliminary injunction against: (i) DISH Network, seeking to enjoin the Hopper Transfers™ feature in the second-generation Hopper set-top box, alleging breach of a retransmission consent agreement; and (ii) EchoStar Technologies L.L.C. and DISH Network, seeking to enjoin the Slingbox placeshifting functionality in the second-generation Hopper set-top box, alleging copyright infringement by both defendants, and breach of the earlier-mentioned retransmission consent agreement by DISH Network. The Fox plaintiffs' motion was denied on September 23, 2013. The Fox plaintiffs appealed, and on July 14, 2014, the United States Court of Appeals for the Ninth Circuit affirmed the denial of the Fox plaintiffs' motion. On October 17, 2014, the California court heard oral argument on the Fox plaintiffs' and our respective motions for summary judgment. On January 12, 2015, the Court entered an order ruling on the parties' respective summary judgment motions, holding that: (a) the Slingbox placeshifting functionality and the PrimeTime Anytime, AutoHop and Hopper Transfers features do not violate copyright law; (b) certain quality assurance copies (which were discontinued in November 2012) did violate copyright law; and (c) the Slingbox placeshifting functionality, the Hopper Transfers feature and certain quality assurance copies breach DISH's retransmission consent agreement with Fox. The only issue remaining for trial is to the amount of damages, if any, on the claims upon which the Fox plaintiffs prevailed on summary judgement, but the Court ruled that the Fox plaintiffs could not pursue disgorgement as a remedy. At the parties' joint request, the Court has stayed the case until January 15, 2016 and no trial date has been set.

New York Actions. On October 9, 2012, the ABC plaintiffs filed copyright counterclaims in the New York action against EchoStar Technologies, L.L.C., with the CBS plaintiffs filing similar copyright counterclaims in the New York action against EchoStar Technologies L.L.C. on October 12, 2012. Additionally, the CBS plaintiffs filed a counterclaim alleging that DISH Network fraudulently concealed the AutoHop feature when negotiating the renewal of its CBS retransmission consent agreement.

On November 23, 2012, the ABC plaintiffs filed a motion for a preliminary injunction to enjoin the Hopper set-top box's PrimeTime Anytime and AutoHop features. On September 18, 2013, the New York court denied that motion. The ABC plaintiffs appealed, and oral argument on the appeal was heard on February 20, 2014 before the United States Court of Appeals for the Second Circuit. Pursuant to a settlement between us and the ABC parties, on March 4, 2014, the ABC parties withdrew their appeal to the United States Court of Appeals for the Second Circuit, and, on March 6, 2014, we and the ABC parties dismissed without prejudice all of our respective claims pending in the United States District Court for the Southern District of New York. The CBS claims in the New York action were scheduled for trial on May 29, 2015. However, on December 6, 2014 the parties to the CBS case reached a settlement agreement and all claims pending in New York Court were dismissed with prejudice on December 10, 2014.

We intend to vigorously prosecute and defend our position in these cases. In the event that a court ultimately determines that we infringe the asserted copyrights, we may be subject to substantial damages, and/or an injunction that could require us to materially modify certain features that we currently offer to DISH Network. An adverse decision against DISH Network could decrease the number of Sling enabled set-top boxes we sell to DISH Network, which could have an adverse impact on the business operations of our EchoStar Technologies segment. In addition, to the extent that DISH Network experiences fewer gross new subscriber additions, sales of our digital set-top boxes and related components to DISH Network may further decline, which in turn could have a material adverse effect on

our financial position and results of operations. We cannot predict with any degree of certainty the outcome of these suits or determine the extent of any potential liability or damages.

Kappa Digital, LLC

On June 1, 2015, Kappa Digital LLC ("Kappa") filed suit against our subsidiary HNS in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 6,349,135, entitled "Method and System for a Wireless Digital Message Service." Kappa generally alleges that HNS' "HughesNet Gen 4 residential internet service/systems" and "HughesNet Business Broadband service/systems" infringe its asserted patent. Kappa is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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

LightSquared/Harbinger Capital Partners LLC (LightSquared Bankruptcy)

On August 6, 2013, Harbinger Capital Partners LLC and other affiliates of Harbinger (collectively, "Harbinger"), a shareholder of LightSquared Inc. ("LightSquared"), filed an adversary proceeding against EchoStar Corporation, DISH Network, L-Band Acquisition, LLC ("LBAC"), Charles W. Ergen (our Chairman), SP Special Opportunities, LLC ("SPSO") (an entity controlled by Mr. Ergen), and certain other parties, in the LightSquared bankruptcy cases pending in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), which cases are jointly administered under the caption In re LightSquared Inc., et. al., Case No. 12 12080 (SCC). Harbinger alleged, among other things, claims based on fraud, unfair competition, civil conspiracy and tortious interference with prospective economic advantage related to certain purchases of LightSquared secured debt by SPSO. Subsequently, LightSquared intervened to join in certain claims alleged against certain defendants other than us, DISH Network and LBAC.

On October 29, 2013, the Bankruptcy Court dismissed all of the claims against us in Harbinger's complaint in their entirety, but granted leave for LightSquared to file its own complaint in intervention. On November 15, 2013, LightSquared filed its complaint, which included various claims against us, DISH Network, Mr. Ergen and SPSO. On December 2, 2013, Harbinger filed an amended complaint, asserting various claims against SPSO. On December 12, 2013, the Bankruptcy Court dismissed several of the claims asserted by LightSquared and Harbinger. The surviving claims included, among others, LightSquared's claims against SPSO for declaratory relief, breach of contract and statutory disallowance; LightSquared's tortious interference claim against us, DISH Network and Mr. Ergen; and Harbinger's claim against SPSO for statutory disallowance. These claims proceeded to a non-jury trial on January 9, 2014, which concluded on January 17, 2014. The parties submitted post-trial briefs and a hearing for closing arguments occurred on March 17, 2014. In its Post-Trial Findings of Fact and Conclusions of Law entered on June 10, 2014, the Bankruptcy Court rejected all claims against us and DISH Network, and it rejected some but not all claims against the other defendants. On July 7, 2015, the United States District Court for the Southern District of New York denied Harbinger's motion for an appeal of certain Bankruptcy Court orders in the adversary proceeding.

We intend to vigorously defend any claims against us in this proceeding and cannot predict with any degree of certainty the outcome of this proceeding or determine the extent of any potential liability or damages.

Michael Heskiaoff, Marc Langenohl, and Rafael Mann

On July 10, 2015, Messrs. Michael Heskiaoff and Marc Langenohl, purportedly on behalf of themselves and all others similarly situated, filed suit against our subsidiary Sling Media, Inc. in the United Stated District Court for the Southern District of New York. The complaint alleges that Sling Media Inc.'s display of advertising to its customers violates a number of state statutes dealing with consumer deception. On September 25, 2015, the plaintiffs

filed an amended complaint, and Mr. Rafael Mann, purportedly on behalf of himself and all others similarly situated, filed an additional complaint alleging similar causes of action.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability.

Personalized Media Communications, Inc.

During 2008, Personalized Media Communications, Inc. ("PMC") filed suit against EchoStar Corporation, DISH Network and Motorola Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent Nos. 5,109,414; 4,965,825; 5,233,654; 5,335,277; and 5,887,243, which relate to satellite signal processing. PMC is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. Subsequently, Motorola Inc. settled with PMC, leaving DISH Network and us as defendants. On July 18, 2012, pursuant to a Court order, PMC filed a Second Amended Complaint that added Rovi Guides, Inc. (f/k/a/ Gemstar-TV Guide International, Inc.) and TVG-PMC, Inc. (collectively, "Gemstar") as a party, and added a new claim against all defendants seeking a declaratory judgment as to the scope of Gemstar's license to the patents in suit, under which DISH Network and we are sublicensees. On August 12, 2014, in response to the parties' respective summary judgment motions related to the Gemstar license issues, the Court ruled in favor of PMC and dismissed all claims by or against Gemstar and entered partial final judgment in PMC's favor as to those claims. On September 16, 2014, we and DISH Network filed a notice of appeal of that partial final judgment, which is pending. On November 5, 2014, PMC supplemented its expert report on damages, dropping a higher value damages theory and disclosing that it seeks damages ranging from $167 million to $447 million as of September 30, 2014, excluding pre-judgment interest and possible treble damages under Federal law. On May 7, 2015, we, DISH Network and PMC entered into a settlement and release agreement that provided, among other things, for a license by PMC to us and DISH Network for certain patents and patent applications and the dismissal of all of PMC's claims in the action against us and DISH Network with prejudice. In June 2015, we and DISH Network agreed that we would contribute a one-time payment of $5.0 million towards the settlement under the agreements entered into in connection with the Spin-off and the 2012 Receiver Agreement. On June 4, 2015, the Court dismissed all of PMC's claims in the action against us and DISH Network with prejudice. We have recorded a loss related to the settlement within "Selling, general and administrative expenses" in our condensed consolidated statement of operations and comprehensive income (loss) of zero and $5.0 million for the three and nine months ended September 30, 2015, respectively.

Phoenix Licensing, L.L.C./LPL Licensing, L.L.C.

On July 30, 2015, Phoenix Licensing, L.L.C. and LPL Licensing, L.L.C. (together referred to as "Phoenix") filed a complaint against our subsidiary HNS in the United States District Court for the Eastern District of Texas, alleging infringement of United States Patent Nos. 5,987,434, entitled "Apparatus and Method for Transacting Marketing and Sales of Financial Products"; 7,890,366, entitled "Personalized Communication Documents, System and Method for Preparing Same"; 8,352,317, entitled "System for Facilitating Production of Variable Offer Communications"; 8,234,184, entitled "Automated Reply Generation Direct Marketing System"; 6,999,938, entitled "Automated Reply Generation Direct Marketing System"; 8,738,435, entitled "Method and Apparatus for Presenting Personalized Content Relating to Offered Products and Services"; and 7,860,744, entitled "System and Method for Automatically Providing Personalized Notices Concerning Financial Products and/or Services." Phoenix alleged that HNS infringes the asserted patents by making and using products and services that generate customized marketing materials. Phoenix is an entity that seeks to license a patent portfolio without itself practicing any of the claims recited therein against us. On October 16, 2015, Phoenix moved to dismiss the litigation against us without prejudice pursuant to a settlement agreement, and on November 3, 2015, the action was dismissed accordingly.

Realtime Data LLC

On May 8, 2015, Realtime Data LLC ("Realtime") filed suit against EchoStar Corporation and our subsidiary HNS in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent Nos. 7,378,992, entitled "Content Independent Data Compression Method and System"; 7,415,530, entitled "System

and Methods for Accelerated Data Storage and Retrieval"; and 8,643,513, entitled "Data Compression System and Methods." Realtime generally alleges that the asserted patents are infringed by certain HNS data compression products and services. Realtime is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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

Shareholder Derivative Litigation

On December 5, 2012, Greg Jacobi, purporting to sue derivatively on behalf of EchoStar Corporation, filed suit (the "Jacobi Litigation") against Charles W. Ergen, Michael T. Dugan, R. Stanton Dodge, Tom A. Ortolf, C. Michael Schroeder, Joseph P. Clayton, David K. Moskowitz, and EchoStar Corporation in the United States District Court for the District of Nevada. The complaint alleges that a March 2011 attempted grant of 1.5 million stock options to Charles Ergen breached defendants' fiduciary duties, resulted in unjust enrichment, and constituted a waste of corporate assets.

On December 18, 2012, Chester County Employees' Retirement Fund, derivatively on behalf of EchoStar Corporation, filed a suit (the "Chester County Litigation") against Charles W. Ergen, Michael T. Dugan, R. Stanton Dodge, Tom A. Ortolf, C. Michael Schroeder, Anthony M. Federico, Pradman P. Kaul, Joseph P. Clayton, and EchoStar Corporation in the United States District Court for the District of Colorado. The complaint similarly alleges that the March 2011 attempted grant of 1.5 million stock options to Charles Ergen breached defendants' fiduciary duties, resulted in unjust enrichment, and constituted a waste of corporate assets.

On February 22, 2013, the Chester County Litigation was transferred to the District of Nevada, and on April 3, 2013, the Chester County Litigation was consolidated into the Jacobi Litigation. Oral argument on a motion to dismiss the Jacobi Litigation was held February 21, 2014. On April 11, 2014, the Chester County litigation was stayed pending resolution of the motion to dismiss. On March 30, 2015, the Court dismissed the Jacobi litigation, with leave for Jacobi to amend his complaint by April 20, 2015. On April 20, 2015, Jacobi filed an amended complaint, which on June 12, 2015, we moved to dismiss.

Of the attempted grant of 1.5 million options to Mr. Ergen in 2011, only 800,000 were validly granted and remain outstanding. We intend to vigorously defend these cases. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability.

Technology Development and Licensing, LLC

On January 22, 2009, Technology Development and Licensing, LLC ("TDL") filed suit against EchoStar Corporation and DISH Network in the United States District Court for the Northern District of Illinois alleging infringement of United States Patent No. Re. 35,952, which relates to certain favorite channel features. TDL is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. The case has been stayed since July 2009, pending two reexamination petitions before the United States Patent and Trademark Office, which concluded in August 2015 resulting in 42 out of the 53 claims of the 952 patent being cancelled. As a result, the case resumed in August 2015. A trial date has not been set.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could cause us to materially modify certain features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period

prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

TQ Beta LLC

On June 30, 2014, TQ Beta LLC ("TQ Beta") filed suit against DISH Network, DISH DBS Corporation, DISH Network L.L.C., as well as EchoStar Corporation and our subsidiaries, EchoStar Technologies, L.L.C, HSS, and Sling Media, Inc., in the United States District Court for the District of Delaware, alleging infringement of United States Patent No. 7,203,456 (the "456 patent"), which is entitled "Method and Apparatus for Time and Space Domain Shifting of Broadcast Signals." TQ Beta alleges that the Hopper, Hopper with Sling, ViP 722 and ViP 722k DVR devices, as well as the DISH Anywhere service and DISH Anywhere mobile application, infringe the 456 patent, but has not specified the amount of damages that it seeks. TQ Beta is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. During August 2015, EchoStar Corporation and DISH Network L.L.C. filed petitions before the United States Patent and Trademark Office challenging the validity of the 456 patent. Trial is scheduled to commence on December 12, 2016.

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

Other

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

Note 15. Segment Reporting

Operating segments are business components of an enterprise for which separate financial information is available and regularly evaluated by the chief operating decision maker ("CODM"), who for EchoStar is the Company's Chief Executive Officer. Under this definition, we operate the following three primary business segments:

- ***EchoStar Technologies*** — which designs, develops and distributes digital set-top boxes and related products and technology, primarily for satellite TV service providers and telecommunication companies. Our EchoStar Technologies segment also provides digital broadcast operations, including satellite uplinking/downlinking, transmission services, signal processing, conditional access management, and other services primarily to DISH Network. In addition, we provide our TVEverywhere technology through Slingboxes directly to consumers via retail outlets and online, as well as to the pay-TV operator market. Beginning in 2015, this segment also includes our Move Network business, which primarily provides support services to DISH Network's Sling TV operations.

- ***Hughes*** — which provides satellite broadband internet access to North American consumers and broadband network services and equipment to domestic and international enterprise markets. The Hughes segment also provides managed services to large enterprises and solutions to customers for mobile satellite systems.

- ***EchoStar Satellite Services*** — which uses certain of our owned and leased in-orbit satellites and related licenses to provide satellite services on a full-time and occasional-use basis primarily to DISH Network, Dish Mexico, U.S. government service providers, internet service providers, broadcast news organizations, programmers, and private enterprise customers.

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The primary measure of segment profitability that is reported regularly to our CODM is earnings before interest, taxes, depreciation and amortization, or EBITDA. Our segment operating results do not include real estate and other activities, costs incurred in certain satellite development programs and other business development activities, expenses of various corporate departments, and our centralized treasury operations, including income from our investment portfolio and interest expense on our debt. These activities are accounted for in the “All Other and Eliminations” column in the table below. Total assets by segment have not been reported herein because the information is not provided to our CODM on a regular basis. The Hughes Retail Group is included in our Hughes segment and our CODM reviews separate HRG financial information only to the extent such information is included in our periodic filings with the SEC. Therefore, we do not consider HRG to be a separate operating segment.

Prior to 2015, our Move Network business, including certain assets distributed to us in August 2014 in connection with the Exchange Agreement with Sling TV Holding (see Notes 6, 10 and 16), was managed separately from our existing operating segments and was reported within “All Other and Eliminations.” In the first quarter of 2015, we assigned management responsibility for our Move Network business to our EchoStar Technologies segment, where it continues to be managed and reported as a separate reporting unit. All prior period amounts have been retrospectively adjusted to present operations of our Move Network business in our EchoStar Technologies segment.

Transactions between segments were not significant for the three and nine months ended September 30, 2015 and 2014.

The following table presents revenue, EBITDA, and capital expenditures for each of our operating segments.

	EchoStar Technologies	Hughes	EchoStar Satellite Services	All Other and Eliminations	Consolidated Total
			(In thousands)		
For the Three Months Ended September 30, 2015					
External revenue	$ 294,792	$ 339,060	$ 124,126	$ 2,901	$ 760,879
Intersegment revenue	$ 133	$ 669	$ 174	$ (976)	$ —
Total revenue	$ 294,925	$ 339,729	$ 124,300	$ 1,925	$ 760,879
EBITDA	$ 25,946	$ 101,582	$ 104,200	$ (15,116)	$ 216,612
Capital expenditures	$ 8,528	$ 72,626	$ 32,416	$ 9,672	$ 123,242
For the Three Months Ended September 30, 2014					
External revenue	$ 427,076	$ 338,617	$ 126,944	$ 3,203	$ 895,840
Intersegment revenue	$ 142	$ 451	$ 660	$ (1,253)	$ —
Total revenue	$ 427,218	$ 339,068	$ 127,604	$ 1,950	$ 895,840
EBITDA	$ 38,193	$ 94,955	$ 111,563	$ 3,277	$ 247,988
Capital expenditures	$ 10,485	$ 56,724	$ 11,772	$ 85,730	$ 164,711
For the Nine Months Ended September 30, 2015					
External revenue	$ 972,591	$ 998,564	$ 373,726	$ 8,246	$ 2,353,127
Intersegment revenue	$ 506	$ 1,630	$ 561	$ (2,697)	$ —
Total revenue	$ 973,097	$ 1,000,194	$ 374,287	$ 5,549	$ 2,353,127
EBITDA	$ 80,764	$ 296,269	$ 314,177	$ (48,599)	$ 642,611
Capital expenditures	$ 32,783	$ 207,680	$ 84,667	$ 155,022	$ 480,152
For the Nine Months Ended September 30, 2014					
External revenue	$ 1,255,597	$ 982,783	$ 354,558	$ 8,753	$ 2,601,691
Intersegment revenue	$ 380	$ 1,314	$ 2,406	$ (4,100)	$ —
Total revenue	$ 1,255,977	$ 984,097	$ 356,964	$ 4,653	$ 2,601,691
EBITDA	$ 119,733	$ 267,210	$ 308,573	$ (22,742)	$ 672,774
Capital expenditures	$ 37,923	$ 154,201	$ 11,801	$ 230,503	$ 434,428

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The following table reconciles total consolidated EBITDA to reported "Income before income taxes" in our condensed consolidated statements of operations and comprehensive income (loss):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(In thousands)			
EBITDA	$ 216,612	$ 247,988	$ 642,611	$ 672,774
Interest income and expense, net	(26,308)	(39,418)	(88,240)	(125,404)
Depreciation and amortization	(132,892)	(142,294)	(398,547)	(416,167)
Net loss attributable to noncontrolling interest in HSS Tracking Stock and other noncontrolling interests	(477)	(1,731)	(3,014)	(2,946)
Income before income taxes	$ 56,935	$ 64,545	$ 152,810	$ 128,257

Note 16. Related Party Transactions

DISH Network

Following the Spin-off, we and DISH Network have operated as separate publicly-traded companies. However, pursuant to the Satellite and Tracking Stock Transaction, described in Note 2 and below, DISH Network owns Hughes Retail Preferred Tracking Stock representing an aggregate 80.0% economic interest in the residential retail satellite broadband business of our Hughes segment, including certain operations, assets and liabilities attributed to such business. In addition, a substantial majority of the voting power of the shares of both companies is owned beneficially by Charles W. Ergen, our Chairman, and by certain trusts established by Mr. Ergen for the benefit of his family.

In connection with and following the Spin-off, we and DISH Network have entered into certain agreements pursuant to which we obtain certain products, services and rights from DISH Network; DISH Network obtains certain products, services and rights from us; and we and DISH Network have indemnified each other against certain liabilities arising from our respective businesses. We also may enter into additional agreements with DISH Network in the future. Generally, the amounts DISH Network pays for products and services provided under the agreements are based on our cost plus a fixed margin (unless noted differently below), which varies depending on the nature of the products and services provided.

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

"Equipment revenue — DISH Network"

Receiver Agreement. Effective January 1, 2012, we and DISH Network entered into a receiver agreement (the "2012 Receiver Agreement"), pursuant to which DISH Network has the right, but not the obligation, to purchase digital set-top boxes, related accessories, and other equipment from us for the period from January 1, 2012 to December 31, 2014. The 2012 Receiver Agreement replaced the receiver agreement we entered into with DISH Network in connection with the Spin-off. The 2012 Receiver Agreement allows DISH Network to purchase digital set-top boxes, related accessories, and other equipment from us either: (i) at cost (decreasing as we reduce costs and increasing as costs increase) plus a dollar mark-up which will depend upon the cost of the product subject to a collar on our mark-up; or (ii) at cost plus a fixed margin, which will depend on the nature of the equipment purchased. Under the 2012 Receiver Agreement, our margins will be increased if we are able to reduce the costs of our digital set-top boxes and our margins will be reduced if these costs increase. We provide DISH Network with standard manufacturer warranties for the goods sold under the 2012 Receiver Agreement. Additionally, the 2012 Receiver Agreement includes an indemnification provision, whereby the parties indemnify each other for certain intellectual property matters. DISH Network is able to terminate the 2012 Receiver Agreement for any reason upon at least 60 days' notice to us. We are able to terminate the 2012 Receiver Agreement if certain entities acquire DISH Network. DISH Network has an option, but not the obligation, to extend the 2012 Receiver Agreement for one additional year upon 180 days' notice prior to the end of the term. On May 5, 2014, we received DISH Network's notice to extend

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the 2012 Receiver Agreement for one year to December 31, 2015, and on November 4, 2015, we amended the 2012 Receiver Agreement with DISH Network to extend the term of the 2012 Receiver Agreement for one year to December 31, 2016.

"Services and other revenue — DISH Network"

Broadcast Agreement. Effective January 1, 2012, we and DISH Network entered into a new broadcast agreement (the "2012 Broadcast Agreement") pursuant to which we provide certain broadcast services to DISH Network, including teleport services such as transmission and downlinking, channel origination services, and channel management services, for the period from January 1, 2012 to December 31, 2016. The 2012 Broadcast Agreement replaced the broadcast agreement that we entered into with DISH Network in connection with the Spin-off. The fees for the services provided under the 2012 Broadcast Agreement are calculated at either: (a) our cost of providing the relevant service plus a fixed dollar fee, which is subject to certain adjustments; or (b) our cost of providing the relevant service plus a fixed margin, which will depend on the nature of the services provided. DISH Network has the ability to terminate channel origination services and channel management services for any reason and without any liability upon at least 60 days' notice to us. If DISH Network terminates the teleport services provided under the 2012 Broadcast Agreement for a reason other than our breach, DISH Network generally is obligated to reimburse us for any direct costs we incur related to any such termination that we cannot reasonably mitigate.

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

Satellite Services Provided to DISH Network. Since the Spin-off, we have entered into certain satellite service agreements pursuant to which DISH Network receives satellite services on certain satellites owned or leased by us. The fees for the services provided under these satellite service agreements depend, among other things, upon the orbital location of the applicable satellite, the number of transponders that are providing services on the applicable satellite, and the length of the service arrangements. The terms of each service arrangement is set forth below:

EchoStar I, EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV. As part of the Satellite and Tracking Stock Transaction discussed in Note 2, on March 1, 2014, we began providing certain satellite services to DISH Network on the EchoStar I, EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV satellites. The term of each satellite services agreement generally terminates upon the earlier of: (i) the end of life of the satellite; (ii) the date the satellite fails; or (iii) a certain date, which depends upon, among other things, the estimated useful life of the satellite. DISH Network generally has the option to renew each satellite service agreement on a year-to-year basis through the end of the respective satellite's life. There can be no assurance that any options to renew such agreements will be exercised. DISH Network has elected not to renew the satellite services agreement relative to the EchoStar I satellite. The agreement for the EchoStar I satellite will expire pursuant to its terms effective November 30, 2015.

EchoStar VIII. In May 2013, DISH Network began receiving satellite services from us on the EchoStar VIII satellite as an in-orbit spare. Effective March 1, 2014, this satellite services arrangement converted to a month-to-month service agreement. Both parties have the right to terminate this agreement upon 30 days' notice. The agreement will terminate in accordance with its terms effective in November 2015.

EchoStar IX. Effective January 2008, DISH Network began receiving satellite services from us on the EchoStar IX satellite. Subject to availability, DISH Network generally has the right to continue to receive satellite services from us on the EchoStar IX satellite on a month-to-month basis.

