

**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 JUNE 30, 2019.**

OR

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

Commission File Number: 001-33807

EchoStar Corporation

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

26-1232727

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

100 Inverness Terrace East, Englewood, Colorado

(Address of principal executive offices)

80112-5308

(Zip Code)

(303) 706-4000

(Registrant's telephone number, including area code)

Not Applicable

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

Securities registered pursuant to Section 12(b) of the Act:

Class A common stock \$0.001 par value

(Title of each class)

SATS

(Ticker symbol)

The NASDAQ Stock Market LLC

(Name of each exchange on which registered)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

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

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

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

As of August 1, 2019, the registrant's outstanding common stock consisted of 49,719,391 shares of Class A common stock and 47,687,039 shares of Class B common stock, each \$0.001 par value.

TABLE OF CONTENTS[Disclosure Regarding Forward-Looking Statements](#)

i

PART I - FINANCIAL INFORMATION

Item 1.	Financial Statements	1
	Condensed Consolidated Balance