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EchoStar XII. DISH Network receives satellite services from us on the EchoStar XII satellite. The term of the satellite services agreement terminates upon the earlier of: (i) the end of life of the satellite; (ii) the date the satellite fails or the date the transponder(s) on which the service was being provided under the agreement fails; or (iii) a certain date, which depends upon, among other things, the estimated useful life of the satellite. DISH Network generally has the option to renew the agreement on a year-to-year basis through the end of the satellite's life. There can be no assurance that any options to renew this agreement will be exercised.

EchoStar XVI. During December 2009, we entered into an initial ten-year transponder service agreement with DISH Network, pursuant to which DISH Network has received satellite services from us on the EchoStar XVI satellite since January 2013. Effective December 21, 2012, we and DISH Network amended the transponder service agreement to, among other things, change the initial term to generally expire upon the earlier of: (i) the end-of-life or replacement of the satellite; (ii) the date the satellite fails; (iii) the date the transponder(s) on which service is being provided under the agreement fails; or (iv) four years following the actual service commencement date. Prior to expiration of the initial term, we, upon certain conditions, and DISH Network have the option to renew for an additional six-year period. If either we or DISH Network exercise our respective six-year renewal options, DISH Network has the option to renew for an additional five-year period prior to expiration of the then-current term. There can be no assurance that any option to renew this agreement will be exercised.

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

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

QuetzSat-1 Agreement. During 2008, we entered into a ten-year satellite service agreement with SES Latin America, which provides, among other things, for the provision by SES Latin America to us of service on 32 DBS transponders on the QuetzSat-1 satellite. Concurrently, in 2008, we entered into a transponder service agreement with DISH Network, pursuant to which DISH Network receives satellite services on 24 of the DBS transponders on the QuetzSat-1 satellite. The QuetzSat-1 satellite was launched on September 29, 2011 and was placed into service during the fourth quarter of 2011 at the 67.1 degree west longitude orbital location. In the interim, we provided DISH Network with alternate capacity at the 77 degree west longitude orbital location. During the third quarter of 2012, we and DISH Network entered into an agreement pursuant to which we receive certain satellite services from DISH Network on five DBS transponders on the QuetzSat-1 satellite. In January 2013, the QuetzSat-1 satellite was moved to the 77 degree west longitude orbital location and DISH Network commenced commercial operations at such location in February 2013.

Under the terms of our contractual arrangements with DISH Network, we began to provide service to DISH Network on the QuetzSat-1 satellite in February 2013 and will continue to provide service through the remainder of the service term. Unless extended or earlier terminated under the terms and conditions of our agreement with DISH Network for the QuetzSat-1 satellite, the initial service term will expire in November 2021. Upon expiration of the initial service term, DISH Network has the option to renew the agreement for the QuetzSat-1 satellite on a year-to-year basis through the end of life of the QuetzSat-1 satellite. Upon an in-orbit failure or end of life of the QuetzSat-1 satellite, and in certain other circumstances, DISH Network has certain

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rights to receive service from us on a replacement satellite. There can be no assurance that any options to renew this agreement will be exercised or that DISH Network will exercise its option to receive service on a replacement satellite.

103 Degree Orbital Location/SES-3. During May 2012, we entered into a spectrum development agreement (the "103 Spectrum Development Agreement") with Ciel Satellite Holdings Inc. ("Ciel") to develop certain spectrum rights at the 103 degree west longitude orbital location (the "103 Spectrum Rights"). During June 2013, we and DISH Network entered into a spectrum development agreement (the "DISH 103 Spectrum Development Agreement") pursuant to which DISH Network may use and develop the 103 Spectrum Rights. Unless earlier terminated under the terms and conditions of the DISH 103 Spectrum Development Agreement, the term generally will continue for the duration of the 103 Spectrum Rights.

In connection with the 103 Spectrum Development Agreement, during May 2012, we also entered into a ten-year service agreement with Ciel pursuant to which we receive certain satellite services from Ciel on the SES-3 satellite at the 103 degree orbital location. During June 2013, we and DISH Network entered into an agreement pursuant to which DISH Network receives certain satellite services from us on the SES-3 satellite (the "DISH 103 Service Agreement"). Under the terms of the DISH 103 Service Agreement, DISH Network makes certain monthly payments to us through the service term. Unless earlier terminated under the terms and conditions of the DISH 103 Service Agreement, the initial service term will expire on the earlier of: (i) the date the SES-3 satellite fails; (ii) the date the transponder(s) on which service was being provided under the agreement fails; or (iii) ten years following the actual service commencement date. Upon in-orbit failure or end of life of the SES-3 satellite, and in certain other circumstances, DISH Network has certain rights to receive service from us on a replacement satellite. There can be no assurance that DISH Network will exercise its option to receive service on a replacement satellite.

Satellite and Tracking Stock Transaction. On February 20, 2014, we entered into agreements with DISH Network to implement a transaction pursuant to which, among other things: (i) on March 1, 2014, EchoStar and HSS issued shares of the Tracking Stock to DISH Network in exchange for five satellites owned by DISH Network (EchoStar I, EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV) (including related in-orbit incentive obligations and interest payments of approximately $58.9 million) and approximately $11.4 million in cash; and (ii) on March 1, 2014, DISH Network began receiving certain satellite services on these five satellites from us. See Note 2 for further information.

TT&C Agreement. Effective January 1, 2012, we entered into a telemetry, tracking and control ("TT&C") agreement pursuant to which we provide TT&C services to DISH Network and its subsidiaries for a period ending on December 31, 2016 (the "2012 TT&C Agreement"). The 2012 TT&C Agreement replaced the TT&C agreement we entered into with DISH Network in connection with the Spin-off. The fees for services provided under the 2012 TT&C Agreement are calculated at either: (i) a fixed fee or (ii) cost plus a fixed margin, which will vary depending on the nature of the services provided. DISH Network is able to terminate the 2012 TT&C Agreement for any reason upon 60 days' notice.

In connection with the Satellite and Tracking Stock Transaction, on February 20, 2014, we amended the TT&C Agreement to cease the provision of TT&C services to DISH Network for the EchoStar I, EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV satellites. Effective March 1, 2014, we provide TT&C services for the D-1 and EchoStar XV satellites; however, for the period that we receive satellite services on the EchoStar XV satellite from DISH Network, we have waived the fees for the TT&C services on the EchoStar XV satellite.

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

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

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

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

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

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

Gilbert Lease Agreement. The original lease for certain space at 801 N. DISH Dr. in Gilbert, Arizona was a month to month lease and could be terminated by either party upon 30 days' prior notice. The original lease was terminated in May 2014. Effective August 1, 2014, we began leasing this space to DISH Network under a new lease for a period ending July 31, 2016. DISH Network has renewal options for three additional one year terms.

Cheyenne Lease Agreement. The lease for certain space at 530 EchoStar Drive in Cheyenne, Wyoming is for a period ending on December 31, 2031.

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

DISHOnline.com Services Agreement. Effective January 1, 2010, DISH Network entered into a two-year agreement with us pursuant to which DISH Network receives certain services associated with an online video portal. The fees for the services provided under this services agreement depend, among other things, upon the cost to develop and operate such services. DISH Network has the option to renew this agreement for successive one year terms and the agreement may be terminated by DISH Network for any reason upon at least 120 days' notice to us. In October 2014, DISH Network exercised its right to renew this agreement for a one-year period ending on December 31, 2015, and in November 2015, DISH Network exercised its right to renew this agreement for a one-year period ending on December 31, 2016.

DISH Remote Access Services Agreement. Effective February 23, 2010, we entered into an agreement with DISH Network pursuant to which DISH Network receives, among other things, certain remote digital video recorder ("DVR") management services. The fees for the services provided under this services agreement depend, among other things, upon the cost to develop and operate such services. This agreement had an initial term of five years with automatic renewal for successive one year terms. This agreement will automatically renew on February 23, 2016 for an additional one-year period until February 23, 2017. The agreement may be terminated by DISH Network for any reason upon at least 120 days' notice to us.

SlingService Services Agreement. Effective February 23, 2010, we entered into an agreement with DISH Network pursuant to which DISH Network receives certain services related to placeshifting. The fees for the services provided under this services agreement depend, among other things, upon the cost to develop and operate such services. This agreement had an initial term of five years with automatic renewal for successive one year terms. This agreement will automatically renew on February 23, 2016 for an additional one-year period until February 23, 2017. The agreement may be terminated by DISH Network for any reason upon at least 120 days' notice to us.

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

Blockbuster Agreements. On April 26, 2011, DISH Network acquired substantially all of the assets of Blockbuster, Inc. (the "Blockbuster Acquisition"). On June 8, 2011, we completed the acquisition of Hughes Communications, Inc. and its subsidiaries (the "Hughes Acquisition"). HNS, a wholly-owned subsidiary of Hughes Communications, Inc., provided certain broadband products and services to Blockbuster, Inc. (with its subsidiaries, "Blockbuster") pursuant to an agreement that was entered into prior to the Blockbuster Acquisition and the Hughes Acquisition. Subsequent to both the Blockbuster Acquisition and the Hughes Acquisition, Blockbuster entered into a new agreement with HNS pursuant to which Blockbuster could continue to purchase broadband products and services from our Hughes segment.

Effective February 1, 2014, all services to all Blockbuster locations, including Blockbuster franchisee locations, terminated in connection with the closing of all of the Blockbuster retail locations.

Radio Access Network Agreement. On November 29, 2012, HNS entered into an agreement with DISH Network L.L.C. pursuant to which HNS constructed for DISH Network a ground-based satellite radio access network for a fixed fee. The parties mutually agreed to terminate this agreement in the fourth quarter of 2014.

TerreStar Agreement. On March 9, 2012, DISH Network completed its acquisition of substantially all the assets of TerreStar Networks Inc. ("TerreStar"). Prior to DISH Network's acquisition of substantially all the assets of TerreStar and our completion of the Hughes Acquisition, TerreStar and HNS entered into various agreements pursuant to which our Hughes segment provides, among other things, hosting, operations and maintenance services for TerreStar's satellite gateway and associated ground infrastructure. These agreements generally may be terminated by DISH Network at any time for convenience.

Hughes Broadband Distribution Agreement. Effective October 1, 2012, HNS and dishNET Satellite Broadband L.L.C. ("dishNET"), a wholly-owned subsidiary of DISH Network, entered into a distribution agreement (the "Distribution Agreement") pursuant to which dishNET has the right, but not the obligation, to market, sell and distribute the Hughes satellite internet service (the "Hughes service"). dishNET pays HNS a monthly per subscriber wholesale service fee for the Hughes service based upon a subscriber's service level, and, beginning January 1, 2014, based upon certain volume subscription thresholds. The Distribution Agreement also provides that dishNET has the right, but not the obligation, to purchase certain broadband equipment from us to support the sale of the Hughes service. The Distribution Agreement had an initial term of five years with automatic renewal for successive one year terms unless terminated by either party with a written notice at least 180 days before the expiration of the then-current term. On February 20, 2014, HNS and dishNET entered into an amendment to the Distribution Agreement which, among other things, extended the initial term of the Distribution Agreement through March 1, 2024. Upon expiration or termination of the Distribution Agreement, the parties will continue to provide the Hughes service to the then-current dishNET subscribers pursuant to the terms and conditions of the Distribution Agreement.

Set-Top Box Application Development Agreement. During the fourth quarter of 2012, we and DISH Network entered into a set-top box application development agreement (the "Application Development Agreement") pursuant to which we provide DISH Network with certain services relating to the development of web-based applications for set-top boxes for the period ending February 1, 2016. The Application Development Agreement renews automatically for successive one-year periods thereafter, unless terminated earlier by us or DISH Network at any time upon at least 90 days' notice. The fees for services provided under the Application Development Agreement are calculated at our cost of providing the relevant service plus a fixed margin, which will depend on the nature of the services provided.

XiP Encryption Agreement. During the third quarter of 2012, we entered into an encryption agreement with DISH Network for our whole-home HD DVR line of set-top boxes (the "XiP Encryption Agreement") pursuant to which we provide certain security measures on our whole-home HD DVR line of set-top boxes to encrypt the content delivered to the set-top box via a smart card and secure the content between set-top boxes. The XiP Encryption Agreement's term ends on the same day as the 2012 Receiver Agreement and therefore was automatically extended until December 31, 2016 when we and DISH Network extended the 2012 Receiver Agreement on November 4, 2015. We and DISH Network each have the right to terminate the XiP Encryption Agreement for any reason upon

at least 180 days' notice and 30 days' notice, respectively. The fees for the services provided under the XiP Encryption Agreement are calculated on a monthly basis based on the number of receivers utilizing such security measures each month.

DBSD North America Agreement. On March 9, 2012, DISH Network completed its acquisition of 100% of the equity of reorganized DBSD North America, Inc. ("DBSD North America"). Prior to DISH Network's acquisition of DBSD North America and our completion of the Hughes Acquisition, DBSD North America and HNS entered into an agreement pursuant to which our Hughes segment provides, among other things, hosting, operations and maintenance services of DBSD North America's satellite gateway and associated ground infrastructure. This agreement automatically renewed for a one-year period ending on February 15, 2016, and will renew for one additional one-year period unless terminated by DBSD North America upon at least 30 days' notice prior to the expiration of any renewal term.

Sling TV Holding L.L.C. (formerly DISH Digital Holding L.L.C. ("Sling TV Holding")). Effective July 1, 2012, we and DISH Network formed Sling TV Holding, which was owned two-thirds by DISH Network and one-third by us. Sling TV Holding was formed to develop and commercialize certain advanced technologies. At that time, we, DISH Network and Sling TV Holding entered into the following agreements with respect to Sling TV Holding: (i) a contribution agreement pursuant to which we and DISH Network contributed certain assets in exchange for our respective ownership interests in Sling TV Holding; (ii) a limited liability company operating agreement ("Operating Agreement"), which provides for the governance of Sling TV Holding; and (iii) a commercial agreement ("Commercial Agreement") pursuant to which, among other things, Sling TV Holding had: (a) certain rights and corresponding obligations with respect to its business; and (b) the right, but not the obligation, to receive certain services from us and DISH Network, respectively.

Effective August 1, 2014, we and DISH Digital entered into the Exchange Agreement pursuant to which, among other things, DISH Digital distributed certain assets to us and we reduced our interest in DISH Digital to a 10.0% non-voting interest. As a result, DISH Network has a 90.0% equity interest and a 100% voting interest in DISH Digital. In addition, we, DISH Network and DISH Digital amended and restated the Operating Agreement, primarily to reflect the changes implemented by the Exchange Agreement. Finally, we, DISH Network and DISH Digital amended and restated the Commercial Agreement, pursuant to which, among other things, DISH Digital: (1) continues to have certain rights and corresponding obligations with respect to its business; (2) continues to have the right, but not the obligation, to receive certain services from us and DISH Network; and (3) has a license from us to use certain of the assets distributed to us as part of the Exchange Agreement. DISH Digital changed its name to Sling TV Holding L.L.C.

"Cost of sales — equipment — DISH Network"

Remanufactured Receiver Agreement. In connection with the Spin-off, we entered into a remanufactured receiver agreement with DISH Network pursuant to which we have the right, but not the obligation, to purchase remanufactured receivers and related components from DISH Network at cost plus a fixed margin, which varies depending on the nature of the equipment purchased. In November 2014, we and DISH Network extended this agreement for a one-year period ending on December 31, 2015, and in November 2015, we and DISH Network extended this agreement for a one-year period ending on December 31, 2016. We may terminate the remanufactured receiver agreement for any reason upon at least 60 days' notice to DISH Network. DISH Network may also terminate this agreement if certain entities acquire DISH Network.

"Cost of sales — services and other — DISH Network"

Satellite Services Received from DISH Network. Since the Spin-off, we entered into certain satellite services agreements pursuant to which we receive satellite services from DISH Network on certain satellites owned by DISH Network. The fees for the services provided under these satellite services agreements depend, among other things, upon the orbital location of the applicable satellite, the number of transponders that are providing services on the applicable satellite and the length of the service term. The term of each satellite service agreement is set forth below:

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

D-1. In November 2012, HNS entered into a satellite service agreement pursuant to which HNS received satellite services from DISH Network on the D-1 satellite for research and development. This agreement terminated on June 30, 2014.

EchoStar XV. In May 2013, we began receiving satellite services from DISH Network on the EchoStar XV satellite and relocated the satellite to the 45 degree west longitude orbital location for testing pursuant to our Brazilian authorization. Effective March 1, 2014, this satellite services agreement converted to a month-to-month service agreement. Both parties have the right to terminate this agreement upon 30 days' notice. On October 19, 2015, we provided DISH Network a notice to terminate this agreement effective in November 2015, and we are in the process of relocating the satellite during the fourth quarter of 2015 to a new orbital location pursuant to the terms of the agreement.

"General and administrative expenses — DISH Network"

Professional Services Agreement. In connection with the Spin-off, we entered into various agreements with DISH Network including the Transition Services Agreement, Satellite Procurement Agreement and Services Agreement, which all expired on January 1, 2010 and were replaced by a Professional Services Agreement. During 2009, we and DISH Network agreed that we shall continue to have the right, but not the obligation, to receive the following services from DISH Network, among others, certain of which were previously provided under the Transition Services Agreement: information technology, travel and event coordination, internal audit, legal, accounting and tax, benefits administration, program acquisition services and other support services. Additionally, we and DISH Network agreed that DISH Network would continue to have the right, but not the obligation, to engage us to manage the process of procuring new satellite capacity for DISH Network (previously provided under the Satellite Procurement Agreement), receive logistics, procurement and quality assurance services from us (previously provided under the Services Agreement) and other support services. The Professional Services Agreement automatically renewed on January 1, 2015 for an additional one-year period and renews automatically for successive one-year periods thereafter, unless terminated earlier by either party upon at least 60 days' notice. However, either party may terminate the Professional Services Agreement in part with respect to any particular service it receives for any reason upon at least 30 days' notice.

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

El Paso Lease Agreement. The lease for certain space at 1285 Joe Battle Blvd., El Paso, Texas is for an initial period ending on August 1, 2015, and provides us with renewal options for four consecutive three year terms. During the second quarter of 2015, we exercised our first renewal option for a period ending on August 1, 2018.

American Fork Occupancy License Agreement. The license for certain space at 796 East Utah Valley Drive in American Fork, Utah is for a period ending on July 31, 2017, subject to the terms of the underlying lease agreement. In connection with the Exchange Agreement, this license was terminated during the fourth quarter of 2014.

"Other agreements — DISH Network"

Tax Sharing Agreement. In connection with the Spin-off, we entered into a tax sharing agreement with DISH Network which governs our respective rights, responsibilities and obligations after the Spin-off with respect to taxes for the periods ending on or before the Spin-off. Generally, all pre-Spin-off taxes, including any taxes that are incurred as a result of restructuring activities undertaken to implement the Spin-off, are borne by DISH Network, and DISH Network will indemnify us for such taxes. However, DISH Network is not liable for and will not indemnify us for any taxes that are incurred as a result of the Spin-off or certain related transactions failing to qualify as tax-free distributions pursuant to any provision of Section 355 or Section 361 of the Internal Revenue Code of 1986, as amended because of: (i) a direct or indirect acquisition of any of our stock, stock options or assets;

(ii) any action that we take or fail to take; or (iii) any action that we take that is inconsistent with the information and representations furnished to the IRS in connection with the request for the private letter ruling, or to counsel in connection with any opinion being delivered by counsel with respect to the Spin-off or certain related transactions. In such case, we will be solely liable for, and will indemnify DISH Network for, any resulting taxes, as well as any losses, claims and expenses. The tax sharing agreement will only terminate after the later of the full period of all applicable statutes of limitations, including extensions, or once all rights and obligations are fully effectuated or performed.

In light of the tax sharing agreement, among other things, and in connection with our consolidated federal income tax returns for certain tax years prior to and for the year of the Spin-off, during the third quarter of 2013, we and DISH Network agreed upon a supplemental allocation of the tax benefits arising from certain tax items resolved in the course of the IRS's examination of our consolidated tax returns. Prior to the agreement with DISH Network, the federal tax benefits of $83.2 million were reflected as a deferred tax asset for depreciation and amortization, which was netted in our noncurrent deferred tax liabilities. The agreement requires DISH Network to pay us $83.2 million of the federal tax benefit it receives at such time as we would have otherwise been able to realize such tax benefit, which we currently estimate would be after 2015. Accordingly, we recorded a noncurrent receivable from DISH Network for $83.2 million in "Other receivable — DISH Network" and a corresponding increase in our net noncurrent deferred tax liabilities to reflect the effects of this agreement in the third quarter of 2013. In addition, during the third quarter of 2013, we and DISH Network agreed upon a tax sharing arrangement for filing certain combined state income tax returns and a method of allocating the respective tax liabilities between us and DISH Network for such combined returns, through the taxable period ending on December 31, 2017.

TiVo. On April 29, 2011, we and DISH Network entered into a settlement agreement with TiVo, Inc. ("TiVo"). The settlement resolved all pending litigation between us and DISH Network, on the one hand, and TiVo, on the other hand, including litigation relating to alleged patent infringement involving certain DISH Network DVRs. Under the settlement agreement, all pending litigation was dismissed with prejudice and all injunctions that permanently restrain, enjoin or compel any action by us or DISH Network were dissolved. We and DISH Network are jointly responsible for making payments to TiVo in the aggregate amount of $500.0 million, including an initial payment of $300.0 million and the remaining $200.0 million in six equal annual installments between 2012 and 2017. Pursuant to the terms and conditions of the agreements entered into in connection with the Spin-off, DISH Network made the initial payment to TiVo in May 2011, except for the contribution from us totaling approximately $10.0 million, representing an allocation of liability relating to our sales of DVR-enabled receivers to an international customer. Subsequent payments are allocated between us and DISH Network based on historical sales of certain licensed products, with EchoStar being responsible for 5% of each annual payment.

Sling Trademark License Agreement. On December 31, 2014, DISH Digital (now known as Sling TV Holding) entered into an agreement with Sling Media, Inc., our subsidiary, pursuant to which Sling TV Holding has the right, for a fixed fee, to use certain trademarks, domain names and other intellectual property related to the "Sling" trademark through December 31, 2016.

gTLD Bidding Agreement. In April 2015, we and DISH Network entered into a gTLD Bidding Agreement whereby, among other things: (i) DISH Network obtained rights from us to participate in a generic top level domain ("gTLD") auction, assuming all rights and obligations from us related to our application with ICANN for a particular gTLD; (ii) DISH Network agreed to reimburse us for our ICANN application fee and certain out-of-pocket expenses related to the application and the auction; and (iii) we and DISH Network agreed to split equally the net proceeds obtained by DISH Network as the losing bidder in the auction, less such fee reimbursement and out-of-pocket expenses.

Patent Cross-License Agreements. During December 2011, we and DISH Network entered into separate patent cross-license agreements with the same third party whereby: (i) we and such third party licensed our respective patents to each other subject to certain conditions; and (ii) DISH Network and such third party licensed their respective patents to each other subject to certain conditions (each, a "Cross-License Agreement"). Each Cross-License Agreement covers patents acquired by the respective party prior to January 1, 2017 and aggregate payments under both Cross-License Agreements total less than $10.0 million. Each Cross-License Agreement also contains an option to extend each Cross-License Agreement to include patents acquired by the respective party prior to

January 1, 2022. If both options are exercised, the aggregate additional payments to such third party would total less than $3.0 million. However, we and DISH Network may elect to extend our respective Cross-License Agreement independently of each other. Since the aggregate payments under both Cross-License Agreements were based on the combined annual revenue of us and DISH Network, we and DISH Network agreed to allocate our respective payments to such third party based on our respective percentage of combined total revenue.

PMC. During 2008, PMC filed suit against us, DISH Network and Motorola Inc., in the United States District Court for the Eastern District of Texas, alleging infringement of United States Patent Nos. 5,109,414; 4,965,825; 5,233,654; 5,335,277 and 5,887,243, which relate to satellite signal processing. On May 7, 2015, we, DISH Network and PMC entered into a settlement and release agreement that provided, among other things, for a license by PMC to us and DISH Network for certain patents and patent applications and the dismissal of all of PMC's claims in the action against us and DISH Network with prejudice. On June 4, 2015, the Court dismissed all of PMC's claims in the action against us and DISH Network with prejudice. See Note 14 for further discussion. In June 2015, we and DISH Network agreed that we would contribute a one-time payment of $5.0 million towards the settlement under the agreements entered into in connection with the Spin-off and the 2012 Receiver Agreement.

TerreStar-2 Development Agreement. In August 2013, we and DISH Network entered into a development agreement ("T2 Development Agreement") with respect to the EchoStar XXI satellite under which we reimburse DISH Network for amounts it pays pursuant to an authorization to proceed ("T2 ATP") with SS/L in connection with the construction of the EchoStar XXI satellite. In exchange, DISH Network granted us certain rights to purchase the EchoStar XXI satellite during the term of the T2 Development Agreement. The T2 Development Agreement was amended in December 2013 to provide for the ability to purchase DISH Network's rights and obligations under the T2 ATP and the related agreement for the construction of the EchoStar XXI satellite with SS/L. The purchase rights under the T2 Development Agreement were exercised in December 2014, and the agreement terminated pursuant to its terms.

Roger J. Lynch. In November 2009, Mr. Roger J. Lynch became employed by both us and DISH Network as Executive Vice President. Mr. Lynch was responsible for the development and implementation of advanced technologies that are of potential utility and importance to both us and DISH Network. Mr. Lynch's compensation consisted of cash and equity compensation and was borne by both DISH Network and us. Mr. Lynch's employment with us terminated on December 31, 2014.

Other Agreements

Hughes Systique Corporation ("Hughes Systique")

We contract with Hughes Systique for software development services. In February 2008, HNS agreed to make available to Hughes Systique a term loan facility of up to $1.5 million. Also in 2008, HNS funded an initial $0.5 million to Hughes Systique pursuant to the term loan facility. In 2009, HNS funded the remaining $1.0 million of its $1.5 million commitment under the term loan facility. The loans bear interest at 6%, payable annually, and are convertible into shares of Hughes Systique upon non-payment or an event of default. In May 2014, Hughes and Hughes Systique amended the term loan facility to increase the interest rate from 6% to 8%, payable annually, to reflect current market conditions. The loans, as amended, matured on May 1, 2015. In April 2015, Hughes Systique repaid $0.7 million of the outstanding principal of the loan and the maturity date of the loan was extended to May 1, 2016 on the same terms. In July and September 2015, Hughes Systique repaid $0.6 million of the outstanding principal of the loan. As of September 30, 2015, the principal outstanding amount of the loan was $0.9 million. In addition to our 44.0% ownership in Hughes Systique, Mr. Pradman Kaul, the President of Hughes Communications, Inc. and a member of our board of directors and his brother, who is the CEO and President of Hughes Systique, in the aggregate, owned approximately 25.8%, on an undiluted basis, of Hughes Systique's outstanding shares as of September 30, 2015. Furthermore, Mr. Pradman Kaul serves on the board of directors of Hughes Systique. Hughes Systique is a variable interest entity and we are considered the primary beneficiary of Hughes Systique due to, among other factors, our ability to direct the activities that most significantly impact the economic performance of Hughes Systique. As a result, we consolidate Hughes Systique's financial statements in our condensed consolidated financial statements.

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

NagraStar L.L.C.

We own 50.0% of NagraStar L.L.C. ("NagraStar"), a joint venture that is our primary provider of encryption and related security technology used in our set-top boxes. We account for our investment in NagraStar using the equity method. We made purchases from NagraStar totaling approximately $4.4 million and $5.9 million for the three months ended September 30, 2015 and 2014, respectively, and $13.0 million and $15.5 million for the nine months ended September 30, 2015 and 2014, respectively. As of September 30, 2015 and December 31, 2014, we had trade accounts payable to NagraStar totaling approximately $1.1 million and $3.2 million, respectively.

Dish Mexico

We own 49.0% of an entity that provides direct-to-home satellite services in Mexico known as Dish Mexico. We provide certain broadcast services and satellite services and sell hardware such as digital set-top boxes and related equipment to Dish Mexico.

The following table summarizes revenue from sales of hardware and services we provided to Dish Mexico.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(In thousands)			
Digital set-top boxes and related accessories	$ 19,887	$ 14,741	$ 45,432	$ 40,146
Satellite services	$ 5,837	$ 5,837	$ 17,510	$ 17,510
Uplink services	$ 1,030	$ 1,530	$ 3,981	$ 4,745

	As of	
	September 30, 2015	December 31, 2014
	(In thousands)	
Due from Dish Mexico	$ 28,786	$ 11,012

Deluxe/EchoStar LLC

We own 50.0% of Deluxe/EchoStar LLC ("Deluxe"), a joint venture that we entered into in 2010 to build an advanced digital cinema satellite distribution network targeting delivery to digitally equipped theaters in the U.S. and Canada. We account for our investment in Deluxe using the equity method. We recognized revenue from Deluxe for transponder services and the sale of broadband equipment of approximately $0.7 million and $0.8 million for the three months ended September 30, 2015 and 2014, respectively, and $2.1 million and $2.5 million for the nine months ended September 30, 2015 and 2014, respectively. As of September 30, 2015 and December 31, 2014, we had trade accounts receivable from Deluxe of approximately $0.1 million and $0.2 million, respectively.

SmarDTV

In May 2015, we acquired a 22.5% interest in SmarDTV, which we account for using the equity method. Pursuant to a services agreement, we purchased engineering services from SmarDTV totaling $1.7 million and $2.6 million for the three and nine months ended September 30, 2015, respectively. As of September 30, 2015, we had trade accounts payable to SmarDTV of $2.3 million, and a $0.6 million current note receivable from SmarDTV arising from a working capital adjustment pursuant to the acquisition agreement.

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

Unless the context indicates otherwise, as used herein, the terms "we," "us," "EchoStar," the "Company" and "our" refer to EchoStar Corporation and its subsidiaries. References to "$" are to United States dollars. The following management's discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and notes to our financial statements included elsewhere in this Quarterly Report on Form 10-Q. This management's discussion and analysis is intended to help provide an understanding of our financial condition, changes in our financial condition and our results of operations. Many of the statements in this management's discussion and analysis are forward-looking statements that involve assumptions and are subject to risks and uncertainties that are often difficult to predict and beyond our control. Actual results could differ materially from those expressed or implied by such forward-looking statements. See "Disclosure Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q for further discussion. For a discussion of additional risks, uncertainties and other factors that could impact our results of operations or financial condition, see the caption "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014. Further, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and we undertake no obligation to update them.

EXECUTIVE SUMMARY

EchoStar is a global provider of satellite operations, video delivery solutions, digital set-top boxes, and broadband satellite technologies and services for the home and office, delivering innovative network technologies, managed services, and solutions for enterprises and governments. We currently operate in three business segments, which are differentiated primarily by their operational focus: EchoStar Technologies, Hughes, and EchoStar Satellite Services. These segments are consistent with the way decisions regarding the allocation of resources are made, as well as how operating results are reviewed by our chief operating decision maker ("CODM"), who for EchoStar is the Company's Chief Executive Officer.

Our segment operating results do not include real estate and other activities, costs incurred in certain satellite development programs and other business development activities, expenses of various corporate departments, and our centralized treasury operations, including income from our investment portfolio and interest expense on our debt. These activities are accounted for in "All Other and Eliminations."

Highlights from our financial results are as follows:

2015 Third Quarter Consolidated Results of Operations

- Revenue of $760.9 million
- Operating income of $88.6 million
- Net income attributable to EchoStar common stock of $30.1 million and basic earnings per share of common stock of $0.33
- EBITDA of $216.6 million (see reconciliation of this non-GAAP measure in Note 15 to the condensed consolidated financial statements)

Consolidated Financial Condition as of September 30, 2015

- Total assets of $7.29 billion
- Total liabilities of $3.59 billion
- Total stockholders' equity of $3.70 billion
- Cash, cash equivalents and current marketable investment securities of $1.59 billion

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

EchoStar Technologies Segment

Our EchoStar Technologies segment designs, develops and distributes digital set-top boxes and related products and technology, primarily for satellite TV service providers and telecommunication companies. The primary customer for our digital set-top boxes is DISH Network Corporation and its subsidiaries ("DISH Network"), and we also sell digital set-top boxes to Bell TV, a direct-to-home satellite service provider in Canada, Dish Mexico, S. de R.L. de C.V. ("Dish Mexico"), a joint venture that we entered into in 2008, and other international customers. We depend on DISH Network for a substantial portion of our EchoStar Technologies segment revenue and we expect that DISH Network will continue to be the primary source of revenue for our EchoStar Technologies segment. In addition, our equipment revenue from DISH Network depends on the timing of orders for set-top boxes and related accessories from DISH Network based on its actual and projected subscriber growth. Therefore, the results of operations of our EchoStar Technologies segment are, and are likely to continue to be, closely linked to the performance of DISH Network's pay-TV service.

Our EchoStar Technologies segment also provides digital broadcast operations, including satellite uplinking/downlinking, transmission services, signal processing, conditional access management, and other services, primarily to DISH Network. In addition, we provide our TVEverywhere technology through Slingboxes directly to consumers via retail outlets and online, as well as to the pay-TV operator market.

Prior to 2015, Move Network, our live linear over-the-top platform business, including certain assets that were distributed to us in August 2014 in connection with the Exchange Agreement with DISH Digital Holding L.L.C. ("Sling TV Holding"), (see Notes 6, 10 and 16 in our notes to condensed consolidated financial statements), was managed separately from our operating segments and was reported within "All Other and Eliminations." In the first quarter of 2015, we assigned management responsibility for our Move Network business to our EchoStar Technologies segment, where it continues to be managed and reported as a separate reporting unit. We have retrospectively adjusted our segment reporting to reflect our Move Network business as part of the EchoStar Technologies segment in prior periods (see Note 15 in our notes to the condensed consolidated financial statements).

During the second quarter of 2015, our EchoStar Technologies segment contributed several of its European subsidiaries to SmarDTV SA ("SmarDTV"), a Swiss subsidiary of Kudelski SA that offers set-top boxes and conditional access modules, in exchange for a 22.5% interest in the equity and subordinated debt of SmarDTV. We and SmarDTV also entered into a services agreement pursuant to which our EchoStar Technologies segment purchases certain engineering services from SmarDTV.

We continue to focus on building and strengthening our brand recognition by providing unique and technologically advanced features and products. Products containing new technologies and features typically have higher initial selling prices, margins and volumes. As products mature and new products are in the late stages of development, volumes typically decrease as our customers, primarily DISH Network, increase deployment of refurbished set-top boxes as opposed to purchasing new units from us. The market for our digital set-top boxes, like other electronic products, has also been characterized by regular reductions in selling prices and production costs. Our ability to sustain or increase profitability also depends in large part on our ability to control or reduce our costs of producing digital set-top boxes. Based on our experience, we expect our cost of manufacturing a specific set-top box model to decline over time as our contract manufacturers generate efficiencies with scale of production and engineering cost reductions. Overall, our success depends heavily on our ability to bring advanced technologies to market to keep pace with our competitors.

The number of potential new customers for our set-top box business in our EchoStar Technologies segment is small and may be limited as prospective customers that have been competitors of DISH Network may continue to view us as a competitor due to our common ownership with DISH Network. We believe that our best opportunities for developing potential new customers for our set-top box business over the near term lie in international markets, including through joint ventures. We have an exclusive equipment partnership with Bell TV through the end of 2015. Additionally, our joint venture with Dish Mexico continues to see growth. We are continuing to work with Dish Mexico on enhanced features and services that we expect will help it respond to competitive pressures in Mexico.

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

With our expertise in connectivity, security, and video, we are exploring the potential of new product and service offerings including home security and automation, and facilitation of user-generated content along with other products intended to grow our EchoStar Technologies segment revenue over time.

Hughes Segment

Our Hughes segment is a global provider of broadband satellite technologies and services for the home and office, delivering innovative network technologies, managed services, and solutions for consumers, enterprises and governments.

We continue our efforts in growing our consumer revenue, which depends on our success in adding new subscribers on our Hughes segment's satellite networks. The addition of new subscribers and the performance of our consumer service offering, primarily drive the revenue growth in our consumer business. Service costs related to ongoing support of our direct and indirect customers and partners are typically impacted most significantly by our growth. Long term trends continue to be influenced primarily by the subscriber growth in our consumer business. Additional capacity provided in this business by new satellite launches provides impetus for initial subscriber growth while we manage subscriber growth across our satellite platform. In March 2013, we entered into a contract for the design and construction of the EchoStar XIX satellite, which is expected to be launched in the fourth quarter of 2016. The EchoStar XIX satellite is a next-generation, high throughput geostationary satellite that will employ a multi-spot beam, bent pipe Ka-band architecture and will provide additional capacity for the Hughes broadband services to the consumer market in North America. Capital expenditures associated with the construction and launch of the EchoStar XIX satellite are included in "All Other and Eliminations" in our segment reporting.

Our Hughes segment also provides managed services, hardware, and satellite services to large enterprises. In addition, we provide gateway and terminal equipment to customers for mobile satellite systems. The fixed pricing nature of our long-term enterprise contracts minimizes significant quarter to quarter fluctuations; however, the growth of our enterprise business relies heavily on global economic conditions. We continue to monitor the competitive landscape for pricing in relation to our competitors and alternative technologies.

In April 2014, we entered into a satellite services agreement pursuant to which Eutelsat do Brasil will provide to Hughes Telecomunicações do Brasil Ltda., our subsidiary, fixed broadband service using the Ka-band capacity into Brazil on the EUTELSAT 65 West A satellite for a 15-year term. The satellite service agreement requires us to make prepayments while the satellite is under construction. We expect the satellite to be placed into service no later than the third quarter of 2016 and will deliver consumer satellite broadband services in Brazil as well as create a platform to potentially allow for further development of our spectrum in Brazil.

In June 2015, we purchased a noncontrolling equity investment in WorldVu Satellites Limited ("WorldVu"), a low-earth orbit satellite company. In addition, our Hughes segment entered into an agreement with WorldVu to provide certain equipment and services in connection with the ground system for WorldVu's low-earth orbit satellites.

As of September 30, 2015 and December 31, 2014, our Hughes segment had approximately 1,025,000 and 977,000 broadband subscribers, respectively. These subscribers include subscriptions with HughesNet services, through retail, wholesale and small/medium enterprise service channels. Gross subscriber additions increased in the third quarter of 2015 compared to the same period in 2014. However, our average monthly subscriber churn for the third quarter of 2015 also increased as compared to the same period in 2014. As a result, for the quarter ended September 30, 2015, net subscriber additions of approximately 11,200 were lower than the same period last year primarily reflecting the increase in churn on the increasing base of subscribers.

As of September 30, 2015 and December 31, 2014, our Hughes segment had approximately $1.12 billion and $1.26 billion, respectively, of contracted revenue backlog. We define Hughes revenue backlog as our expected future revenue under customer contracts that are non-cancelable, excluding agreements with customers in our consumer market.

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

EchoStar Satellite Services Segment

Our EchoStar Satellite Services segment operates its business using its 16 owned and leased in-orbit satellites. We provide satellite services on a full-time and occasional-use basis primarily to DISH Network, Dish Mexico, U.S. government service providers, internet service providers, broadcast news organizations, programmers and private enterprise customers.

We depend on DISH Network for a significant portion of the revenue for our EchoStar Satellite Services segment and we expect that DISH Network will continue to be the primary source of revenue for our EchoStar Satellite Services segment. Therefore, the results of operations of our EchoStar Satellite Services segment are linked to long-term changes in DISH Network's satellite capacity requirements. We continue to pursue expanding our business offerings by providing value added services such as telemetry, tracking and control services to third parties. Revenue growth in our EchoStar Satellite Services segment is a function of available satellite capacity to sell. Our EchoStar 105/SES-11 satellite is currently under construction and is anticipated to replace the capacity currently leased on the AMC-15 satellite. Once launched and placed into operation, we expect the satellite to produce the revenue currently serviced by the AMC-15 satellite as well as additional revenue. Any factors that interfere with the construction and launch schedule of the EchoStar 105/SES-11 satellite could impact our expected revenue growth. In addition, any disruption in planned renewals of our service arrangements could impact customer commitments and have an impact on our revenue and financial performance. Technical issues, regulatory and licensing issues, manufacturer performance/stability and availability of capital to continue to fund our programs also are factors in achieving our business plans for this segment.

In August 2014, we entered into: (i) a construction contract with Airbus Defence and Space SAS for the construction of the EchoStar 105/SES-11 satellite with C-band, Ku-band and Ka-band payloads; (ii) an agreement with SES Satellite Leasing Limited for the procurement of the related launch services; and (iii) an agreement with SES Americom, Inc. ("SES") pursuant to which we will transfer the title to the C-band and Ka-band payloads to SES Satellite Leasing Limited at launch and transfer the title to the Ku-band payload to SES following in-orbit testing of the satellite. Additionally, SES will provide to us satellite service on the entire Ku-band payload on the EchoStar 105/SES-11 satellite for an initial ten-year term, with an option for us to renew the agreement on a year-to-year basis.

As of September 30, 2015 and December 31, 2014, our EchoStar Satellite Services segment had contracted revenue backlog attributable to satellites currently in orbit of approximately $1.47 billion and $1.71 billion, respectively.

New Business Opportunities

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

In 2012, we acquired the right to use various frequencies at the 45 degree west longitude orbital location ("Brazilian Authorization") from ANATEL, the Brazilian communications regulatory agency. The Brazilian Authorization provides us the rights to utilize Ku-band spectrum for broadcast satellite service ("BSS"), Ka-band spectrum and S-band spectrum. With regards to the Ku-band BSS spectrum, we continue to pursue various opportunities to support a Brazilian service. We are exploring options for the Ka-band and S-band spectrums. In April 2014, we entered into an agreement with Space Systems Loral, LLC ("SS/L") for the construction of the EchoStar XXIII satellite, a high powered BSS satellite, which will use some of the components from CMBStar, a satellite that we suspended construction of in 2008. The EchoStar XXIII satellite is expected to launch in the second half of 2016 and will be initially deployed at the 45 degree west longitude orbital location.

In December 2013, we acquired 100% of Solaris Mobile, which is based in Dublin, Ireland and licensed by the European Union ("EU") and individual EU Member States to provide mobile satellite services ("MSS") and complementary ground component ("CGC") services covering the entire EU using S-band spectrum. Solaris Mobile changed its name to EchoStar Mobile Limited ("EchoStar Mobile") in the first quarter of 2015. We are in the process of developing commercial services, expected to begin in the second half of 2016, utilizing the operable

transponders we own on the EUTELSAT 10A (also known as "W2A") satellite, along with our EchoStar XXI S-band satellite. We are currently constructing, and have contracted to launch, the EchoStar XXI satellite to provide space segment capacity to EchoStar Mobile in the third quarter of 2016. We believe we are in a unique position to deploy a European wide MSS/CGC network and maximize the long-term value of our S-band spectrum in Europe and other regions within the scope of our licenses.

Capital expenditures associated with the construction and launch of the EchoStar XXIII and EchoStar XXI satellites are included in "All Other and Eliminations" in our segment reporting.

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

RESULTS OF OPERATIONS

Three Months Ended September 30, 2015 Compared to the Three Months Ended September 30, 2014

Statements of Operations Data (1)	For the Three Months Ended September 30, 2015	2014	Variance Amount	%
	(Dollars in thousands)			
Revenue:				
Equipment revenue - DISH Network	$ 157,184	$ 299,050	$ (141,866)	(47.4)
Equipment revenue - other	89,454	101,927	(12,473)	(12.2)
Services and other revenue - DISH Network	236,601	215,935	20,666	9.6
Services and other revenue - other	277,640	278,928	(1,288)	(0.5)
Total revenue	760,879	895,840	(134,961)	(15.1)
Costs and Expenses:				
Cost of sales - equipment	207,989	340,159	(132,170)	(38.9)
% of Total equipment revenue	**84.3%**	**84.8%**		
Cost of sales - services and other	219,686	212,298	7,388	3.5
% of Total services and other revenue	**42.7%**	**42.9%**		
Selling, general and administrative expenses	91,830	93,127	(1,297)	(1.4)
% of Total revenue	**12.1%**	**10.4%**		
Research and development expenses	19,875	15,685	4,190	26.7
% of Total revenue	**2.6%**	**1.8%**		
Depreciation and amortization	132,892	142,294	(9,402)	(6.6)
Total costs and expenses	672,272	803,563	(131,291)	(16.3)
Operating income	88,607	92,277	(3,670)	(4.0)
Other Income (Expense):				
Interest income	2,562	2,270	292	12.9
Interest expense, net of amounts capitalized	(28,870)	(41,688)	12,818	(30.7)
Gains (losses) and impairment on marketable investment securities, net	(5,155)	(27)	(5,128)	*
Equity in earnings (losses) of unconsolidated affiliates, net	(2,324)	13,198	(15,522)	*
Other, net	2,115	(1,485)	3,600	*
Total other expense, net	(31,672)	(27,732)	(3,940)	14.2
Income before income taxes	56,935	64,545	(7,610)	(11.8)
Income tax provision, net	(28,577)	(6,108)	(22,469)	*
Net income	28,358	58,437	(30,079)	(51.5)
Less: Net loss attributable to noncontrolling interest in HSS Tracking Stock	(686)	(2,106)	1,420	(67.4)
Less: Net income attributable to other noncontrolling interests	209	375	(166)	(44.3)
Net income attributable to EchoStar	$ 28,835	$ 60,168	$ (31,333)	(52.1)
Other Data:				
EBITDA	$ 216,612	$ 247,988	$ (31,376)	(12.7)
Subscribers, end of period	1,025,000	960,000	65,000	6.8

* Percentage is not meaningful.
(1) An explanation of our key metrics is included on pages 64 and 65 under the heading "Explanation of Key Metrics and Other Items."

Equipment revenue — DISH Network. "Equipment revenue — DISH Network" totaled $157.2 million for the three months ended September 30, 2015, a decrease of $141.9 million, or 47.4%, compared to the same period in 2014.

Equipment revenue — DISH Network from our EchoStar Technologies segment for the three months ended September 30, 2015 decreased by $138.6 million, or 47.4%, to $154.1 million compared to the same period in 2014. Our EchoStar Technologies segment offers multiple set-top boxes with different price points depending on their capabilities and functionalities. The revenue and associated margins we earn on sales

are determined largely through our 2012 Receiver Agreement with DISH Network which could result in prices reflecting, among other things, the set-top boxes and other equipment that meet DISH Network's current sales and marketing priorities, the product and service alternatives available from other equipment suppliers, our ability to respond to DISH Network's requirements, and our ability to differentiate ourselves from other equipment suppliers on bases other than pricing. In addition, products containing new technologies and features typically have higher initial prices, which reduce over time as a result of manufacturing efficiencies. Volume of unit sales could reduce over time as a result of demand decreases or as DISH Network increases the deployment of refurbished units as opposed to new units purchased from us. The decrease in revenue for the three months ended September 30, 2015 was primarily due to a decrease in the sales of set-top boxes and related accessories. The decrease in revenue of set-top boxes was due to a 62.0% decrease in the volume of unit sales, partially offset by a 12.2% increase in the weighted average price of the set-top boxes sold. The decrease in revenue of related accessories was due to a 26.1% decrease in the volume of unit sales and a 10.4% decrease in the weighted average price of related accessories sold.

Equipment revenue — DISH Network from our Hughes segment for the three months ended September 30, 2015 decreased by $3.2 million, or 51.1%, to $3.1 million compared to the same period in 2014. The decrease was primarily due to the decrease in the volume of unit sales of broadband equipment to dishNET Satellite Broadband L.L.C. ("dishNET"). Sales of broadband equipment to dishNET have been decreasing as a result of lower gross new broadband subscriber activations and dishNET increasing the deployment of refurbished units as opposed to new units purchased from us.

Equipment revenue — other. "Equipment revenue — other" totaled $89.5 million for the three months ended September 30, 2015, a decrease of $12.5 million or 12.2%, compared to the same period in 2014.

Equipment revenue — other from our EchoStar Technologies segment for the three months ended September 30, 2015 decreased by $8.4 million, or 18.5%, to $37.0 million compared to the same period in 2014. The decrease was attributable to a 23.6% decrease in the weighted average price of set-top boxes sold, a 12.6% decrease in the weighted average price of related accessories sold, and an 11.5% decrease in the volume of unit sales of related accessories primarily to our international customers for the three months ended September 30, 2015 compared to the same period in 2014. These decreases were partially offset by a 9.0% increase in the volume of unit sales of set-top boxes.

Equipment revenue — other from our Hughes segment for the three months ended September 30, 2015 decreased by $4.1 million, or 7.2%, to $52.5 million compared to the same period in 2014. The decrease was mainly due to a $4.6 million decrease in domestic sales of mobile satellite systems equipment and sales of broadband equipment to our international customers.

Services and other revenue — DISH Network. "Services and other revenue — DISH Network" totaled $236.6 million for the three months ended September 30, 2015, an increase of $20.7 million or 9.6%, compared to the same period in 2014.

Services and other revenue — DISH Network from our EchoStar Technologies segment for the three months ended September 30, 2015 increased by $18.8 million, or 22.5%, to $102.1 million compared to the same period in 2014. The increase was primarily due to an increase of $7.9 million in support services sold to Sling TV Holding as a result of the amended commercial agreement with DISH Network and Sling TV Holding, effective August 1, 2014. The increase was also due to an increase of $10.2 million in revenue earned for engineering services and satellite uplink/downlink services.

Services and other revenue — DISH Network from our Hughes segment for the three months ended September 30, 2015 increased by $2.5 million, or 11.6%, to $23.8 million compared to the same period in 2014. The increase was primarily attributable to an increase in wholesale subscribers receiving services pursuant to our Distribution Agreement with dishNET.

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

Services and other revenue — other. "Services and other revenue — other" totaled $277.6 million for the three months ended September 30, 2015, a decrease of $1.3 million, or 0.5%, compared to the same period in 2014.

Services and other revenue — other from our EchoStar Technologies segment for the three months ended September 30, 2015 decreased by $4.1 million, or 69.7%, to $1.8 million compared to the same period in 2014. The decrease was primarily attributable to a decrease of $3.6 million in revenue from certain non-recurring engineering projects and services, and a decrease of $0.4 million in teleport services to certain of our international customers.

Services and other revenue — other from our Hughes segment for the three months ended September 30, 2015 increased by $5.5 million, or 2.2%, to $260.4 million compared to the same period in 2014. The increase was primarily attributable to an increase of $16.3 million in sales of broadband services to our domestic consumer market, partially offset by a decrease of $9.8 million in sales of broadband services to our international customers primarily due to fluctuating foreign exchange rates in certain markets.

Services and other revenue — other from our EchoStar Satellite Services segment for the three months ended September 30, 2015 decreased by $2.8 million, or 14.6%, to $16.6 million compared to the same period in 2014. The decrease was primarily attributable to a decrease in sales of transponder services in the third quarter of 2015 compared to the same period in 2014.

Cost of sales — equipment. "Cost of sales — equipment" totaled $208.0 million for the three months ended September 30, 2015, a decrease of $132.2 million, or 38.9%, compared to the same period in 2014.

Cost of sales — equipment from our EchoStar Technologies segment for the three months ended September 30, 2015 decreased by $125.9 million, or 44.1%, to $159.5 million compared to the same period in 2014. The decrease was primarily attributable to a decrease in equipment costs related to the decrease in the volume of sales of set-top boxes and related accessories sold to DISH Network and the volume of sales of set-top boxes and related accessories to our international customers.

Cost of sales — equipment from our Hughes segment for the three months ended September 30, 2015 decreased by $6.2 million, or 11.4%, to $48.4 million compared to the same period in 2014. The decrease was primarily attributable to a decrease in sales of broadband equipment to DISH Network, primarily related to our Distribution Agreement with dishNET, and a decrease in the cost of sales of domestic mobile satellite system equipment and broadband equipment to our international market.

Cost of sales — services and other. "Cost of sales — services and other" totaled $219.7 million for the three months ended September 30, 2015, an increase of $7.4 million, or 3.5%, compared to the same period in 2014.

Cost of sales — services and other from our EchoStar Technologies segment for the three months ended September 30, 2015 increased by $10.7 million, or 17.0%, to $74.1 million compared to the same period in 2014. The increase was primarily due to an increase in support costs related to engineering and uplink services provided to DISH Network and Sling TV Holding in the third quarter of 2015 compared to the same period in 2014.

Cost of sales — services and other from our Hughes segment for the three months ended September 30, 2015 decreased by $7.8 million, or 6.4%, to $114.0 million compared to the same period in 2014. The decrease was primarily attributable to the decrease in costs of our broadband services provided to our international customers primarily due to lower in country costs denominated in local currency.

Cost of sales — services and other from our EchoStar Satellite Services segment for the three months ended September 30, 2015 increased by $4.0 million, or 28.5%, to $18.0 million compared to the same period in 2014. The increase was primarily due to an increase in cost of sales related to the commencement of the

AMC-15 and AMC-16 satellite operating leases in the fourth quarter of 2014 and the first quarter of 2015, respectively.

Research and development. "Research and development" expenses totaled $19.9 million for the three months ended September 30, 2015, an increase of $4.2 million or 26.7%, compared to the same period in 2014. The increase was primarily related to an increase in research and development expense of $2.6 million and $1.6 million in our EchoStar Technologies segment and Hughes segment, respectively. The Company's research and development activities vary based on the activity level and scope of other engineering and customer related development contracts.

Depreciation and amortization. "Depreciation and amortization" expenses totaled $132.9 million for the three months ended September 30, 2015, a decrease of $9.4 million or 6.6%, compared to the same period in 2014. The decrease was attributable to a decrease in depreciation expense of $3.7 million relating to the fully depreciated EchoStar VIII satellite as of September 2014, a decrease of $3.6 million in amortization expense from certain of our fully amortized other intangible assets, and a decrease in depreciation expense of $1.9 million relating to the fully depreciated EchoStar XII satellite as of December 2014.

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" totaled $28.9 million for the three months ended September 30, 2015, a decrease of $12.8 million or 30.7%, compared to the same period in 2014. The decrease was due to higher capitalized interest of $9.8 million associated with the construction of the EchoStar XIX, EchoStar XXI, EchoStar XXIII and EchoStar 105/SES-11 satellites, payments for satellite services on the EUTELSAT 65 West A satellite, and a decrease in interest expense of $1.8 million relating to the partial redemption of the outstanding $1.10 billion principal amount of HSS' 6 1/2% Senior Secured Notes due 2019 (the "Senior Secured Notes") in the second quarter of 2015.

Gains (losses) and impairment on marketable investment securities, net. "Gains (losses) and impairment on marketable investment securities, net" totaled $5.2 million in losses for the three months ended September 30, 2015, an increase in losses of $5.1 million compared to the same period in 2014. The increase in losses was primarily due to an other-than-temporary impairment loss of $1.2 million on a strategic equity security in our available-for-sale securities portfolio and an increase of $3.8 million in unrealized holding losses on our trading securities.

Equity in earnings (losses) of unconsolidated affiliates, net. "Equity in earnings (losses) of unconsolidated affiliates, net" totaled $2.3 million in losses for the three months ended September 30, 2015, compared to $13.2 million in earnings for the same period in 2014. The $15.5 million decrease in earnings is primarily due to a $10.3 million non-recurring adjustment to increase our equity in earnings of unconsolidated affiliates to reflect an increase from 24.0% to 49.0% in our interest in Dish Mexico's inception-to-date net income in 2014.

Other, net. "Other, net" totaled $2.1 million in income for the three months ended September 30, 2015, an increase of $3.6 million compared to the same period in 2014. The increase was primarily related to a $3.8 million protection gain on an instrument associated with our trading securities.

Earnings before interest, taxes, depreciation and amortization. EBITDA was $216.6 million for the three months ended September 30, 2015, a decrease of $31.4 million, or 12.7%, compared to the same period in 2014. The decrease was primarily due to a decrease in operating income, excluding depreciation and amortization, of $13.1 million for the three months ended September 30, 2015 and a $10.3 million non-recurring adjustment to increase our equity in earnings of unconsolidated affiliates to reflect an increase from 24.0% to 49.0% in our interest in Dish Mexico's inception-to-date net income in 2014. EBITDA is a non-GAAP financial measure and is described under Explanation of Key Metrics and Other Items below. The following table reconciles EBITDA to Income before income taxes, the most directly comparable GAAP measure in the accompanying financial statements.

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

	For the Three Months Ended September 30,		Variance	
	2015	2014	Amount	%
	(Dollars in thousands)			
EBITDA	$ 216,612	$ 247,988	$ (31,376)	(12.7)
Interest income and expense, net	(26,308)	(39,418)	13,110	(33.3)
Depreciation and amortization	(132,892)	(142,294)	9,402	(6.6)
Net loss attributable to noncontrolling interest in HSS Tracking Stock and other noncontrolling interests	(477)	(1,731)	1,254	(72.4)
Income before income taxes	$ 56,935	$ 64,545	$ (7,610)	(11.8)

Income tax provision, net. Income tax expense was $28.6 million for the three months ended September 30, 2015 compared to $6.1 million for the same period in 2014. Our effective income tax rate was 50.2% for the three months ended September 30, 2015 compared to 9.5% for the same period in 2014. The variation in our current year effective tax rate from the U.S. federal statutory rate for the current period was primarily due to the increase in our valuation allowance associated with certain foreign losses and realized and unrealized losses that are capital in nature for tax purposes, partially offset by research and experimentation tax credits. For the same period in 2014, the variation in our effective tax rate from the U.S. federal statutory rate was primarily due to research and experimentation tax credits and a lower state effective tax rate, partially offset by the increase in our valuation allowance associated with realized and unrealized losses that are capital in nature for tax purposes.

Net income attributable to EchoStar. Net income attributable to EchoStar was $28.8 million for the three months ended September 30, 2015, a decrease of $31.3 million, or 52.1%, compared to the same period in 2014. The decrease was primarily attributable to an increase of $22.5 million in income tax expense, a $10.3 million non-recurring adjustment to increase our equity in earnings of unconsolidated affiliates to reflect an increase from 24.0% to 49.0% in our interest in Dish Mexico's inception-to-date net income in 2014, and an other-than-temporary impairment loss of $1.2 million on a strategic equity security in our available-for-sale securities portfolio. These decreases were partially offset by an increase in capitalization of interest expense of $9.8 million associated with the construction of the EchoStar XIX, EchoStar XXI, EchoStar XXIII, and EchoStar 105/SES-11 satellites and payments for satellite services on the EUTELSAT 65 West A satellite.

Segment Operating Results and Capital Expenditures

Three Months Ended September 30, 2015 Compared to the Three Months Ended September 30, 2014

	EchoStar Technologies	Hughes	EchoStar Satellite Services	All Other and Eliminations	Consolidated Total
			(In thousands)		
For the Three Months Ended September 30, 2015					
Total revenue	$ 294,925	$ 339,729	$ 124,300	$ 1,925	$ 760,879
Capital expenditures	$ 8,528	$ 72,626	$ 32,416	$ 9,672	$ 123,242
EBITDA	$ 25,946	$ 101,582	$ 104,200	$ (15,116)	$ 216,612
For the Three Months Ended September 30, 2014					
Total revenue	$ 427,218	$ 339,068	$ 127,604	$ 1,950	$ 895,840
Capital expenditures	$ 10,485	$ 56,724	$ 11,772	$ 85,730	$ 164,711
EBITDA	$ 38,193	$ 94,955	$ 111,563	$ 3,277	$ 247,988

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

EchoStar Technologies Segment

	For the Three Months Ended September 30,		Variance	
	2015	2014	Amount	%
	(Dollars in thousands)			
Total revenue	$ 294,925	$ 427,218	$ (132,293)	(31.0)
Capital expenditures	$ 8,528	$ 10,485	$ (1,957)	(18.7)
EBITDA	$ 25,946	$ 38,193	$ (12,247)	(32.1)

Revenue

EchoStar Technologies segment total revenue for the three months ended September 30, 2015 decreased by $132.3 million, or 31.0%, compared to the same period in 2014, primarily resulting from a decrease of $138.6 million in equipment revenue from DISH Network, a decrease of $8.4 million in equipment revenue - other and a decrease of $4.1 million in service revenue - other, partially offset by an increase of $18.8 million in service revenue from DISH Network.

Capital Expenditures

EchoStar Technologies segment capital expenditures for the three months ended September 30, 2015 decreased by $2.0 million, or 18.7%, compared to the same period in 2014, primarily due to decreased expenditures related to our digital broadcast centers of $2.2 million.

EBITDA

EchoStar Technologies segment EBITDA for the three months ended September 30, 2015 was $25.9 million, a decrease of $12.2 million, or 32.1%, compared to the same period in 2014. The decrease in EBITDA for our EchoStar Technologies segment was primarily driven by a decrease of $17.1 million in gross margin which we define as total revenue less total cost of sales, primarily related to a decrease in sales of set-top boxes and related accessories to DISH Network. The decrease was partially offset by a decrease of $6.1 million in selling, general and administrative expenses.

Hughes Segment

	For the Three Months Ended September 30,		Variance	
	2015	2014	Amount	%
	(Dollars in thousands)			
Total revenue	$ 339,729	$ 339,068	$ 661	0.2
Capital expenditures	$ 72,626	$ 56,724	$ 15,902	28.0
EBITDA	$ 101,582	$ 94,955	$ 6,627	7.0

Revenue

Hughes segment total revenue for the three months ended September 30, 2015 increased by $0.7 million, or 0.2%, compared to the same period in 2014. The increase was primarily due to increases in sales of broadband services to our domestic consumer markets of $16.3 million, partially offset by a decrease in sales of broadband equipment and services to our international customers of $11.3 million and a decrease in sales of mobile satellite systems equipment and services of $4.1 million.

Capital Expenditures

Hughes segment capital expenditures for the three months ended September 30, 2015 increased by $15.9 million, or 28.0%, compared to the same period in 2014, primarily as a result of an increase in expenditures on the EUTELSAT 65 West A, EchoStar XIX and EchoStar XXI satellite ground infrastructures.

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

EBITDA

Hughes segment EBITDA for the three months ended September 30, 2015 was $101.6 million, an increase of $6.6 million, or 7.0%, compared to the same period in 2014. The increase was primarily as a result of an increase in service revenue of $8.0 million and a decrease in cost of sales — services of $7.8 million. The increase was partially offset by a $3.0 million litigation related expense, a $1.8 million increase in foreign exchange losses and a $1.6 million increase in research and development expenses.

EchoStar Satellite Services Segment

	For the Three Months Ended September 30,		Variance	
	2015	2014	Amount	%
	(Dollars in thousands)			
Total revenue	$ 124,300	$ 127,604	$ (3,304)	(2.6)
Capital expenditures	$ 32,416	$ 11,772	$ 20,644	*
EBITDA	$ 104,200	$ 111,563	$ (7,363)	(6.6)

Revenue

EchoStar Satellite Services segment total revenue for the three months ended September 30, 2015 decreased by $3.3 million, or 2.6%, compared to the same period in 2014, primarily due to a decrease of $2.8 million in transponder services and other revenue.

Capital Expenditures

EchoStar Satellite Services segment capital expenditures for the three months ended September 30, 2015 increased by $20.6 million, compared to the same period in 2014, primarily related to the increase in expenditures on the EchoStar 105/SES-11 satellite.

EBITDA

EchoStar Satellite Services segment EBITDA for the three months ended September 30, 2015 was $104.2 million, a decrease of $7.4 million, or 6.6%, compared to the same period in 2014. The decrease in EBITDA for our EchoStar Satellite Services segment was primarily due to a decrease in revenue of $3.3 million and a $4.0 million increase in cost of services primarily related to the commencement of the AMC-15 and AMC-16 satellite operating leases in the fourth quarter of 2014 and first quarter of 2015, respectively.

All Other and Eliminations

All Other and Eliminations accounts for certain items and activities in our condensed consolidated financial statements that have not been assigned to our operating segments. These include without limitation real estate and other activities, costs incurred in satellite development programs and other business development activities, expenses of various corporate departments, and our centralized treasury activities, including without limitation income from our investment portfolio and interest expense on our debt.

Capital Expenditures

For the three months ended September 30, 2015, All Other and Eliminations capital expenditures decreased by $76.1 million, or 88.7%, compared to the same period in 2014, primarily related to a $105.8 million refund relating to the cancellation of an existing launch services agreement and a decrease in satellite expenditures on the EchoStar XXIII satellite of $1.7 million, partially offset by an increase in capital expenditures related to the EchoStar XIX satellite of $22.3 million and the EchoStar XXI satellite of $4.6 million. The EchoStar XIX satellite is expected to be used in the operations of our Hughes segment in providing satellite broadband services, the EchoStar XXI satellite is intended to be used by EchoStar Mobile in providing mobile satellite services in the European

Union, and the EchoStar XXIII satellite will be initially deployed at the 45 degree west longitude orbital location providing services in Brazil.

EBITDA

For the three months ended September 30, 2015, All Other and Eliminations EBITDA was a loss of $15.1 million, compared to a gain of $3.3 million for the same period in 2014. The $18.4 million decrease in EBITDA was primarily related to a $10.3 million non-recurring adjustment to increase our equity in earnings of unconsolidated affiliates to reflect an increase from 24.0% to 49.0% in our interest in Dish Mexico's inception-to-date net income in 2014, a decrease of $1.4 million in the net loss attributable to noncontrolling interest in HSS Tracking Stock and an other-than-temporary impairment loss of $1.2 million on a strategic equity security in our available-for-sale securities portfolio.

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

Nine Months Ended September 30, 2015 Compared to the Nine Months Ended September 30, 2014

Statements of Operations Data (1)	For the Nine Months Ended September 30, 2015	For the Nine Months Ended September 30, 2014	Variance Amount	Variance %
	(Dollars in thousands)			
Revenue:				
Equipment revenue - DISH Network	$ 577,277	$ 907,466	$ (330,189)	(36.4)
Equipment revenue - other	256,362	265,890	(9,528)	(3.6)
Services and other revenue - DISH Network	695,358	609,552	85,806	14.1
Services and other revenue - other	824,130	818,783	5,347	0.7
Total revenue	2,353,127	2,601,691	(248,564)	(9.6)
Costs and Expenses:				
Cost of sales - equipment	706,835	998,205	(291,370)	(29.2)
% of Total equipment revenue	**84.8%**	**85.1%**		
Cost of sales - services and other	645,691	626,660	19,031	3.0
% of Total services and other revenue	**42.5%**	**43.9%**		
Selling, general and administrative expenses	280,462	271,251	9,211	3.4
% of Total revenue	**11.9%**	**10.4%**		
Research and development expenses	57,432	44,841	12,591	28.1
% of Total revenue	**2.4%**	**1.7%**		
Depreciation and amortization	398,547	416,167	(17,620)	(4.2)
Total costs and expenses	2,088,967	2,357,124	(268,157)	(11.4)
Operating income	264,160	244,567	19,593	8.0
Other Income (Expense):				
Interest income	7,896	7,015	881	12.6
Interest expense, net of amounts capitalized	(96,136)	(132,419)	36,283	(27.4)
Loss from partial redemption of debt	(5,044)	—	(5,044)	*
Gains (losses) and impairment on marketable investment securities, net	(11,408)	7	(11,415)	*
Equity in earnings (losses) of unconsolidated affiliates, net	(2,580)	10,137	(12,717)	*
Other, net	(4,078)	(1,050)	(3,028)	*
Total other expense, net	(111,350)	(116,310)	4,960	(4.3)
Income before income taxes	152,810	128,257	24,553	19.1
Income tax provision, net	(65,841)	(28,176)	(37,665)	*
Net income	86,969	100,081	(13,112)	(13.1)
Less: Net loss attributable to noncontrolling interest in HSS Tracking Stock	(4,020)	(4,049)	29	(0.7)
Less: Net income attributable to other noncontrolling interests	1,006	1,103	(97)	(8.8)
Net income attributable to EchoStar	$ 89,983	$ 103,027	$ (13,044)	(12.7)
Other Data:				
EBITDA	$ 642,611	$ 672,774	$ (30,163)	(4.5)
Subscribers, end of period	1,025,000	960,000	65,000	6.8

* Percentage is not meaningful.
(1) An explanation of our key metrics is included on pages 64 and 65 under the heading "Explanation of Key Metrics and Other Items."

Equipment revenue — DISH Network. "Equipment revenue — DISH Network" totaled $577.3 million for the nine months ended September 30, 2015, a decrease of $330.2 million, or 36.4%, compared to the same period in 2014.

Equipment revenue — DISH Network from our EchoStar Technologies segment for the nine months ended September 30, 2015 decreased by $312.9 million, or 35.4%, to $570.3 million compared to the same period in 2014. Our EchoStar Technologies segment offers multiple set-top boxes with different price points depending on their capabilities and functionalities. The revenue and associated margins we earn on sales are determined largely through our 2012 Receiver Agreement with DISH Network which could result in prices reflecting, among other things, the set-top boxes and other equipment that meet DISH Network's

current sales and marketing priorities, the product and service alternatives available from other equipment suppliers, our ability to respond to DISH Network's requirements, and our ability to differentiate ourselves from other equipment suppliers on bases other than pricing. In addition, products containing new technologies and features typically have higher initial prices, which reduce over time as a result of manufacturing efficiencies. Volume of unit sales could reduce over time as a result of demand decreases or as DISH Network increases the deployment of refurbished units as opposed to new units purchased from us. The decrease in revenue for the nine months ended September 30, 2015 was primarily due to a decrease in the sales of set-top boxes and related accessories. The decrease in revenue of set-top boxes was due to a 37.9% decrease in the volume of unit sales and a 8.5% decrease in the weighted average price of the set-top boxes sold. The decrease in revenue of related accessories was due to an 14.8% decrease in the volume of unit sales and a 10.9% decrease in the weighted average price of related accessories sold.

Equipment revenue — DISH Network from our Hughes segment for the nine months ended September 30, 2015 decreased by $17.3 million, or 71.2%, to $7.0 million compared to the same period in 2014. The decrease was primarily due to the decrease in the volume of unit sales of broadband equipment to dishNET. Sales of broadband equipment to dishNET have been decreasing as a result of lower new gross subscriber activations and as dishNET increases the deployment of refurbished units as opposed to new units purchased from us.

Equipment revenue — other. "Equipment revenue — other" totaled $256.4 million for the nine months ended September 30, 2015, a decrease of $9.5 million or 3.6%, compared to the same period in 2014.

Equipment revenue — other from our EchoStar Technologies segment for the nine months ended September 30, 2015 decreased by $11.5 million, or 10.1%, to $102.3 million compared to the same period in 2014. The decrease was attributable to a 20.3% decrease in the volume of unit sales of related accessories and a 3.0% decrease in the weighted average price of set-top boxes sold primarily to our international customers.

Equipment revenue — other from our Hughes segment for the nine months ended September 30, 2015 increased by $2.1 million, or 1.4%, to $154.1 million compared to the same period in 2014. The increase was mainly due to an increase of $4.8 million in sales of broadband equipment to our international customers and domestic sales of mobile satellite systems equipment, partially offset by a decrease of $1.5 million in sales of broadband equipment to our domestic consumer market.

Services and other revenue — DISH Network. "Services and other revenue — DISH Network" totaled $695.4 million for the nine months ended September 30, 2015, an increase of $85.8 million or 14.1%, compared to the same period in 2014.

Services and other revenue — DISH Network from our EchoStar Technologies segment for the nine months ended September 30, 2015 increased by $49.3 million, or 20.3%, to $292.6 million compared to the same period in 2014. The increase was primarily due to an increase of $18.5 million in support services sold to Sling TV Holding as a result of the amended commercial agreement with DISH Network and Sling TV Holding, effective August 1, 2014. The increase was also due to an increase of $28.3 million in revenue earned for engineering services, non-recurring engineering projects and satellite uplink/downlink services.

Services and other revenue — DISH Network from our Hughes segment for the nine months ended September 30, 2015 increased by $10.9 million, or 18.5%, to $69.8 million compared to the same period in 2014. The increase was primarily attributable to an increase in wholesale subscribers receiving services pursuant to our Distribution Agreement with dishNET.

Services and other revenue — DISH Network from our EchoStar Satellite Services segment for the nine months ended September 30, 2015 increased by $26.0 million, or 8.7%, to $324.6 million compared to the same period in 2014. The increase was mainly due to an increase of $29.6 million in revenue recognized from certain satellite services provided to DISH Network for the five satellites transferred to us from DISH

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

Network as part of the Satellite and Tracking Stock Transaction, partially offset by a decrease of $2.4 million in services provided to DISH Network on an additional satellite.

Services and other revenue — other. "Services and other revenue — other" totaled $824.1 million for the nine months ended September 30, 2015, an increase of $5.3 million, or 0.7%, compared to the same period in 2014.

Services and other revenue — other from our EchoStar Technologies segment for the nine months ended September 30, 2015 decreased by $7.7 million, or 49.3%, to $7.9 million compared to the same period in 2014. The decrease was primarily attributable to a decrease of $7.3 million in revenue from certain non-recurring engineering projects and services.

Services and other revenue — other from our Hughes segment for the nine months ended September 30, 2015 increased by $20.4 million, or 2.7%, to $769.3 million compared to the same period in 2014. The increase was primarily attributable to an increase of $41.1 million in sales of broadband services to our domestic consumer markets, partially offset by a decrease of $20.1 million in sales of broadband services to our international customers, primarily due to fluctuating foreign exchange rates in certain markets.

Services and other revenue — other from our EchoStar Satellite Services segment for the nine months ended September 30, 2015 decreased by $8.5 million, or 14.7%, to $49.7 million compared to the same period in 2014. The decrease was primarily attributable to a decrease in sales of transponder services in 2015 compared to the same period in 2014.

Cost of sales — equipment. "Cost of sales — equipment" totaled $706.8 million for the nine months ended September 30, 2015, a decrease of $291.4 million, or 29.2%, compared to the same period in 2014.

Cost of sales — equipment from our EchoStar Technologies segment for the nine months ended September 30, 2015 decreased by $278.7 million, or 33.0%, to $564.6 million compared to the same period in 2014. The decrease was primarily attributable to a decrease in equipment costs related to the decrease in the volume of sales of set-top boxes and related accessories sold to DISH Network and a decrease in the volume of sales of set-top boxes and related accessories to our other international customers.

Cost of sales — equipment from our Hughes segment for the nine months ended September 30, 2015 decreased by $12.7 million, or 8.2%, to $142.2 million compared to the same period in 2014. The decrease was primarily attributable to a decrease in sales volume of broadband equipment to DISH Network related to our Distribution Agreement with dishNET and a decrease in the cost of sales of mobile satellite systems equipment, partially offset by an increase in the cost of sales of broadband equipment to our domestic consumer and enterprise markets.

Cost of sales — services and other. "Cost of sales — services and other" totaled $645.7 million for the nine months ended September 30, 2015, an increase of $19.0 million, or 3.0%, compared to the same period in 2014.

Cost of sales — services and other from our EchoStar Technologies segment for the nine months ended September 30, 2015 increased by $26.6 million, or 14.5%, to $210.1 million compared to the same period in 2014. The increase was primarily due to an increase in support costs related to engineering and uplink services to DISH Network and Sling TV Holding provided in 2015 compared to the same period in 2014.

Cost of sales — services and other from our Hughes segment for the nine months ended September 30, 2015 decreased by $20.0 million, or 5.5%, to $341.3 million compared to the same period in 2014. The decrease was primarily attributable to a decrease in service costs of our broadband services provided to our international customers primarily due to lower in country costs denominated in local currency, a decrease in the cost of sales related to our domestic broadband services due to the decrease of Ku-band space segment costs as customers either terminated services or migrated to the Ka-band platform, and a decrease in the cost of sales related to our mobile satellite systems services.

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

Cost of sales — services and other from our EchoStar Satellite Services segment for the nine months ended September 30, 2015 increased by $12.0 million, or 28.3%, to $54.2 million compared to the same period in 2014. The increase was primarily due to an increase in cost of sales related to the commencement of the AMC-15 and AMC-16 satellite operating leases in the fourth quarter of 2014 and the first quarter of 2015, respectively.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled $280.5 million for the nine months ended September 30, 2015, an increase of $9.2 million or 3.4%, compared to the same period in 2014. The increase was mainly due to a $6.7 million increase in marketing and promotional expenses primarily in our Hughes segment and a $3.6 million increase in professional fees.

Research and development. "Research and development" expenses totaled $57.4 million for the nine months ended September 30, 2015, an increase of $12.6 million or 28.1%, compared to the same period in 2014. The increase was primarily related to an increase in research and development expense of $8.0 million and $4.6 million in our EchoStar Technologies segment and Hughes segment, respectively. The Company's research and development activities vary based on the activity level and scope of other engineering and customer related development contracts.

Depreciation and amortization. "Depreciation and amortization" expenses totaled $398.5 million for the nine months ended September 30, 2015, a decrease of $17.6 million or 4.2%, compared to the same period in 2014. The decrease was primarily attributable to a decrease of $12.7 million in amortization expense from certain of our fully amortized other intangible assets, a decrease in depreciation expense of $11.0 million relating to the fully depreciated EchoStar VIII satellite as of September 2014, and a decrease in depreciation expense of $5.6 million relating to the fully depreciated EchoStar XII satellite as of December 2014. The decreases were partially offset by increases in depreciation of $7.9 million from our EchoStar Satellite Services segment, primarily due to the depreciation of the five satellites we received from DISH Network as part of the Satellite and Tracking Stock Transaction and an increase in depreciation expense of $4.8 million on customer rental equipment in our Hughes segment.

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" totaled $96.1 million for the nine months ended September 30, 2015, a decrease of $36.3 million or 27.4%, compared to the same period in 2014. The decrease was primarily due to higher capitalized interest of $29.7 million related to the construction of the EchoStar XIX, EchoStar XXI, EchoStar XXIII, and EchoStar 105/SES-11 satellites, payments for satellite services on the EUTELSAT 65 West A satellite, and a decrease in interest expense of $5.8 million relating to the partial redemption of the Senior Secured Notes in the second quarter of 2015, the expiration of capital leases for the AMC-15 and AMC-16 satellites, and interest expense relating to two of our satellites that are accounted for as capital leases.

Loss from partial redemption of debt. "Loss from partial redemption of debt" totaled $5.0 million for the nine months ended September 30, 2015, which was due to the loss recorded on the partial redemption of the Senior Secured Notes in the second quarter of 2015. The $5.0 million loss from the partial redemption of the Senior Secured Notes included a $3.3 million redemption premium and a $1.7 million write off of related unamortized financing costs.

Gains (losses) and impairment on marketable investment securities, net. "Gains (losses) and impairment on marketable investment securities, net" totaled $11.4 million in losses for the nine months ended September 30, 2015, an increase in loss of $11.4 million compared to the same period in 2014. The increase in loss was primarily due to an other-than-temporary impairment loss of $5.9 million on a strategic equity security in our available-for-sale securities portfolio and an increase of $5.5 million in unrealized holding losses on our trading securities.

Equity in earnings (losses) of unconsolidated affiliates, net. "Equity in earnings (losses) of unconsolidated affiliates, net" totaled $2.6 million in losses for the nine months ended September 30, 2015 compared to $10.1 million in earnings for the same period in 2014. The $12.7 million decrease in earnings is primarily due to a $10.3 million non-recurring adjustment to increase our equity in earnings of unconsolidated affiliates to reflect an increase from 24.0% to 49.0% in our interest in Dish Mexico's inception-to-date net income in 2014.

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

Other, net. "Other, net" totaled $4.1 million in expenses for the nine months ended September 30, 2015, a decrease of $3.0 million for the same period in 2014. The decrease was primarily related to a loss of $6.8 million attributable to Federal Communications Commission ("FCC") regulatory fees, an increase of $5.3 million in foreign exchange losses and a loss of $2.6 million related to the deconsolidation of certain of our European subsidiaries in connection with our investment in SmarDTV. The decrease was partially offset by a $4.5 million reduction of the capital lease obligation for the AMC-15 and AMC-16 satellites in the first quarter of 2015, a $3.8 million protection gain on an instrument related to our trading securities and a gain of $1.7 million on the exchange of accounts receivable for certain trading securities in the second quarter of 2015.

Equity in earnings (losses) of unconsolidated affiliates, net. "Equity in earnings (losses) of unconsolidated affiliates, net" totaled $2.6 million in losses for the nine months ended September 30, 2015 compared to a $10.1 million in earnings for the same period in 2014. The $12.7 million decrease in earnings is primarily due to a $10.3 million non-recurring adjustment to increase our equity in earnings of unconsolidated affiliates to reflect an increase from 24.0% to 49.0% in our interest in Dish Mexico's inception-to-date net income in 2014.

Earnings before interest, taxes, depreciation and amortization. EBITDA was $642.6 million for the nine months ended September 30, 2015, a decrease of $30.2 million, or 4.5%, compared to the same period in 2014. The decrease was primarily due to a $10.3 million non-recurring adjustment to increase our equity in earnings of unconsolidated affiliates to reflect an increase from 24.0% to 49.0% in our interest in Dish Mexico's inception-to-date net income in 2014, a loss of $6.8 million attributable to FCC regulatory fees, an other-than-temporary impairment loss of $5.9 million on a strategic equity security in our available-for-sale securities portfolio, an increase of $5.3 million in foreign exchange losses, and a loss of $5.0 million from the partial redemption of the Senior Secured Notes. These decreases were partially offset by a $4.5 million reduction of the capital lease obligation for the AMC-15 and AMC-16 satellites in the first quarter of 2015. EBITDA is a non-GAAP financial measure and is described under Explanation of Key Metrics and Other Items below. The following table reconciles EBITDA to Income before income taxes, the most directly comparable GAAP measure in the accompanying financial statements.

	For the Nine Months Ended September 30,		Variance	
	2015	2014	Amount	%
	(Dollars in thousands)			
EBITDA	$ 642,611	$ 672,774	$ (30,163)	(4.5)
Interest income and expense, net	(88,240)	(125,404)	37,164	(29.6)
Depreciation and amortization	(398,547)	(416,167)	17,620	(4.2)
Net loss attributable to noncontrolling interest in HSS Tracking Stock and other noncontrolling interests	(3,014)	(2,946)	(68)	2.3
Income before income taxes	$ 152,810	$ 128,257	$ 24,553	19.1

*Percentage is not meaningful.

Income tax provision, net. Income tax expense was $65.8 million for the nine months ended September 30, 2015, compared to $28.2 million for the same period in 2014. Our effective income tax rate was 43.1% for the nine months ended September 30, 2015 compared to 22.0% for the same period in 2014. The variation in our current year effective tax rate from the U.S. federal statutory rate was primarily due to the increase in our valuation allowance associated with certain foreign losses and realized and unrealized losses that are capital in nature for tax purposes, partially offset by research and experimentation tax credits. For the same period in 2014, the variation in our effective tax rate from the U.S. federal statutory rate was primarily due to research and experimentation tax credits and a lower state effective tax rate, partially offset by the increase in our valuation allowance associated with realized and unrealized losses that are capital in nature for tax purposes.

Net income attributable to EchoStar. Net income attributable to EchoStar was $90.0 million for the nine months ended September 30, 2015, a decrease of $13.0 million, or 12.7%, compared to the same period in 2014. The decrease was primarily due to an increase of $37.7 million in income tax expense, a $10.3 million non-recurring adjustment to increase our equity in earnings of unconsolidated affiliates to reflect an increase from 24.0% to 49.0% in our interest in Dish Mexico's inception-to-date net income in 2014, a loss of $6.8 million attributable to FCC

regulatory fees, an other-than-temporary impairment loss of $5.9 million on a strategic equity security in our available-for-sale securities portfolio, and a loss of $5.0 million from the partial redemption of the Senior Secured Notes. The decreases were partially offset by an increase in capitalization of interest expense of $29.7 million associated with the construction of the EchoStar XIX, EchoStar XXI, EchoStar XXIII, and EchoStar 105/SES-11 satellites and payments for satellite services on the EUTELSAT 65 West A satellite, an increase in operating income, including depreciation and amortization, of $19.6 million, and a decrease in interest expense of $5.8 million relating to the partial redemption of the Senior Secured Notes, the expiration of capital leases for the AMC-15 and AMC-16 satellites, and interest expense relating to two of our satellites that are accounted for as capital leases.

Segment Operating Results and Capital Expenditures

Nine Months Ended September 30, 2015 Compared to the Nine Months Ended September 30, 2014

	EchoStar Technologies	Hughes	EchoStar Satellite Services	All Other and Eliminations	Consolidated Total
			(In thousands)		
For the Nine Months Ended September 30, 2015					
Total revenue	$ 973,097	$ 1,000,194	$ 374,287	$ 5,549	$ 2,353,127
Capital expenditures	$ 32,783	$ 207,680	$ 84,667	$ 155,022	$ 480,152
EBITDA	$ 80,764	$ 296,269	$ 314,177	$ (48,599)	$ 642,611
For the Nine Months Ended September 30, 2014					
Total revenue	$ 1,255,977	$ 984,097	$ 356,964	$ 4,653	$ 2,601,691
Capital expenditures	$ 37,923	$ 154,201	$ 11,801	$ 230,503	$ 434,428
EBITDA	$ 119,733	$ 267,210	$ 308,573	$ (22,742)	$ 672,774

EchoStar Technologies Segment

	For the Nine Months Ended September 30,		Variance	
	2015	2014	Amount	%
		(Dollars in thousands)		
Total revenue	$ 973,097	$ 1,255,977	$ (282,880)	(22.5)
Capital expenditures	$ 32,783	$ 37,923	$ (5,140)	(13.6)
EBITDA	$ 80,764	$ 119,733	$ (38,969)	(32.5)

Revenue

EchoStar Technologies segment total revenue for the nine months ended September 30, 2015 decreased by $282.9 million, or 22.5%, compared to the same period in 2014, primarily resulting from a decrease of $312.9 million in equipment revenue from DISH Network, a decrease of $11.5 million in equipment revenue - other, and a decrease of $7.7 million in service revenue — other, partially offset by an increase of $49.3 million in service revenue from DISH Network.

Capital Expenditures

EchoStar Technologies segment capital expenditures for the nine months ended September 30, 2015 decreased by $5.1 million, or 13.6%, compared to the same period in 2014, primarily due to a decrease in expenditures related to our digital broadcast centers of $7.8 million, partially offset by increased expenditures related to the support of our Move Network business of $1.7 million and engineering services of $0.6 million.

EBITDA

EchoStar Technologies segment EBITDA for the nine months ended September 30, 2015 was $80.8 million, a decrease of $39.0 million, or 32.5%, compared to the same period in 2014. The decrease in EBITDA for our EchoStar Technologies segment was primarily driven by a decrease of $30.7 million in gross margin primarily as a

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

result of the decrease in sales of set-top boxes and related accessories to DISH Network. The decrease in EBITDA was also the result of an increase of $8.0 million in research and development expense.

Hughes Segment

	For the Nine Months Ended September 30,		Variance	
	2015	2014	Amount	%
	(Dollars in thousands)			
Total revenue	$ 1,000,194	$ 984,097	$ 16,097	1.6
Capital expenditures	$ 207,680	$ 154,201	$ 53,479	34.7
EBITDA	$ 296,269	$ 267,210	$ 29,059	10.9

Revenue

Hughes segment total revenue for the nine months ended September 30, 2015 increased by $16.1 million, or 1.6%, compared to the same period in 2014. The increase was primarily due to an increase of $54.0 million in revenue related to sales of broadband services to our consumer markets and dishNET. These increases were partially offset by a decrease in sales of broadband services to our international customers of $20.1 million and a decrease in sales of broadband equipment to dishNET of $17.3 million.

Capital Expenditures

Hughes segment capital expenditures for the nine months ended September 30, 2015 increased by $53.5 million, or 34.7%, compared to the same period in 2014, primarily as a result of an increase in expenditures on EUTELSAT 65 West A, EchoStar XIX and EchoStar XXI satellite ground infrastructures.

EBITDA

Hughes segment EBITDA for the nine months ended September 30, 2015 was $296.3 million, an increase of $29.1 million, or 10.9%, compared to the same period in 2014. The increase was primarily the result of an increase in service revenue of $31.3 million, a decrease in cost of sales — services of $20.0 million and a decrease in cost of sales — equipment of $12.7 million, partially offset by a $15.2 million decrease in equipment revenue, $11.4 million increase in selling, general and administrative expenses, and a $4.6 million increase in research and development expenses.

EchoStar Satellite Services Segment

	For the Nine Months Ended September 30,		Variance	
	2015	2014	Amount	%
	(Dollars in thousands)			
Total revenue	$ 374,287	$ 356,964	$ 17,323	4.9
Capital expenditures	$ 84,667	$ 11,801	$ 72,866	*
EBITDA	$ 314,177	$ 308,573	$ 5,604	1.8

Revenue

EchoStar Satellite Services segment total revenue for the nine months ended September 30, 2015 increased by $17.3 million, or 4.9%, compared to the same period in 2014, primarily due to a $26.0 million increase in service revenue primarily related to satellite services provided to DISH Network on the five satellites we received as part of the Satellite and Tracking Stock Transaction, partially offset by a decrease in service revenue — other of $8.5 million attributable to a decrease in sales of transponder services.

Capital Expenditures

EchoStar Satellite Services segment capital expenditures for the nine months ended September 30, 2015 increased by $72.9 million, compared to the same period in 2014, primarily related to the increase in expenditures on the EchoStar 105/SES-11 satellite.

EBITDA

EchoStar Satellite Services segment EBITDA for the nine months ended September 30, 2015 was $314.2 million, an increase of $5.6 million, or 1.8%, compared to the same period in 2014. The increase in EBITDA for our EchoStar Satellite Services segment was primarily due to an increase of $26.0 million in service revenue primarily related to DISH Network as a result of the Satellite and Tracking Stock Transaction, partially offset by an increase in cost of sales — services of $12.0 million related to the commencement of the AMC-15 and AMC-16 satellite operating leases in the fourth quarter of 2014 and the first quarter of 2015, respectively, and a decrease in service revenue — other of $8.5 million attributable to a decrease in sales of transponder services.

All Other and Eliminations

All Other and Eliminations accounts for certain items and activities in our condensed consolidated financial statements that have not been assigned to our operating segments. These include without limitation real estate and other activities, costs incurred in satellite development programs and other business development activities, expenses of various corporate departments, and our centralized treasury activities, including without limitation income from our investment portfolio and interest expense on our debt.

Capital Expenditures

For the nine months ended September 30, 2015, All Other and Eliminations capital expenditures decreased by $75.5 million, or 32.7%, compared to the same period in 2014, primarily related to a $105.8 million refund relating to the cancellation of an existing launch services agreement and a decrease in satellite expenditures on the EchoStar XIX satellite of $32.1 million and the EchoStar XXI satellite of $2.7 million, partially offset by the increase in satellite expenditures on the EchoStar XXIII satellite of $62.5 million. The EchoStar XIX satellite is expected to be used in the operations of our Hughes segment in providing satellite broadband services, the EchoStar XXI satellite is intended to be used by EchoStar Mobile in providing mobile satellite services in the European Union, and the EchoStar XXIII satellite will be initially deployed at the 45 degree west longitude orbital location providing services in Brazil.

EBITDA

For the nine months ended September 30, 2015, All Other and Eliminations EBITDA was a loss of $48.6 million, compared a loss of $22.7 million for the same period in 2014. The $25.9 million decrease in EBITDA was primarily related to a $10.3 million non-recurring adjustment to increase our equity in earnings of unconsolidated affiliates to reflect an increase from 24.0% to 49.0% in our interest in Dish Mexico's inception-to-date net income in 2014, a loss of $5.0 million from the partial redemption of the Senior Secured Notes, and an other-than-temporary impairment loss of $5.9 million on a strategic equity security in our available-for-sale securities portfolio.

LIQUIDITY AND CAPITAL RESOURCES

Cash, Cash Equivalents and Current Marketable Investment Securities

We consider all liquid investments purchased with an original maturity of 90 days or less to be cash equivalents. See Note 6 to our condensed consolidated financial statements for further discussion regarding our marketable investment securities. As of September 30, 2015 and December 31, 2014, our cash, cash equivalents and current marketable investment securities totaled $1.59 billion.

We have investments in various debt and equity instruments including corporate bonds, corporate equity securities, government bonds, and variable rate demand notes. As of September 30, 2015 and December 31, 2014, we held $807.7 million and $1.14 billion, respectively, of marketable investment securities.

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

The following discussion highlights our cash flow activities for the nine months ended September 30, 2015.

Cash flows from operating activities. We typically reinvest the cash flow from operating activities in our business. For the nine months ended September 30, 2015, we reported net cash inflows from operating activities of $607.9 million, a decrease of $54.5 million, compared to the same period in 2014. The decrease was primarily attributable to a decrease of $97.3 million resulting from changes in operating assets and liabilities related to timing differences between the incurrence of expense and cash payments, partially offset by higher net income of $42.8 million adjusted to exclude: (i) "Depreciation and amortization;" (ii) "Equity in losses (earnings) of unconsolidated affiliates, net;" (iii) "Loss from partial redemption of debt," (iv) "Losses (gains) and other-than-temporary impairment on marketable investment securities, net;" (v) "Stock-based compensation;" (vi) "Deferred tax provision;" and (vii) "Other, net".

Cash flows from investing activities. Our investing activities generally include purchases and sales of marketable investment securities, capital expenditures, acquisitions and strategic investments. For the nine months ended September 30, 2015, we reported net cash outflows from investing activities of $241.5 million, a decrease in cash outflow of $258.6 million compared to the same period in 2014. The decrease in cash outflows primarily related to a decrease of $352.8 million in purchases of marketable investment securities, net of sales and maturities, a cash receipt of $105.8 million refund relating to the cancellation of an existing launch services agreement and capital contributions of $18.6 million to certain investees in 2014, partially offset by an increase in cash outflows primarily related to a $151.5 million increase in capital expenditures in 2015 when compared to the same period in 2014, a $64.7 million increase in investments in WorldVu and SmarDTV, and the acquisition of a regulatory authorization in the first half of 2015 of $3.4 million.

Cash flows from financing activities. Our financing activities generally include proceeds related to the issuance of long-term debt and cash used for the repurchase, redemption or payment of long-term debt and capital lease obligations. For the nine months ended September 30, 2015, we reported net cash outflows from financing activities of $127.2 million, an increase in cash outflow of $92.9 million, compared to the same period in 2014. The increase in cash outflows was primarily due to the partial redemption of the Senior Secured Notes of $110.0 million and the premium cost related to the redemption of $3.3 million, and proceeds of $11.4 million, net of offering costs of $3.9 million from the issuance of Hughes Retail preferred tracking stock received in 2014, partially offset by a decrease of $20.2 million in capital lease obligation payments relating to the expiration of capital leases for the AMC-15 and AMC-16 satellites, effective December 2014 and February 2015, respectively, and an increase of $12.6 million in excess tax benefits recognized on the exercise of stock options.

Obligations and Future Capital Requirements

Contractual Obligations

As of September 30, 2015, our satellite-related obligations were approximately $1.27 billion. Our satellite-related obligations include payments pursuant to agreements for the construction of the EchoStar XIX, EchoStar XXI, EchoStar XXIII, and EchoStar 105/SES-11 satellites, payments pursuant to launch services contracts and regulatory authorizations, executory costs for our capital lease satellites, costs under satellite service agreements and in-orbit incentives relating to certain satellites, as well as commitments for long-term satellite operating leases and satellite service arrangements.

Off-Balance Sheet Arrangements

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

As of September 30, 2015, we had $43.4 million of letters of credit and insurance bonds. Of this amount, $18.1 million was secured by restricted cash, $9.9 million was related to insurance bonds, and $15.4 million was issued under credit arrangements available to our foreign subsidiaries. Certain letters of credit are secured by assets of our foreign subsidiaries.

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

As of September 30, 2015, we had foreign currency forward contracts with a notional value of $3.5 million in place to partially mitigate foreign currency exchange risk. From time to time, we may enter into foreign currency forward contracts, or take other measures, to mitigate risks associated with foreign currency denominated assets, liabilities, commitments and anticipated foreign currency transactions.

Satellite Insurance

We generally do not carry insurance for any of the in-orbit satellites that we use because we believe that the premium costs are uneconomical relative to the risk of satellite failure. However, pursuant to the terms of the agreements governing certain portions of our indebtedness, we are required, subject to certain limitations on coverage, to maintain launch and in-orbit insurance for our SPACEWAY 3, EchoStar XVI, and EchoStar XVII satellites. Although we are not required to maintain in-orbit insurance pursuant to our service agreement with DISH Network for the EchoStar XV satellite, we are liable for any damage caused by our use of the satellite and therefore we carry third-party insurance on the EchoStar XV satellite. The loss of a satellite or other satellite malfunctions or anomalies could have a material adverse effect on our financial performance, which we may not be able to mitigate by using available capacity on other satellites. There can be no assurance that we can recover critical transmission capacity in the event one or more of our in-orbit satellites were to fail. In addition, the loss of a satellite or other satellite malfunctions or anomalies could affect our ability to comply with FCC and other regulatory obligations and our ability to fund the construction or acquisition of replacement satellites for our in-orbit fleet in a timely fashion, or at all.

Future Capital Requirements

We primarily rely on our existing cash and marketable investment securities balances, as well as cash flow generated through our operations to fund our business. Since we currently depend on DISH Network for a substantial portion of our revenue, our cash flow from operations depends heavily on DISH Network's needs for equipment and services. To the extent that DISH Network's gross new subscriber activations decrease or DISH Network experiences a net loss of subscribers, sales of our digital set-top boxes and related components as well as broadband services provided to DISH Network may decline, which in turn could have a material adverse effect on our financial position and results of operations. There can be no assurance that we will have positive cash flows from operations. Furthermore, if we experience negative cash flows, our existing cash and marketable investment securities balances may be reduced.

We have a significant amount of outstanding indebtedness. As of September 30, 2015, our total indebtedness was $2.23 billion, of which $337.3 million related to capital lease obligations. Our liquidity requirements will be significant, primarily due to our debt service requirements. In addition, our future capital expenditures are likely to increase if we make additional investments in infrastructure necessary to support and expand our business, or if we decide to purchase one or more additional satellites. Other aspects of our business operations may also require additional capital. We periodically evaluate various strategic initiatives, the pursuit of which could also require us to raise significant additional capital, which may not be available on acceptable terms or at all.

Satellites

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

Stock Repurchases

Pursuant to a stock repurchase plan approved by our Board of Directors, we are authorized to repurchase up to $500.0 million of our outstanding shares of Class A common stock through December 31, 2016. As of September 30, 2015, we have not repurchased any common stock under this plan.

Seasonality

For our EchoStar Technologies segment, we are affected by seasonality to the extent it impacts our customers as a result of their sales and promotion activities, which can vary from year to year. Although the seasonal impacts have not been significant, historically, the first half of the year generally produces fewer new subscribers for the pay-TV industry than the second half of the year. However, we cannot provide assurance that this trend will continue in the future.

For our Hughes segment, service revenue is generally not impacted by seasonal fluctuations other than those associated with fluctuations related to sales and promotional activities. However, like many communications infrastructure equipment vendors, a higher amount of our hardware revenue occurs in the second half of the year due to our customers' annual procurement and budget cycles. Large enterprises and operators often allocate their capital expenditure budgets at the beginning of their fiscal year (which often coincides with the calendar year). The typical sales cycle for large complex system procurements is six to 12 months, which often results in the customer expenditure occurring towards the end of the year. Customers often seek to expend the budgeted funds prior to the end of the year and the next budget cycle. In the Hughes consumer business, we see a similar seasonality for consumer acquisitions, and therefore hardware revenue, as is seen in the consumer and retail sectors where the first and fourth calendar quarters tend to be higher than the second and third quarters.

Our EchoStar Satellite Services segment is not generally affected by seasonal impacts.

Inflation

Inflation has not materially affected our operations during the past three years. We believe that our ability to increase the prices charged for our products and services in future periods will depend primarily on competitive pressures or contractual terms.

EXPLANATION OF KEY METRICS AND OTHER ITEMS

Equipment revenue — DISH Network. "Equipment revenue — DISH Network" primarily includes sales of digital set-top boxes and related components, including Slingbox products and related hardware products, and sales of satellite broadband equipment and related equipment, primarily related to the Hughes service, to DISH Network.

Equipment revenue — other. "Equipment revenue — other" primarily includes sales of digital set-top boxes and related components to Bell TV, Dish Mexico and other domestic and international customers, including sales of Slingbox products and related hardware products, and sales of broadband equipment and networks to customers in our enterprise and consumer markets.

Services and other revenue — DISH Network. "Services and other revenue — DISH Network" primarily includes revenue associated with satellite and transponder services, satellite uplinking/downlinking, signal processing, conditional access management, telemetry, tracking and control, development of web-based applications for set-top boxes, professional services, facilities rental revenue and other services provided to DISH Network. "Services and other revenue — DISH Network" also includes subscriber wholesale service fees for the Hughes service sold to dishNET.

Services and other revenue — other. "Services and other revenue — other" primarily includes the sales of enterprise and consumer broadband services, as well as maintenance and other contracted services. "Services and other revenue — other" also includes revenue associated with satellite and transponder services, satellite uplinking/downlinking and other services provided to customers other than DISH Network.

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

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

Cost of sales — services and other. "Cost of sales — services and other" primarily includes the cost of broadband services provided to our enterprise and consumer customers, and to DISH Network, as well as the cost of providing maintenance and other contracted services. "Cost of sales — services and other" also includes the costs associated with satellite and transponder services, satellite uplinking/downlinking, signal processing, conditional access management, telemetry, tracking and control, product support and development of applications for set-top boxes, professional services, facilities rental costs, and other services provided to our customers, including DISH Network.

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

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

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

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" primarily includes interest expense associated with our long-term debt and capital lease obligations (net of capitalized interest), and amortization of debt issuance costs.

Loss from partial redemption of debt. "Loss from partial redemption of debt" primarily includes the loss from the partial redemption of the Senior Secured Notes due 2019 representing the redemption premium that the Company paid to the holders of its Senior Secured Notes and the write-off of related unamortized debt issuance costs.

Gains (losses) and impairment on marketable investment securities and other investments, net. "Realized gains on marketable investment securities and other investments, net" primarily includes gains, net of any losses, on the sale or exchange of investments and other-than-temporary impairment on certain of our marketable investment securities.

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

Other, net. "Other, net" primarily includes foreign exchange gains and losses, dividends received from our marketable investment securities, and other non-operating income or expense items that are not appropriately classified elsewhere in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

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

Subscribers. Subscribers include customers that subscribe to our Hughes segment's HughesNet broadband services, through retail, wholesale and small/medium enterprise service channels.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks Associated with Financial Instruments and Foreign Currency

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

Cash, Cash Equivalents and Current Marketable Investment Securities

As of September 30, 2015, our cash, cash equivalents and current marketable investment securities had a fair value of $1.59 billion. Of this amount, a total of $1.54 billion was invested in: (a) cash; (b) commercial paper and corporate notes with an overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; (c) VRDNs convertible into cash at par value plus accrued interest generally in five business days or less; (d) debt instruments of the U.S. government and its agencies; and/or (e) instruments with similar risk, duration and credit quality characteristics to the commercial paper and corporate obligations described above. The primary purpose of these investing activities has been to preserve principal until the cash is required to, among other things, fund operations, make strategic investments and expand the business. Consequently, the size of this portfolio fluctuates significantly as cash is received and used in our business. The value of this portfolio may be negatively impacted by credit losses; however, this risk is mitigated through diversification that limits our exposure to any one issuer.

Interest Rate Risk

A change in interest rates would not affect the fair value of our cash, or materially affect the fair value of our cash equivalents due to their maturities of less than 90 days. A change in interest rates would affect the fair value of our current marketable debt securities portfolio; however, we normally hold these investments to maturity. Based on our current non-strategic investment portfolio of $1.54 billion as of September 30, 2015, a hypothetical 10% change in average interest rates during 2015 would not have a material impact on the fair value of our cash, cash equivalents and debt securities portfolio due to the limited duration of our investments.

Our cash, cash equivalents and current marketable debt securities had an average annual rate of return for the three months ended September 30, 2015 of 0.78%. A change in interest rates would affect our future annual interest income from this portfolio, since funds would be re-invested at different rates as the instruments mature. A hypothetical 10% decrease in average interest rates during 2015 would have resulted in a decrease of approximately $1.0 million in annual interest income.

Strategic Marketable Investment Securities

As of September 30, 2015, we held current strategic investments in the publicly traded common stock of several companies with a fair value of $43.5 million. These investments, which are held for strategic and financial purposes, are concentrated in a small number of companies, are highly speculative and have experienced and continue to experience volatility. The fair value of these investments can be significantly impacted by the risk of adverse changes in securities markets generally, as well as risks related to the performance of the companies whose securities we have invested in, risks associated with specific industries, and other factors. These investments are subject to significant fluctuations in fair value due to the volatility of the securities markets and of the underlying businesses. In general, our strategic marketable investment securities portfolio is not significantly impacted by interest rate fluctuations as it currently consists solely of equity securities, the value of which is more closely related to factors specific to the underlying business. A hypothetical 10% adverse change in the market price of our public strategic equity investments would result in a decrease of approximately $4.4 million in the fair value of these investments.

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

Restricted Cash and Marketable Investment Securities and Investments in unconsolidated entities

Restricted Cash and Marketable Investment Securities

As of September 30, 2015, we had $19.3 million of restricted cash and marketable investment securities invested in: (a) cash; (b) VRDNs convertible into cash at par value plus accrued interest generally in five business days or less; (c) debt instruments of the U.S. government and its agencies; (d) commercial paper and corporate notes with an overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; and (e) instruments with similar risk, duration and credit quality characteristics to the commercial paper described above. Based on our investment portfolio as of September 30, 2015, a hypothetical 10% increase in average interest rates would not have a material impact on the fair value of our restricted cash and marketable investment securities.

Investments in unconsolidated entities

As of September 30, 2015, we had $214.4 million of noncurrent equity instruments that we hold for strategic business purposes and account for under the cost or equity methods of accounting. The fair value of these instruments is not readily determinable. We periodically review these investments and estimate fair value when there are indications of impairment. A hypothetical 10% adverse change in the value of these debt and equity instruments would result in a decrease of approximately $21.4 million in the value of these investments.

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

Foreign Currency Exchange Risk

We generally conduct our business in U.S. dollars. Our international business is conducted in a variety of foreign currencies with our largest exposures being to the Brazilian real, the Indian rupee, and the British pound. This exposes us to fluctuations in foreign currency exchange rates. Transactions in foreign currencies are converted into U.S. dollars using exchange rates in effect on the dates of the transactions.

Our objective in managing our exposure to foreign currency changes is to reduce earnings and cash flow volatility associated with foreign exchange rate fluctuations. Accordingly, we may enter into foreign exchange contracts to mitigate risks associated with foreign currency denominated assets, liabilities, commitments and anticipated foreign currency transactions. As of September 30, 2015, we had $6.5 million of foreign currency denominated receivables and payables outstanding and foreign currency forward contracts with a notional value of $3.5 million in place to partially mitigate foreign currency exchange risk. The estimated fair values of the foreign exchange contracts were not material as of September 30, 2015. The impact of a hypothetical 10% adverse change in exchange rates on the carrying amount of the net assets and liabilities of our foreign subsidiaries would be an estimated loss of $20.5 million as of September 30, 2015.

Derivative Financial Instruments

We generally do not use derivative financial instruments for speculative purposes and we generally do not apply hedge accounting treatment to our derivative financial instruments. We evaluate our derivative financial instruments from time to time but there can be no assurance that we will not enter into additional foreign currency forward contracts, or take other measures, in the future to mitigate our foreign exchange risk.

Item 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report such that the information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15 d-15(f) under the Securities Exchange Act of 1934) that occurred during the third quarter of 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We continue to review our internal control over financial reporting, and may from time to time make changes aimed at enhancing its effectiveness and to ensure that our systems evolve with our business.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see Part I, Item 1. Financial Statements — Note 14 "Commitments and Contingencies — Litigation" in this Form 10-Q.

Item 1A. RISK FACTORS

Item 1A, "Risk Factors," of our Form 10-K for the year ended December 31, 2014 includes a detailed discussion of our risk factors. Except as provided below, for the nine months ended September 30, 2015, there were no material changes in our risk factors as previously disclosed.

The preferred tracking stock in our capital structure may create conflicts of interest for our board of directors and management, and our board of directors may make decisions that could adversely affect only one group of holders.

Our preferred tracking stock capital structure could give rise to occasions when the interests of holders of stock of one group might diverge or appear to diverge from the interests of holders of stock of the other group and our board of directors or officers could make decisions that could adversely affect only one group of holders. Nevada law requires that our board of directors and officers act in good faith and with a view to the interest of the company and are not required to consider, as a dominant factor, the effect of a proposed corporate action upon any particular group of stockholders. Decisions deemed to be in the interest of our company may not always align with the best interest of a particular group of our stockholders when considered independently. Examples include, but are not limited to:

- decisions as to the terms of any business relationships that may be created between the EchoStar Group and the Hughes Retail Group and the terms of any reattributions of assets between the groups;
- decisions as to the allocation of corporate opportunities between the groups, especially where the opportunities might meet the strategic business objectives of both groups;
- decisions as to operational and financial matters that could be considered detrimental to one group but beneficial to the other;
- decisions as to the internal or external financing attributable to businesses or assets attributed to either of our groups;
- decisions as to the payment of dividends on our common stock or preferred tracking stock; and
- decisions as to the disposition of assets of either of our groups.

In addition, as the Tracking Stock is currently held by DISH Network, questions relating to conflicts of interest may also arise between DISH Network and us due to our common ownership and management.

Provisions of Nevada law and our articles of incorporation may protect decisions of our board of directors and officers that have a disparate impact on one group of holders. Our stockholders may have limited or no legal remedies under Nevada law with respect to such decisions even if the actions of our directors or officers adversely affect the market value of our common stock.

The preferred tracking stock results in vote dilution for existing holders of common stock.

Each share of preferred tracking stock is entitled to one-tenth (1/10th) of one vote per share. This voting right will cause a reduction in the relative voting power of our exiting common stock holders. As a result of the dilutive effect of the preferred tracking stock, the ability of existing holders of common stock to elect our directors or to control all other matters requiring the approval of our stockholders may be reduced.

We generally may dispose of assets of the Hughes Retail Group without shareholder approval.

Nevada law requires stockholder approval only for a sale or other disposition of all or substantially all of the assets of the Company, taken as a whole, and our amended articles of incorporation do not require a separate class vote in the case of a sale of a significant amount of assets of any of our groups. As long as the assets attributed to the Hughes Retail Group proposed to be disposed of represent less than substantially all of our assets, we may approve sales and other dispositions of any amounts of the assets of such group without any shareholder approval. Based on the composition of the Hughes Retail Group, we believe that a sale of all or substantially all of the assets of the Hughes Retail Group would not be considered a sale of substantially all of the assets of our company requiring stockholder approval. Our board of directors would determine how best to proceed in any such sale consistent with its fiduciary duties to all of our shareholders. Ultimately, however, our board of directors is not required under Nevada law to select the option that would result in the highest value to holders of any group of our common stock.

The market value of our common stock could be adversely affected by events involving the assets and businesses attributed to only the Hughes Retail Group.

Because we are the issuer of common stock and preferred tracking stock, events relating to the assets and businesses attributed to the Hughes Retail Group, such as earnings announcements or announcements of new products or services, or acquisitions or dispositions that the market does not view favorably, may cause an adverse reaction to our common stock. This could occur even if the triggering event is not material to us as a whole.

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

Issuer Purchases of Equity Securities

There were no repurchases of our Class A common stock for the nine months ended September 30, 2015.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

Item 4. MINE SAFETY DISCLOSURES

Not applicable

Item 5. OTHER INFORMATION

On November 4, 2015, we amended the 2012 Receiver Agreement between EchoSphere L.L.C., a subsidiary of DISH Network, and our subsidiary EchoStar Technologies L.L.C. to extend its term for one year to December 31, 2016. All other terms of the 2012 Receiver Agreement remain unchanged. The amendment was approved by the Company's board of directors, the Company's Audit Committee and the directors of EchoStar who are not also directors or officers of DISH Network or its subsidiaries. Following the Spin-off, we and DISH Network have operated as separate publicly-traded companies. However, pursuant to the Satellite and Tracking Stock Transaction, DISH Network owns Hughes Retail Preferred Tracking Stock representing an aggregate 80.0% economic interest in the residential retail satellite broadband business of our Hughes segment, including certain operations, assets and liabilities attributed to such business. In addition, a substantial majority of the voting power of the shares of both companies is owned beneficially by Charles W. Ergen, our Chairman, and by certain trusts established by Mr. Ergen for the benefit of his family.

Our Board of Directors previously authorized us to repurchase up to $500.0 million of our Class A common stock through December 31, 2015. On November 2, 2015, our Board of Directors extended this authorization such that we are currently authorized to repurchase up to $500.0 million of outstanding shares of our Class A common stock through and including December 31, 2016 through open market repurchases including, without limitation, one or more trading plans in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

Item 6. EXHIBITS

Exhibit No.	Description
10.1(H)	Form of Restricted Stock Unit Agreement for 2008 Stock Incentive Plan - Executive or Director.
31.1(H)	Section 302 Certification of Chief Executive Officer.
31.2(H)	Section 302 Certification of Chief Financial Officer.
32.1(I)	Section 906 Certifications of Chief Executive Officer and Chief Financial Officer.
99.1(H)	Unaudited Condensed Attributed Financial Information and Notes for Hughes Retail Group.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

(H) Filed herewith.
(I) Furnished herewith

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SIGNATURES

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

ECHOSTAR CORPORATION

Date: November 6, 2015

By: /s/ *Michael T. Dugan*
Michael T. Dugan
Chief Executive Officer, President and Director
(Principal Executive Officer)

Date: November 6, 2015

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

Exhibit 10.1

ECHOSTAR CORPORATION
EXECUTIVE OFFICER OR DIRECTOR RESTRICTED STOCK UNIT AGREEMENT

This Restricted Stock Unit Agreement (the "Agreement") is entered into effective as of [Grant Date] (the "Grant Date"), by and between EchoStar Corporation, a Nevada corporation (the "Company"), and [Participant Name] ("Employee").

RECITAL

WHEREAS, the Company, pursuant to its 2008 Stock Incentive Plan (as amended from time to time, the "Plan") desires to grant restricted stock units to Employee, and Employee desires to accept such restricted stock units, each under the terms and conditions set forth in this Agreement.

AGREEMENT

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

1. Grant of Restricted Stock Units

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

2. Duration and Vesting

(a) [Subject to the terms and conditions set forth in this Agreement, including, without limitation, payment of all applicable withholding taxes, the Units shall vest in cumulative installments on the following vesting dates (the "Vesting Dates") as follows:]

or

[Subject to Section 2(f) and the terms and conditions set forth in this Agreement, [performance vesting criteria permitted under the Plan].

Notwithstanding the foregoing vesting schedule, each corresponding increment of the Units shall not vest unless and until the Company shall have achieved the applicable [performance goal(s)], in each case as calculated in accordance with Section 2(f) and subject to the terms and conditions set forth in this Agreement, on or before [Date], respectively.]

No Common Shares shall be issued in exchange for any Unit until that Unit has vested.

(b) Except as permitted pursuant to the Plan, (i) during the lifetime of Employee, the Common Shares issuable upon vesting of the Units shall be issued only to Employee and the Units shall not be assignable or transferable by Employee, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the

Internal Revenue Service Code of 1986, as amended, and regulations thereunder (the “Code”), Title I of the Employee Retirement Income Security Act, or the rules promulgated thereunder; and (ii) the Units may not be sold, assigned, transferred or otherwise disposed of, or pledged, alienated, attached, hypothecated, or otherwise encumbered in any manner (whether by operation of law or otherwise), and will not be subject to execution, attachment or other process. Any purported sale, assignment, transfer, pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any of its subsidiaries. Any sale, assignment, transfer, pledge, hypothecation or other disposition of the Units or any attempt to make any such levy of execution, attachment or other encumbrance will cause the Units to terminate immediately, unless the Board of Directors of the Company (the “Board”), the Executive Compensation Committee of the Board (the “Committee”) or the General Counsel of the Company, in their sole and absolute discretion for any reason or no reason at any time and from time to time, specifically waives applicability of this provision.

(c) Notwithstanding any other provisions in this Agreement, the Units shall expire, and no Common Shares will be issued in exchange for any Units, on [Date of Expiration] (the “Expiration Date”).

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

(i) withholding from any wages or other cash compensation payable to Employee by the Company;

(ii) withholding Common Shares that are otherwise issuable upon vesting of the Units;

(iii) arranging for the sale of Common Shares that are otherwise issuable upon vesting of the Units, including, without limitation, selling Common Shares as part of a

block trade with other employees under the Plan or otherwise; and/or

(iv) withholding from the proceeds of the sale of Common Shares issued upon vesting of the Units.

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

[(f) Provisions relating to the calculation of performance criteria.]

3. Effect of Termination of Employment; Death or Disability; Demotion; Termination After Change in Control

(a) In the event that Employee shall cease to be employed by the Company or its direct or indirect subsidiaries, if any, for any reason other than Employee's serious misconduct or a violation of the covenants set forth in Section 5 of this Agreement (as described in Section 3(b) of this Agreement) or Employee's death or disability (as described in Section 3(c) of this Agreement), and Employee shall have vested Units for which Common Shares have not yet been issued, Employee shall have the right to have such Common Shares issued in exchange for such vested Units on the date of such cessation of employment, **but only** to the extent of the full number of Common Shares issuable upon such vested Units on the date of such cessation of employment, subject to the condition that any portion of the Units not vested as of the date of such cessation of employment shall terminate as of such cessation of employment and no Common Shares shall be issued in exchange for any unvested Units following the date of such cessation of employment, and that no portion of the Units shall vest after the Expiration Date. Retirement, whether or not pursuant to any retirement or pension plan of the Company, shall be deemed to be a cessation of employment for all purposes of this Agreement. The termination of the Units by reason of any such cessation of employment shall be without prejudice to any right or remedy which the Company may have against the holder.

(b) In the event that Employee shall cease to be employed by the Company or its direct or indirect subsidiaries, if any, by reason of Employee's serious misconduct during the course of employment, including without limitation wrongful appropriation of the Company's funds, theft of Company property or other reasons as determined by the Company, or in the event that Employee violates the covenants set forth in Section 5 of this Agreement, **all** Units shall be deemed to have terminated and no Common Shares shall be issuable in connection therewith, as of the date of the misconduct or violation. The termination of the Units by reason of such cessation of employment shall be without prejudice to any right or remedy which the Company may have against the holder.

(c) In the event that: (i) Employee shall die while in the employ of the Company or its direct or indirect subsidiaries, if any, or after cessation of employment for any reason other than serious misconduct or violation of the covenants set forth in Section 5 of this Agreement (as described in Section 3(b) of this Agreement); or (ii) employment is terminated because Employee

has become disabled (within the meaning of Section 22(e)(3) of the Code) while in the employ of the Company or its direct or indirect subsidiaries, if any, and Employee shall have vested Units for which Common Shares have not yet been issued as of the date of such death or the date of cessation of employment for such disability, then such Common Shares shall be issued to the personal representatives or administrators, executor or guardians of Employee, as applicable, or to any person or persons to whom the Units are transferred by will or the applicable laws of descent and distribution, **but only** to the extent of the full number of Common Shares issuable upon such vested Units on the date of such death or the date of cessation of employment for such disability, subject to the condition that any portion of the Units not vested on the date of such death or such cessation of employment shall terminate as of the date of such death or such cessation of employment and no Common Shares shall be issued in exchange for any unvested Units following the date of such death or such cessation of employment, and that no portion of the Units shall vest after the Expiration Date. The termination of the Units by reason of such death or such cessation of employment shall be without prejudice to any right or remedy which the Company may have against the holder.

(d) In the event that Employee is demoted (but remains employed) by the Company or its direct and indirect subsidiaries, if any, from Employee's current level (e.g., chairman, chief executive officer, president, executive vice president, senior vice president, vice president, director, manager, or other level held by Employee on the date of this Agreement), (i) if Employee shall have vested Units for which Common Shares have not yet been issued as of the date of such demotion, then Employee shall have the right to have such Common Shares issued in exchange for such vested Units, **but only** to the extent of the full number of Common Shares issuable upon such vested Units on the date of such demotion, subject to the condition that any portion of the Units not vested as of the date of such demotion shall terminate as of the date of such demotion and no Common Shares shall be issued in exchange for any unvested Units following the date of such demotion, and that no portion of the Units shall vest after the Expiration Date; and (ii) this Agreement, including without limitation the covenants set forth in Section 5 of this Agreement, shall otherwise continue in force, unless otherwise terminated. The termination of the Units by reason of such demotion shall be without prejudice to any right or remedy which the Company may have against the holder.

(e) In the event that (i) a Change in Control occurs, and (ii) Employee is terminated by the Company (and not simultaneously employed by the surviving entity — if not the Company — in the Change in Control), for any reason other than for Cause, during the twenty-four (24) month period following such Change in Control, then all Units not previously vested shall immediately vest and Common Shares shall be issued in exchange for the vested Units.

For the purpose of this subsection 3(e), the capitalized terms shall have the following meanings: "Capital Stock" means any and all shares, interests, participations, rights or other equivalents, however designated, of corporate stock or partnership or membership interests, whether common or preferred. "Cause" means: (i) the willful and continued failure of Employee to substantially perform his duties consistent with past practices prior to the Change in Control; (ii) any illegal conduct or gross misconduct which is materially injurious to the Company or its affiliates; (iii) Employee has been convicted of or pleaded guilty or nolo contendere to a felony or any crime involving moral turpitude or dishonesty; or (iv) Employee has been convicted of or pleaded guilty or nolo contendere to a felony, crime or engaged in conduct which results in a prohibition on Employee from serving, for any period of time, as an officer or director of a publicly-traded company by any federal, state or other regulatory governing body (including without limitation, an exchange or association such as NYSE or Nasdaq). "Change in Control" means: (i) a transaction or a series of transactions the result of which is that any person (other

than the Principal or a Related Party) individually owns more than fifty percent (50%) of the total Equity Interests of either (A) the Company or (B) the surviving entity in any such transaction(s) or a controlling affiliate of such surviving entity in such transaction(s); and (ii) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors. "Continuing Director" means, as of any date of determination, any member of the Board of Directors of the Company who: (a) was a member of such Board of Directors on the date of this Agreement; or (b) was nominated for election or elected to such Board of Directors with the affirmative vote of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or was nominated for election or elected by the Principal and his Related Parties. "Equity Interest" means any Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock). "Principal" means Charles W. Ergen. "Related Party" means, with respect to the Principal, (a) the spouse and each immediate family member of the Principal; (b) each trust, corporation, partnership or other entity of which the Principal beneficially holds an eighty percent (80%) or more controlling interest; and (c) the Principal's personal representatives, administrators, executor, guardians, or any person(s) or entity(ies) to which the Principal's shares of the Company are transferred as a result of a transfer by will or the applicable laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code, Title I of the Employee Retirement Income Security Act, or the rules promulgated thereunder.

4. Manner of Issuance of Common Shares

(a) The Common Shares issuable upon vesting of the Units shall be issued only to Employee or other proper party as described in Section 2(b), Section 3(c) and/or Section 4(c) of this Agreement, in whole Common Shares upon meeting the applicable vesting requirements for the Units represented by this Agreement and by following, prior to the Expiration Date, the then-current procedures implemented by the Administrator, as such Administrator and procedures are designated by the Company in its sole and absolute discretion from time to time.

(b) Unless notified by the Company or the Administrator to the contrary, the Common Shares issuable upon the vesting of the Units shall be issued on the date specified by the Company within five (5) business days following the date that the General Counsel for the Company determines that all requisite events to issuance of the Common Shares have been properly completed. The Company shall have no obligation to issue Common Shares upon the vesting of the Units until it has confirmed to its satisfaction that all events requisite for vesting of the Units and issuance of the Common Shares have been accomplished.

(c) The certificate or certificates for the Common Shares, if any, which are issued pursuant to the vesting of the Units may be registered only in the name of Employee (or if Employee so requests, jointly in the name of Employee and with a member of Employee's family, with the right of survivorship, or in the event of the death of Employee, in the name of such survivor of Employee as the person with the right to receive the Common Shares issuable upon the vesting of the Units shall designate).

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

(a) Employee shall serve the Company and its direct and indirect subsidiaries (collectively, the "Company" for purposes of this Section 5), loyally and in good faith and use Employee's best efforts to promote the Company's interests. Employee hereby agrees not to

compete with the Company, not to solicit employees of the Company, not to solicit customers of the Company, and agrees to protect from disclosure Confidential Information and Trade Secrets (as defined in Section 5(e) of this Agreement), pursuant to the terms and conditions hereinafter set forth.

(e) **Non-Disclosure of Confidential Information and Trade Secrets**. Employee further agrees to hold in a fiduciary capacity for the benefit of the Company all proprietary and confidential information, knowledge, ideas and data, including, without limitation, customer lists and the Company's trade secrets, products, processes and programs ("Confidential Information and Trade Secrets"), relating in any way to the present or future business or activities of the Company for as long as such Confidential Information and Trade Secrets remain confidential. Such Confidential Information and Trade Secrets include but are not limited to: (i) the Company's financial and business information, such as capital structure, operating results, strategies and plans for future business, pending projects and proposals and potential acquisitions or divestitures; (ii) product and technical information, such as product formulations, new and innovative product ideas, proprietary credit scoring models and approaches, credit policies, new business developments, plans, designs, compilation methods, processes, procedures, program devices, data processing programs, software, software codes, hardware, firmware and research and development products; (iii) marketing information, such as new marketing ideas, mailing lists, the identity of the Company's customers and prospects, their names and addresses and sales and marketing plans; (iv) information about the Company's third-party agreements and any confidential or protected information disclosed to the Company by a third-party; (v) the Company's suppliers, partners, customers and prospect lists; and (vi) personnel information, such as the identity of the Company's other employees, their salaries, bonuses, benefits, skills, qualifications and abilities. For the avoidance of doubt and notwithstanding the foregoing, the term "trade secrets" shall mean items of Confidential Information and Trade Secrets that meet the requirements of the Uniform Trade Secrets Act, as adopted in the state of Colorado and as amended from time to time. All such Confidential Information and Trade Secrets, together with all copies thereof and notes and other references thereto, shall remain the sole property of the Company. This obligation of confidentiality is intended to supplement, and is not intended to supersede or limit, the obligations of confidentiality Employee has to the Company by agreement, law or otherwise.

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

(g) **No Waiver**. In addition to (and without limitation of) the other terms and conditions of this Agreement, the failure of the Company to insist upon strict performance of any provision of any agreement between the Company, on the one hand, and another employee, on the other hand, shall not be construed as a waiver of the Company's right to insist upon strict performance of each and every representation, warranty, covenant, duty and obligation of Employee hereunder. In addition to (and without limitation of) the foregoing, the election of certain remedies by the Company with respect to the breach or default by another employee of any agreement between the Company, on the one hand, and such other employee, on the other hand, shall not be deemed to prejudice any rights or remedies that the Company may have at law,

in equity, under contract (including without limitation this Agreement) or otherwise with respect to a similar or different breach or default hereunder by Employee (all of which are hereby expressly reserved).

(h) **Severability**. Each of the covenants in this Section 5 shall be construed as separable and divisible from every other such covenant and the enforceability of any one such covenant shall not limit the enforceability, in whole or in part, of any other such covenant. In the event that a court, arbitrator or other body of competent jurisdiction holds any covenant in this Section 5 to be invalid, illegal, void or less than fully enforceable as to time, scope or otherwise, the parties agree that such covenant shall be construed by limiting and reducing it to the minimum extent necessary to render such covenant valid, legal and enforceable while preserving the enforceability of such covenant to the greatest extent permissible against Employee; the remaining covenants of this Section 5 shall not be affected by such alteration, and shall remain in full force and effect.

6. Dispute Resolution; Arbitration

(a) Employee and the Company agree that any claim, controversy and/or dispute between them, arising out of, relating to, or in connection with (1) Employee's application for employment, employment and/or termination of employment (collectively "Employment-Related Disputes") and/or (2) this Agreement ("Units Disputes"), whenever and wherever brought, shall be resolved by arbitration. Employee agrees that this agreement to arbitrate is governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., and is fully enforceable. For purposes of this Section 6, the Company shall be defined to include its direct and indirect subsidiaries, and the employees, shareholders, officers, and directors of all of the foregoing entities.

(b) For Employment-Related Disputes,

(i) the Company agrees to pay all of the arbitrator's and arbitration fees and expenses until otherwise ordered by the arbitrator, except that the Company shall not be responsible for Employee's legal fees and costs, unless awarded to Employee by the arbitrator;

(ii) the arbitration shall be governed by the substantive law of the State of Colorado, without giving effect to choice of law principles;

(iii) a single arbitrator engaged in the practice of employment law from the American Arbitration Association ("AAA") shall conduct the arbitration of Employment-Related Disputes pursuant to the AAA's Employment Arbitration Rules and Procedures of 2009, without incorporation of AAA's Mediation Rules and Supplemental Rules for Class Arbitration, which the parties hereby expressly disclaim (the "Rules"), which may be found at http://www.adr.org;

(iv) the arbitrator shall have the authority to hear and decide dispositive motions in the context of such arbitration, under the guidelines and legal standards set forth in C.R.C.P. 12 and 56;

(v) regardless of what the Rules state, all arbitration proceedings, including without limitation hearings, discovery, settlements and awards shall be confidential and the arbitration and any hearings shall be held in the City

and County of Denver, Colorado; and

(vi) the arbitrator's decision shall be final and binding, and judgment upon the arbitrator's decision and/or award may be entered in any court of competent jurisdiction.

(c) For Units Disputes:

(i) the Company agrees to pay all of the arbitrator's and arbitration fees and expenses until otherwise ordered by the arbitrator, except that the Company shall not be responsible for Employee's legal fees and costs, unless awarded to Employee by the arbitrator;

(ii) the arbitration shall be governed by the substantive law of the State of Colorado, without giving effect to choice of law principles;

(iii) a single arbitrator engaged in the practice of commercial law from the AAA shall conduct the arbitration of Units Disputes under the then-current AAA Commercial Dispute Resolution Procedures ("Procedures"), without incorporation of the Rules, which may be found at http://www.adr.org;

(iv) the arbitrator shall have the authority to hear and decide dispositive motions in the context of such arbitration, under the guidelines and legal standards set forth in C.R.C.P. 12 and 56;

(v) regardless of what the Rules state, all arbitration proceedings, including without limitation hearings, discovery, settlements and awards shall be confidential and the arbitration and any hearings shall be held in the City and County of Denver, Colorado; and

(vi) the arbitrator's decision shall be final and binding, and judgment upon the arbitrator's decision and/or award may be entered in any court of competent jurisdiction.

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

(e) Notwithstanding the foregoing, the Company shall have the right to seek any temporary restraining orders and/or preliminary and/or permanent injunctions in a court of competent jurisdiction based on the Company's claims that Employee is violating the Company's rights, and/or breaching Employee's duties and/or obligations, under this Agreement or under any other agreement, at law or in equity regarding: (i) non-competition agreements or obligations; (ii) non-solicitation agreements or obligations; (iii) intellectual property, including without limitation copyrights, patent rights, trade secrets and/or know-how; and/or (iv) confidential information. Employee agrees that the state and federal courts located in the City and County of Denver, Colorado shall have exclusive subject matter and personal jurisdiction to hear and decide any

such action, and that any such court action shall be governed by the substantive law of the State of Colorado, without giving effect to choice of law principles. Employee irrevocably waives, to the fullest extent permitted by law, any and all objections which he or she may now or hereafter have to the venue of any such proceeding brought in any such court, including, without limitation, any claim that such proceeding has been brought in an inconvenient forum.

(f) The prevailing party in any arbitration or court proceeding contemplated by this Section 6 shall be entitled to its, his, or her reasonable attorneys' fees and to reimbursement of costs of arbitrator's fees and reasonable arbitration expenses. Nothing in this Agreement shall require Employee to reimburse the Company for its attorneys' fees and costs, including arbitration fees and costs, incurred when the Company prevails in defense of any statutory claim of unlawful discrimination, unless said claim brought by Employee is frivolous, unreasonable or without foundation, or Employee continues to prosecute a claim after the claim became frivolous, unreasonable or without foundation. In the event either party hereto files a judicial or administrative action asserting claims subject to this arbitration provision, and the other party successfully stays such action and/or compels arbitration of the claims made in such an action, the party filing the administrative or judicial action shall pay the other party's attorneys' fees and costs incurred in obtaining a stay and/or compelling arbitration.

(g) Each of the provisions of this Section 6 shall be construed as separable and divisible from every other such provision and the enforceability of any one such provision shall not limit the enforceability, in whole or in part, of any other such provision. In the event that a court, arbitrator or other body of competent jurisdiction holds any provision of this Section 6 to be invalid, illegal, void or less than fully enforceable as to time, scope or otherwise, the parties agree that such provision shall be construed by limiting and reducing it to the minimum extent necessary to render such provision valid, legal and enforceable while preserving the enforceability of such provision to the greatest extent permissible; the remaining provisions of this Section 6 shall not be affected by such alteration, and shall remain in full force and effect.

(h) This Agreement supersedes and renders void any prior agreement(s) to arbitrate between Employee and the Company with respect to the subject matter of this agreement to arbitrate, and there are no agreements, verbal or written or otherwise, between the parties hereto regarding arbitration of Employment-Related Disputes or Units Disputes other than as expressly set forth in this Agreement. In the event of any conflict or inconsistency between any AAA rules and/or procedures and the terms and conditions of this Agreement, the terms and conditions of this Agreement shall control.

(i) THE RIGHT TO A TRIAL, TO A TRIAL BY JURY, AND TO COMMON LAW CLAIMS FOR PUNITIVE AND/OR EXEMPLARY DAMAGES ARE OF VALUE AND ARE WAIVED PURSUANT TO THIS AGREEMENT. Other than potential rights to a trial, a jury trial, and common law claims for punitive and/or exemplary damages, nothing in this agreement to arbitrate limits any statutory remedy to which Employee may be entitled under law.

(j) The parties acknowledge that this agreement to arbitrate shall not alter the at-will nature of their employment relationship MEANING THAT EMPLOYEE MAY TERMINATE EMPLOYEE'S EMPLOYMENT WITH THE COMPANY AND ITS DIRECT AND INDIRECT SUBSIDIARIES AT ANY TIME WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE, AND THE COMPANY AND ITS DIRECT AND INDIRECT SUBSIDIARIES RESERVE THE SAME RIGHTS TO TERMINATE EMPLOYEE'S EMPLOYMENT AND/OR DEMOTE EMPLOYEE.

7. Miscellaneous

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

(b) **No Right to Continued Employment; No Rights as Shareholder**. This Agreement shall not confer upon Employee any right with respect to continuance of employment with the Company or any of its direct or indirect subsidiaries, nor will it interfere in any way with the right of the Company and its direct and indirect subsidiaries to terminate such employment or to demote Employee for any reason or no reason at any time and from time to time. Employee shall have none of the rights of a shareholder with respect to Common Shares subject to the Units unless and until such Common Shares shall have been issued to Employee in accordance with this Agreement and the Plan (as evidenced by the records of the transfer agent of the Company).

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

(d) **Assigns and Successors**. This Agreement shall inure to the benefit of the Company’s assigns and successors.

(e) **Compliance with Law; Legal Requirements**. The Company shall at all times during the term of the Units reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Agreement. The vesting of the Units and the issuance of any Common Shares in exchange for the Units shall only be effective at such time that the issuance and sale of Common Shares prior or pursuant to such vesting will not violate any state or federal securities or other laws. The Company may suspend Employee’s right to vesting of the Units and the issuance of any Common Shares in exchange for the Units and shall not issue the Common Shares in exchange for the Units unless it is satisfied in its judgment that the issuance and sale of Common Shares will not violate any of the provisions of the Securities Act of 1933, as amended (the “Securities Act”), the Securities Exchange Act of 1934, as amended (the “Exchange Act”), any rules or regulations of the SEC promulgated thereunder, or the requirements of applicable state law relating to authorization, issuance or sale of securities, or until there has been compliance with the provisions of such acts, laws and rules.

If the Company in its sole and absolute discretion so elects, it may register the Common Shares issuable upon the vesting of the Units under the Securities Act, and list the Common Shares on any securities exchange. In the absence of such election, Employee understands that neither the Units nor the Common Shares issuable upon the vesting of the Units thereof will be registered under the Securities Act, or tradeable on any securities exchange, and Employee represents that

the Units are being acquired, and that such Common Shares which will be acquired pursuant to the Units will be acquired, by Employee for investment and not with a view to distribution thereof.

In the absence of an effective Registration Statement meeting the requirements of the Securities Act, upon any sale or transfer of the Common Shares issued pursuant to the Units, Employee shall deliver to the Company an opinion of counsel satisfactory to the Company to the effect that the sale or transfer of the Common Shares does not violate any provision of the Securities Act or the Exchange Act.

Regardless of whether the offering and sale of the Common Shares have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company in its sole and absolute discretion for any reason or no reason at any time and from time to time may impose restrictions upon the sale, pledge or other transfer of such Common Shares (including the placement of appropriate legends on certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the Exchange Act, the securities laws of any state or any other law.

(f) **Notice of Disposal of Common Shares; Withholding**. If Employee shall dispose of any of the Common Shares of the Company acquired by Employee pursuant to the Units within two (2) years from the date the Units were granted or within one (1) year after the transfer of any such shares to Employee upon the vesting of the Units, then, in order to provide the Company with the opportunity to claim the benefit of any income tax deduction (if any) which may be available to it under the circumstances, Employee shall promptly notify the Company of the dates of acquisition and disposition of such shares, the number of shares so disposed of, and the consideration, if any, received for such shares. In order to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to insure: (i) notice to the Company of any disposition of the Common Shares of the Company within the time periods described above; and (ii) that, if necessary, all applicable federal or state payroll, withholding, income or other taxes are withheld or collected from Employee.

(g) **No Rights as Shareholder; Confidential Treatment of Units**. The holder of the Units will not have any right to dividends or any other right of a shareholder with respect to the Common Shares subject to the Units unless and until such Common Shares shall have been issued to Employee, upon the vesting of the Units and in accordance with this Agreement and the Plan (as evidenced by the records of the transfer agent of the Company).

(h) **Confidentiality**. Employee agrees to treat with confidentiality the existence, terms and conditions of the Units, and agrees that failure to do so may result in immediate termination of the Units.

(i) **Obligations Unaffected**. Except as expressly set forth to the contrary in Sections 6(e) and 6(h) of this Agreement, the obligations of Employee under this Agreement shall be independent of, and unaffected by, and shall not affect, other agreements, if any, binding Employee which apply to Employee's business activities during and/or subsequent to Employee's employment by the Company.

(j) **Survival**. Any provision of this Agreement which logically would be expected to survive termination or expiration, shall survive for a reasonable time period under the

circumstances, whether or not specifically provided in this Agreement. Except as set forth to the contrary in Sections 3(d) and 5(b)(iv) of this Agreement, the obligations under this Agreement also shall survive any changes made in the future to the employment terms and conditions of Employee, including without limitation changes in salary, benefits, bonus plans, job title and job responsibilities.

(k) **Complete Agreement; No Waiver**. 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. The failure of any party to insist upon strict performance of any provision of this Agreement shall not be construed as a waiver of any subsequent breach of the same or similar nature.

(l) **Severability**. Each provision of this Agreement shall be construed as separable and divisible from every other provision and the enforceability of any one provision shall not limit the enforceability, in whole or in part, of any other provision. Except as otherwise set forth in Section 5(f) of this Agreement, in the event that a court, arbitrator or other body of competent jurisdiction holds any provision of this Agreement to be invalid, illegal, void or less than fully enforceable as to time, scope or otherwise, the parties agree that such provision shall be construed by limiting and reducing it to the minimum extent necessary to render such provision valid, legal and enforceable while preserving to the greatest extent permissible the original intent of the Parties; the remaining terms and conditions of this Agreement shall not be affected by such alteration, and shall remain in full force and effect.

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

(n) **Employee Acknowledgements**

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

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

(iii) Employee understands, acknowledges, agrees and hereby stipulates that he or she has asked any questions needed for him or her to understand the terms, consequences and binding effect of this Agreement and Employee fully understands them, including that he or she is waiving the right to a trial, a trial by jury, and common law claims for punitive and/or

exemplary damages.

(iv) Employee understands, acknowledges, agrees and hereby stipulates that he or she was provided an opportunity to seek the advice of an attorney of his or her choice before signing this Agreement.

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

(vi) Employee understands, acknowledges, agrees and hereby stipulates that it is the Company's policy to seek legal recourse to the fullest extent possible for breach of this Agreement. Employee understands that nothing in this Agreement shall be construed to prohibit the Company from pursuing any other available remedies for such breach or threatened breach, including the recovery of damages from Employee. Employee further agrees that, if he or she violates or threatens to violate this Agreement, it would be difficult to determine the damages and lost profits which the Company would suffer as a result of such breach including, but not limited to, losses attributable to lost or misappropriated Confidential Information and Trade Secrets and losses stemming from violations of the non-disclosure, non-compete and non-solicitation obligations set forth above. Accordingly, Employee agrees that if he or she violates or threatens to violate this Agreement, then the Company shall be entitled to an order for injunctive relief and/or for specific performance, or their equivalent, in addition to money damages and any other remedies otherwise available to it at law or equity. Such injunctive relief includes but is not limited to requirements that Employee take action or refrain from taking action to avoid competing with the Company, to avoid soliciting the Company's employees or customers, to preserve the secrecy of Confidential Information and Trade Secrets, to avoid conflicts of interest and to protect the Company from irreparable harm. Employee expressly agrees that the Company does not need to post a bond to obtain an injunction and Employee waives the right to require such a bond.

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

Upon Employee's acceptance of the terms and conditions set forth in this Agreement through the electronic grant process available through the Administrator, this Agreement shall become effective between the parties as of the date first written above.

ECHOSTAR CORPORATION

EMPLOYEE — [Participant Name]
Accepted on [Acceptance Date]

Explanation of Beneficiary Designation

The 2008 Stock Incentive Plan provides that although common shares issuable upon vesting of a restricted stock unit are able to be issued during Employee's lifetime only to him or her, common shares issuable upon vesting of a restricted stock unit may be issued after the death of any Employee (if the restricted stock unit was vested and not otherwise terminated prior to such death) to the person whom Employee shall have designated as beneficiary or, if no designation has been made, to the person to whom Employee's rights shall have passed by will or the laws of descent and distribution. (Note: A restricted stock unit is not otherwise assignable or transferable.)

The right to designate beneficiaries could provide certain advantages including avoidance of probate (and attendant costs) with respect to receipt of Common Shares issued in exchange for the Units. Since the individual circumstances of each Employee differ, however, and since the Company cannot warrant the validity or effect of such a designation of beneficiary, it is recommended that you consult your personal tax or other advisor(s) before making any decision, particularly if you propose to designate a trust as beneficiary.

If more than one beneficiary is named, the beneficiaries shall share equally in the rights unless otherwise stated above. Please designate a beneficiary or beneficiaries by following the procedures specified by the Administrator, as such Administrator and procedures are designated by the Company in its sole and absolute discretion for any reason or no reason at any time and from time to time. Please note that your decision thereon will apply only to the Units evidenced by the accompanying Restricted Stock Unit Agreement and only until you receive the Common Shares issuable upon vesting of such Units. It does not apply to any future grants of Units since a separate election is made with respect to each grant of Units that may be granted. If you wish to change a beneficiary for any grant of Units, please contact the Administrator.

Unless otherwise expressly provided, if any designated beneficiary predeceases Employee, any rights shall pass equally to the remaining designated beneficiary(ies), if any, who survive Employee, but if no designated beneficiary survives Employee, any rights shall pass to Employee's estate. The designation herein is subject to all the terms and conditions of the Plan and all applicable laws, rules and regulations. In addition, the Company may require an indemnity and/or other assurances from the beneficiary(ies) or successor(s) in connection with the exercise of any rights by such beneficiary(ies) or successor(s) under the Units.

Capitalized terms not otherwise defined in this Explanation of Beneficiary Designation shall have the meaning given to such terms in the accompanying Agreement.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Michael T. Dugan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EchoStar Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2015

By: /s/ *Michael T. Dugan*
Name: Michael T. Dugan
Title: Chief Executive Officer, President and Director
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, David J. Rayner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EchoStar Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2015

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

EXHIBIT 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
Section 906 Certifications

In connection with the quarterly report for the quarter ended September 30, 2015 on Form 10-Q (the "Quarterly Report") of EchoStar Corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof, we, Michael T. Dugan and David J. Rayner, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

(i) the Quarterly Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and

(ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2015

By: */s/ Michael T. Dugan*
Name: Michael T. Dugan
Title: Chief Executive Officer, President and Director
(Principal Executive Officer)

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

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

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO THE COMPANY AND WILL BE RETAINED BY THE COMPANY AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

EXHIBIT 99.1

Unaudited Condensed Attributed Financial Information for Hughes Retail Group

On March 1, 2014, EchoStar Corporation (the terms “we,” “us,” “EchoStar,” and “our” refer to EchoStar Corporation and its subsidiaries) issued shares of its newly authorized Hughes Retail Preferred Tracking Stock (the “EchoStar Tracking Stock”) and Hughes Satellite Systems Corporation (“HSS”), a subsidiary of EchoStar, also issued shares of its newly authorized Hughes Retail Preferred Tracking Stock (the “HSS Tracking Stock” and together with the EchoStar Tracking Stock, the “Tracking Stock”) to certain subsidiaries of DISH Network Corporation.

The Tracking Stock is intended to reflect the separate performance of the Hughes Retail Group, which is comprised primarily of our business of providing satellite broadband internet services to residential retail subscribers, including the assets and liabilities primarily associated with the operation of the business; and the business operations, revenue, billings, operating and other direct and indirect support activities to provide services to the business and Hughes retail subscribers. The Hughes Retail Group also includes any proceeds associated with a sale or transfer of the Hughes Retail Group or any assets of the Hughes Retail Group, and any other assets acquired by or for the account of the Hughes Retail Group or otherwise attributed, contributed, allocated or transferred to the Hughes Retail Group from time to time. The EchoStar Group is comprised of all existing and future businesses of EchoStar and its subsidiaries, excluding the Hughes Retail Group.

Holders of the Tracking Stock are holders of capital stock of the issuer (EchoStar or HSS) and are subject to risks associated with an investment in the issuer and all of its businesses, assets and liabilities. The issuance of the Tracking Stock does not affect the rights of our creditors or the creditors of our subsidiaries.

Notwithstanding the following attribution of assets, liabilities, revenue, expenses and cash flows to the Hughes Retail Group and the EchoStar Group, our tracking stock structure does not affect the ownership of or the legal title to our assets or responsibility for our liabilities.

The accompanying condensed attributed financial information as of, and for, the three and nine months ended September 30, 2015 and 2014 and the year ended December 31, 2014 are unaudited. The Company’s management is solely responsible for this financial information and believes that it has been prepared in conformity with accounting principles generally accepted in the United States.

The following tables present our consolidated assets and liabilities as of September 30, 2015 and December 31, 2014 and our consolidated revenue, expenses and cash flows for the three and nine months ended September 30, 2015 and 2014. The tables further present our assets, liabilities, revenue, expenses and cash flows that are attributed to the Hughes Retail Group as if that business and its assets had been attributed to that group at the beginning of each period. As a result of our Policy Statement adopted as of March 1, 2014, we used different attribution methods for certain items in periods prior to March 1, 2014. Therefore, the attributed financial position, results of operations and cash flows of the Hughes Retail Group and all other operations are not directly comparable to the corresponding attributed financial information for periods after March 1, 2014. The financial information in this Exhibit should be read in conjunction with our unaudited condensed consolidated financial statements for the period ended September 30, 2015 included in our Quarterly Report on Form 10-Q.

CONDENSED ATTRIBUTED BALANCE SHEETS
(In thousands)
(Unaudited)

	Attributed As of September 30, 2015				Attributed As of December 31, 2014			
	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated
Assets								
Current Assets:								
Cash, cash equivalents and marketable investment securities	$ —	$1,586,767	$ —	$1,586,767	$ —	$1,688,156	$ —	$1,688,156
Trade accounts receivable, net	30,909	146,644	—	177,553	29,086	134,146	—	163,232
Trade accounts receivable - DISH Network, net	—	247,453	—	247,453	—	251,669	—	251,669
Inventory	7,396	68,290	(1,730)	73,956	8,282	56,580	(1,899)	62,963
Prepaid expenses	487	63,289	—	63,776	592	66,572	—	67,164
Deferred tax assets	5,796	89,729	—	95,525	4,982	82,226	—	87,208
Inter-group advances	—	38,488	(38,488)	—	—	27,449	(27,449)	—
Other current assets	—	12,623	—	12,623	—	7,699	—	7,699
Total current assets	44,588	2,253,283	(40,218)	2,257,653	42,942	2,314,497	(29,348)	2,328,091
Noncurrent Assets:								
Restricted cash and marketable investment securities	—	19,258	—	19,258	—	18,945	—	18,945
Property and equipment, net	169,318	3,165,523	(14,619)	3,320,222	166,145	3,037,002	(8,354)	3,194,793
Regulatory authorizations, net	—	544,343	—	544,343	—	568,378	—	568,378
Goodwill	260,000	250,630	—	510,630	260,000	250,630	—	510,630
Other intangible assets, net	36,388	111,147	—	147,535	51,088	144,574	—	195,662
Economic interest in Hughes Retail Group	—	90,266	(90,266)	—	—	93,126	(93,126)	—
Investments in unconsolidated entities	—	214,431	—	214,431	—	159,962	—	159,962
Other receivable - DISH Network	—	90,793	—	90,793	—	90,241	—	90,241
Other noncurrent assets, net	45,383	139,586	(691)	184,278	40,997	146,946	(647)	187,296
Total noncurrent assets	511,089	4,625,977	(105,576)	5,031,490	518,230	4,509,804	(102,127)	4,925,907
Total assets	$ 555,677	$6,879,260	$ (145,794)	$7,289,143	$ 561,172	$6,824,301	$ (131,475)	$7,253,998
Liabilities and Stockholders' Equity								
Current Liabilities:								
Trade accounts payable	$ 10,228	$ 201,677	$ —	$ 211,905	$ 12,613	$ 175,669	$ —	$ 188,282
Trade accounts payable - DISH Network	—	23,247	—	23,247	—	32,474	—	32,474
Current portion of long-term debt and capital lease obligations	—	32,228	—	32,228	—	41,912	—	41,912
Deferred revenue and prepayments	27,171	42,068	—	69,239	26,504	45,204	—	71,708
Accrued compensation	—	31,658	—	31,658	—	32,117	—	32,117
Accrued royalties	—	22,306	—	22,306	—	27,590	—	27,590
Accrued interest	—	41,790	—	41,790	—	8,905	—	8,905
Inter-group advances	38,488	—	(38,488)	—	27,449	—	(27,449)	—
Accrued expenses and other	26,691	83,801	—	110,492	15,167	99,578	—	114,745
Total current liabilities	102,578	478,775	(38,488)	542,865	81,733	463,449	(27,449)	517,733
Noncurrent Liabilities:								
Long-term debt and capital lease obligations, net of current portion	—	2,195,985	—	2,195,985	—	2,325,775	—	2,325,775
Deferred tax liabilities	—	745,959	—	745,959	9,457	670,067	—	679,524
Other noncurrent liabilities	1,768	98,999	—	100,767	4,351	102,977	—	107,328
Total noncurrent liabilities	1,768	3,040,943	—	3,042,711	13,808	3,098,819	—	3,112,627
Total liabilities	104,346	3,519,718	(38,488)	3,585,576	95,541	3,562,268	(27,449)	3,630,360
Stockholders' Equity:								
Equity/Attributed net assets (liabilities)	451,331	3,272,406	(107,306)	3,616,431	465,631	3,171,563	(104,026)	3,533,168
Noncontrolling interest in HSS Tracking Stock	—	76,437	—	76,437	—	80,457	—	80,457
Other noncontrolling interests	—	10,699	—	10,699	—	10,013	—	10,013
Equity/Attributed net assets (liabilities)	451,331	3,359,542	(107,306)	3,703,567	465,631	3,262,033	(104,026)	3,623,638
Total liabilities and equity/attributed net assets (liabilities)	$ 555,677	$6,879,260	$ (145,794)	$7,289,143	$ 561,172	$6,824,301	$ (131,475)	$7,253,998

CONDENSED ATTRIBUTED STATEMENTS OF OPERATIONS
(In thousands)
(Unaudited)

	Attributed For the Three Months Ended September 30, 2015				Attributed For the Three Months Ended September 30, 2014			
	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated
Revenue:								
Services and equipment revenue - other	$ 157,706	$ 292,384	$ (82,996)	$ 367,094	$ 141,761	$ 319,187	$ (80,093)	$ 380,855
Services and equipment revenue - DISH Network	—	393,785	—	393,785	—	514,985	—	514,985
Total revenue	157,706	686,169	(82,996)	760,879	141,761	834,172	(80,093)	895,840
Costs and Expenses:								
Cost of sales (exclusive of depreciation and amortization)	91,530	415,772	(79,627)	427,675	84,975	543,860	(76,378)	552,457
Selling, general and administrative expenses	34,822	57,008	—	91,830	34,293	58,834	—	93,127
Research and development expenses	—	19,875	—	19,875	—	15,685	—	15,685
Depreciation and amortization	35,365	99,026	(1,499)	132,892	34,831	107,929	(466)	142,294
Total costs and expenses	161,717	591,681	(81,126)	672,272	154,099	726,308	(76,844)	803,563
Operating income (loss)	(4,011)	94,488	(1,870)	88,607	(12,338)	107,864	(3,249)	92,277
Other Income (Expense):								
Interest income	—	2,601	(39)	2,562	—	2,285	(15)	2,270
Interest expense, net of amounts capitalized	(39)	(28,870)	39	(28,870)	(15)	(41,688)	15	(41,688)
Loss from partial redemption of debt	—	—	—	—	—	—	—	—
Gains (losses) and other-than-temporary impairment on marketable investment securities, net	—	(5,155)	—	(5,155)	—	(27)	—	(27)
Economic interest in earnings (loss) of Hughes Retail Group	—	(488)	488	—	—	(1,498)	1,498	—
Other, net	—	(209)	—	(209)	—	11,713	—	11,713
Total other income (expense), net	(39)	(32,121)	488	(31,672)	(15)	(29,215)	1,498	(27,732)
Income (loss) before income taxes	(4,050)	62,367	(1,382)	56,935	(12,353)	78,649	(1,751)	64,545
Income tax benefit (provision), net	1,610	(30,187)	—	(28,577)	4,862	(10,970)	—	(6,108)
Net income (loss)	(2,440)	32,180	(1,382)	28,358	(7,491)	67,679	(1,751)	58,437
Less: Net loss attributable to noncontrolling interests in HSS Tracking Stock	—	(686)	—	(686)	—	(2,106)	—	(2,106)
Less: Net income attributable to other noncontrolling interest	—	209	—	209	—	375	—	375
Net income (loss) attributable to EchoStar	$ (2,440)	$ 32,657	$ (1,382)	$ 28,835	$ (7,491)	$ 69,410	$ (1,751)	$ 60,168

CONDENSED ATTRIBUTED STATEMENTS OF OPERATIONS
(In thousands)
(Unaudited)

	Attributed For the Nine Months Ended September 30, 2015				Attributed For the Nine Months Ended September 30, 2014			
	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated
Revenue:								
Services and equipment revenue - other	$ 455,692	$ 870,594	$ (245,794)	$ 1,080,492	$ 417,291	$ 850,847	$ (183,465)	$ 1,084,673
Services and equipment revenue - DISH Network	—	1,272,635	—	1,272,635	—	1,517,018	—	1,517,018
Total revenue	455,692	2,143,229	(245,794)	2,353,127	417,291	2,367,865	(183,465)	2,601,691
Costs and Expenses:								
Cost of sales (exclusive of depreciation and amortization)	267,737	1,320,686	(235,897)	1,352,526	234,294	1,565,370	(174,799)	1,624,865
Selling, general and administrative expenses	107,038	173,424	—	280,462	103,783	167,468	—	271,251
Research and development expenses	—	57,432	—	57,432	878	43,963	—	44,841
Depreciation and amortization	104,477	297,828	(3,758)	398,547	100,122	316,669	(624)	416,167
Total costs and expenses	479,252	1,849,370	(239,655)	2,088,967	439,077	2,093,470	(175,423)	2,357,124
Operating income (loss)	(23,560)	293,859	(6,139)	264,160	(21,786)	274,395	(8,042)	244,567
Other Income (Expense):								
Interest income	—	8,012	(116)	7,896	1	7,035	(21)	7,015
Interest expense, net of amounts capitalized	(116)	(96,136)	116	(96,136)	(20)	(132,420)	21	(132,419)
Loss from partial redemption of debt	—	(5,044)	—	(5,044)	—	—	—	—
Gains (losses) and other-than-temporary impairment on marketable investment securities, net	—	(11,408)	—	(11,408)	—	7	—	7
Economic interest in earnings (loss) of Hughes Retail Group	—	(2,860)	2,860	—	—	(1,652)	1,652	—
Other, net	—	(6,658)	—	(6,658)	—	9,087	—	9,087
Total other income (expense), net	(116)	(114,094)	2,860	(111,350)	(19)	(117,943)	1,652	(116,310)
Income (loss) before income taxes	(23,676)	179,765	(3,279)	152,810	(21,805)	156,452	(6,390)	128,257
Income tax benefit (provision), net	9,376	(75,217)	—	(65,841)	8,631	(36,807)	—	(28,176)
Net income (loss)	(14,300)	104,548	(3,279)	86,969	(13,174)	119,645	(6,390)	100,081
Less: Net loss attributable to noncontrolling interests in HSS Tracking Stock	—	(4,020)	—	(4,020)	—	(4,049)	—	(4,049)
Less: Net income attributable to noncontrolling interests	—	1,006	—	1,006	—	1,103	—	1,103
Net income (loss) attributable to EchoStar	$ (14,300)	$ 107,562	$ (3,279)	$ 89,983	$ (13,174)	$ 122,591	$ (6,390)	$ 103,027

CONDENSED ATTRIBUTED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Attributed For the Nine Months Ended September 30, 2015				Attributed For the Nine Months Ended September 30, 2014			
	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated
Cash Flows from Operating Activities:								
Net income (loss)	$ (14,300)	$ 104,548	$ (3,279)	$ 86,969	$ (13,174)	$ 119,645	$ (6,390)	$ 100,081
Adjustments to reconcile net income (loss) to net cash flows from operating activities:								
Depreciation and amortization	104,477	297,828	(3,758)	398,547	100,122	316,669	(624)	416,167
Equity in losses of unconsolidated affiliates, net	—	2,580	—	2,580	—	(10,137)	—	(10,137)
Loss from partial redemption of debt	—	5,044	—	5,044	—	—	—	—
Economic interest in loss (earnings) of Hughes Retail Group	—	2,860	(2,860)	—	—	1,652	(1,652)	—
Losses (gains) and other-than-temporary impairment on marketable investment securities, net	—	11,408	—	11,408	—	(7)	—	(7)
Stock-based compensation	—	16,204	—	16,204	—	10,648	—	10,648
Deferred tax provision (benefit)	(19,463)	82,884	—	63,421	—	18,773	—	18,773
Changes in current assets and current liabilities, net	8,974	(9,079)	(169)	(274)	2,979	99,026	8,666	110,671
Changes in noncurrent assets and noncurrent liabilities, net	2,222	1,191	44	3,457	(17,499)	7,329	—	(10,170)
Other, net	—	20,567	—	20,567	—	32,664	(6,256)	26,408
Net cash flows from operating activities	81,910	536,035	(10,022)	607,923	72,428	596,262	(6,256)	662,434
Cash Flows from Investing Activities:								
Purchases of marketable investment securities	—	(345,391)	—	(345,391)	—	(920,672)	—	(920,672)
Sales and maturities of marketable investment securities	—	669,393	—	669,393	—	891,917	—	891,917
Purchases of property and equipment	(92,949)	(502,975)	10,022	(585,902)	(91,357)	(349,327)	6,256	(434,428)
Refunds and other receipts related to capital expenditures	—	105,750	—	105,750	—	—	—	—
Changes in restricted cash and cash equivalents	—	(313)	—	(313)	—	(2,958)	—	(2,958)
Other noncurrent investments	—	(64,655)	—	(64,655)	—	—	—	—
Acquisition of regulatory authorization	—	(3,428)	—	(3,428)	—	—	—	—
Capital contribution to DISH Digital	—	—	—	—	—	(18,569)	—	(18,569)
Expenditures for externally marketed software	—	(16,905)	—	(16,905)	—	(17,401)	—	(17,401)
Inter-group advances	—	(11,039)	11,039	—	—	(19,494)	19,494	—
Other, net	—	(50)	—	(50)	—	1,981	—	1,981
Net cash flows from investing activities	(92,949)	(169,613)	21,061	(241,501)	(91,357)	(434,523)	25,750	(500,130)
Cash Flows from Financing Activities:								
Repayment of 6 1/2% Senior Notes Due 2019 and related premium	—	(113,300)	—	(113,300)	—	—	—	—
Repayment of other long-term debt and capital lease obligations	—	(35,303)	—	(35,303)	—	(52,763)	—	(52,763)
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	—	19,893	—	19,893	—	20,678	—	20,678
Net proceeds from issuance of Tracking Stock	—	—	—	—	—	7,526	—	7,526
Inter-group advances	11,039	—	(11,039)	—	19,494	—	(19,494)	—
Inter-group equity contributions (distributions), net	—	—	—	—	(565)	565	—	—
Other, net	—	1,525	—	1,525	—	(9,752)	—	(9,752)
Net cash flows from financing activities	11,039	(127,185)	(11,039)	(127,185)	18,929	(33,746)	(19,494)	(34,311)
Effect of exchange rates on cash and cash equivalents	—	(9,185)	—	(9,185)	—	(1,721)	—	(1,721)
Net increase (decrease) in cash and cash equivalents	—	230,052	—	230,052	—	126,272	—	126,272
Cash and cash equivalents, beginning of period	—	549,053	—	549,053	—	634,119	—	634,119
Cash and cash equivalents, end of period	$ —	$ 779,105	$ —	$ 779,105	$ —	$ 760,391	$ —	$ 760,391

NOTES TO CONDENSED ATTRIBUTED FINANCIAL INFORMATION

(Unaudited)

Note 1. Business Description

The Hughes Retail Group is generally comprised of our business of providing satellite broadband internet services to residential retail subscribers, including the assets and liabilities primarily associated with the operation of the business; and the business operations, revenue, billings, operating and other direct and indirect support activities to provide services to the business and Hughes retail subscribers. The Hughes Retail Group also includes any proceeds associated with a sale or transfer of the Hughes Retail Group or any assets of the Hughes Retail Group, and any other assets acquired by or for the account of the Hughes Retail Group or otherwise attributed, contributed, allocated or transferred to the Hughes Retail Group from time to time. The EchoStar Group consists of all other operations of EchoStar, including all existing and future businesses other than the Hughes Retail Group. EchoStar has adopted a policy statement (the “Policy Statement”) as described in Note 2 below, which sets forth management and allocation policies for purposes of attributing all of the business and operations of EchoStar to either the Hughes Retail Group or the EchoStar Group (each as fully defined in the Policy Statement and collectively, the “Groups”).

Note 2. Basis of Presentation

The overall objective of the attributed financial information is to present the amounts reported in EchoStar’s condensed consolidated financial statements attributed to the Hughes Retail Group and the EchoStar Group. The Policy Statement contains specific provisions that determine how certain assets, liabilities, revenue and expenses are attributed to the Groups, effective March 1, 2014. The Policy Statement does not explicitly address the attribution of all amounts reported in our condensed consolidated financial statements; accordingly, management applies judgment in attributing certain amounts based on its assessment of the activities of the Groups and the guiding principles set forth in the Policy Statement. In addition, because the Policy Statement was not effective in periods prior to March 1, 2014, it has limited applicability to the attributed financial information for such periods.

Set forth below is an overview of the Policy Statement and additional discussion about how we have attributed amounts in our condensed consolidated financial statements to the Groups.

Policy Statement

In accordance with the Policy Statement, all existing and future retail subscribers, including related customer contracts, are attributed to the Hughes Retail Group. Assets and liabilities that are directly related to the Hughes Retail Group are attributed to the Hughes Retail Group, including certain accounts receivable, inventory, property and equipment, deferred subscriber acquisition costs, intangible assets and tax related assets and liabilities. To the extent practicable, costs and expenses are attributed without markup to the Hughes Retail Group or the EchoStar Group based on specific identification. Common or shared costs, including corporate overhead, are allocated between the Hughes Retail Group and the EchoStar Group using objective methods and criteria that reflect the relative usage of the corresponding functions or services. Where resources are shared by the Groups and determinations based on use alone are not practicable, we use other methods and criteria that we believe are fair and result in a reasonable estimate of the costs associated with operation, utilization, and maintenance of such resources to each Group. Such methods and criteria may include allocations based on revenue, operating costs, square footage, headcount or management estimates. Under the documents governing the Tracking Stock, any change in our management’s allocation methodologies requires the consent of the holders of a majority of the outstanding shares of the Tracking Stock, but does not require the consent of our common stockholders.

The Hughes Retail Group utilizes broadband satellite capacity that is operated and maintained by the EchoStar Group. The Policy Statement provides for a monthly charge to the Hughes Retail Group for its utilization of such capacity based on the number of retail subscribers and revenue per month. In addition, the Policy Statement establishes pricing for the Hughes Retail Group purchases of customer rental equipment from the EchoStar Group based on cost plus a fixed margin percentage. Income taxes incurred by EchoStar and its subsidiaries that include operations of the Hughes Retail Group are allocated between the EchoStar Group and the Hughes Retail Group based primarily on the relative amounts of earnings or loss attributable to each Group.

The various attributions, allocations and inter-group charges provided for in the Policy Statement generally do not affect the amounts reported in EchoStar's condensed consolidated financial statements, except for effects on the attribution of equity and net income or loss between the holders of Tracking Stock and EchoStar's common stockholders. The Policy Statement also does not significantly affect the way that the Hughes segment management assesses operating performance and allocates resources. In addition, our chief operating decision maker reviews the Hughes Retail Group financial information only to the extent such information is included in our periodic filings with the SEC. Therefore we do not consider the Hughes Retail Group to be a separate operating segment.

Balance Sheet Attributions

Assets attributed to the Hughes Retail Group based on specific identification consist primarily of trade accounts receivable from retail broadband subscribers, property and equipment (primarily customer rental equipment) used solely in the retail business, and deferred subscriber acquisition costs included in other noncurrent assets. Goodwill and other intangible assets (primarily customer relationships, developed technology and trademarks), which were recognized in connection with our acquisition of Hughes Communications, Inc. in June 2011, were attributed to the Hughes Retail Group based on an analysis of information for the retail business that was available at the acquisition date.

No attribution to the Hughes Retail Group has been made for certain significant assets that it shares with the EchoStar Group, including regulatory authorizations and property and equipment (such as satellites and related terrestrial facilities), because those assets are operated and maintained by the EchoStar Group and it is not practicable to allocate the asset carrying amounts between the Groups. However, the Hughes Retail Group has the right to use such assets and is charged for its use of such assets in accordance with the Policy Statement.

Liabilities attributed to the Hughes Retail Group based on specific identification consist primarily of customer prepayments and deferred revenue related to retail subscribers and deferred tax liabilities related to assets and liabilities that have been attributed to the Hughes Retail Group. Except to a limited extent, it is not practicable to attribute accounts payable and accrued liabilities to the Hughes Retail Group because those amounts arise from centralized processes managed by the EchoStar Group. The Hughes Retail Group generally incurs inter-group payables to all other operations in connection with such centralized processes. As provided in the Policy Statement, none of our long-term debt is attributed to the Hughes Retail Group; however, interest is charged on all inter-group payables.

Revenue and Expense Attributions

The Hughes Retail Group revenue relates to services and equipment provided to retail broadband subscribers and is readily identifiable based on specific identification.

Expenses attributed to the Hughes Retail Group based on specific identification include depreciation of property and equipment and amortization of intangible assets that are attributed to the Hughes Retail Group. Certain other operating expenses, such as compensation of employees that work exclusively in the retail business, are also attributed to the Hughes Retail Group based on specific identification. A substantial portion of the Hughes Retail Group cost of sales is based on specific inter-group pricing provisions of the Policy Statement, including a monthly charge per retail subscriber and charges for customer rental equipment at cost plus a fixed margin percentage. The Hughes Retail Group operating expenses also reflect allocations of corporate overhead and other expenses incurred by EchoStar.

Cash Flow Attributions

The Hughes Retail Group participates in EchoStar's centralized cash management system and does not maintain separate cash accounts. Under the centralized cash management system, net advances of cash to or from the Hughes Retail Group are reflected in an inter-group receivable or payable account, which bears interest at the same rate earned by EchoStar on its cash and marketable investment securities portfolio. There is no allocation of EchoStar's long-term debt or related interest costs to the Hughes Retail Group.

Cash receipts from retail broadband subscribers and payments of certain expenses attributed to the Hughes Retail Group on a specific identification basis generally are reflected in the attributed statements of cash flows in the period the cash is received or paid. It is not practicable to determine the timing of related cash disbursements under the centralized cash management system for other costs and expenses attributed to the Hughes Retail Group. The accompanying statements of cash flows generally presents cash flows related to such transactions when they are recognized on an accrual basis in an inter-group receivable or payable account. Periodic changes in inter-group receivables or payables generally are indicative of amounts received or paid by the EchoStar Group on behalf of the Hughes Retail Group and are reported in the accompanying attributed statements of cash flows as investing activity for the Group with a net receivable balance or as financing activity for the Group with a net payable balance.

Attributions for Periods Prior to Adoption of the Policy Statement

Except as discussed below, attributions of assets, liabilities, revenue, expenses and cash flows to the Hughes Retail Group in periods prior to the adoption of the Policy Statement effective March 1, 2014 are substantially as described above. However, because the Policy Statement was not effective, the attributed financial information for periods prior to March 1, 2014 do not reflect retrospective application of specific pricing terms in the Policy Statement, such as the monthly charge per subscriber or the cost-plus-fixed-margin pricing for equipment transfers. In lieu of charges based on such specific terms, the attributed financial information for periods prior to March 1, 2014 reflect actual costs incurred for specifically identified items or are based on allocations of actual costs incurred for shared resources. In addition, because no arrangement for interest-bearing inter-group receivables or payables existed prior to March 1, 2014, no such accounts or related interest are reflected in the attributed financial information for periods prior to March 1, 2014. In such periods, EchoStar's equity in the net assets of the Hughes Retail Group is presented as "Equity/Attributed net assets" and periodic changes in such equity are presented as "Inter-group equity contributions (distributions), net" within financing activities in the attributed statements of cash flows. As a result of our use of different attribution methods for certain items in periods prior to March 1, 2014, the attributed financial position, results of operations and cash flows of the Groups are not directly comparable to the corresponding attributed financial information for periods after March 1, 2014. Accordingly, the attributed financial information for periods prior to March 1, 2014 does not purport to present the attributed financial information that would have resulted if the Policy Statement had been adopted in such periods.

Note 3. Property and Equipment

Property and equipment for the Hughes Retail Group consisted of the following:

	Depreciable Life (In Years)	As of September 30, 2015	As of December 31, 2014
		(In thousands)	
Customer rental equipment	2-4	$ 574,580	$ 482,934
Accumulated depreciation		(405,262)	(316,789)
Property and equipment, net		$ 169,318	$ 166,145

Depreciation expense associated with the Hughes Retail Group property and equipment was $30.5 million and $28.8 million for the three months ended September 30, 2015 and 2014, respectively, and $89.8 million and $82.0 million for the nine months ended September 30, 2015 and 2014, respectively.

Note 4. Goodwill and Other Intangible Assets

Goodwill

Goodwill is assigned to reporting units of our operating segments. A portion of the Hughes segment goodwill was attributed to the Hughes Retail Group as if the Hughes Retail Group had been a separate reporting unit at June 8, 2011, the date EchoStar completed the acquisition of Hughes Communications, Inc. Approximately $260.0 million of the $504.2 million Hughes segment goodwill was attributed to the Hughes Retail Group.

Other Intangible Assets

Other intangible assets for the Hughes Retail Group consisted of the following:

	As of					
	September 30, 2015			December 31, 2014		
	Cost	Accumulated Amortization	Carrying Amount	Cost	Accumulated Amortization	Carrying Amount
	(In thousands)					
Customer relationships	$ 145,100	$ (125,909)	$ 19,191	$ 145,100	$ (114,657)	$ 30,443
Technology-based	23,500	(16,972)	6,528	23,500	(14,035)	9,465
Trademark portfolio	13,620	(2,951)	10,669	13,620	(2,440)	11,180
Total other intangible assets	$ 182,220	$ (145,832)	$ 36,388	$ 182,220	$ (131,132)	$ 51,088

Customer relationships are amortized predominantly in relation to the expected contribution of cash flow to the business over the life of the intangible asset. Other intangible assets are amortized on a straight-line basis over the periods the assets are expected to contribute to our cash flows. Amortization expense was $4.9 million and $6.0 million for the three months ended September 30, 2015 and 2014, respectively, and $14.7 million and $18.1 million for the nine months ended September 30, 2015 and 2014, respectively.

Note 5. Income Taxes

We establish a provision for income taxes currently payable or receivable and for income tax amounts deferred to future periods based upon a separate return allocation method which results in income tax expense that approximates the expense that would result if the Hughes Retail Group was a stand-alone entity. Deferred tax assets and liabilities are recorded for the estimated future tax effects of differences that exist between the financial reporting carrying amount and tax bases of assets and liabilities. Deferred tax assets are offset by valuation allowances when we determine it is more likely than not that such deferred tax assets will not be realized in the foreseeable future.

In accordance with the Policy Statement, all income tax obligations and benefits that arose prior to March 1, 2014, except for deferred income taxes related to differences between the financial reporting carrying amounts and tax bases of the Hughes Retail Group assets and liabilities, are attributable to the EchoStar Group. Because no arrangements for inter-group settlement of income taxes existed prior to March 1, 2014, no inter-group receivables or payables were recognized for attributed income tax expenses or benefits related to operations for periods prior to March 1, 2014.

Note 6. Equity/Attributed Net Assets

The reported amounts of equity/attributed net assets for the Hughes Retail Group and EchoStar Group represent the excess of attributed assets over attributed liabilities for the respective groups. EchoStar Group equity includes the 20.0% retained economic interest of EchoStar common stockholders in the net assets of the Hughes Retail Group.

The Hughes Retail Group equity/attributed net assets consisted of attributed paid-in capital and accumulated earnings as follows:

	As of	
	September 30, 2015	December 31, 2014
	(In thousands)	
Attributed paid-in capital	$ 456,122	$ 456,122
Attributed accumulated earnings (deficit):		
Periods prior to March 1, 2014	33,395	33,395
Periods beginning March 1, 2014	(38,186)	(23,886)
Total	(4,791)	9,509
Total equity/attributed net assets	$ 451,331	$ 465,631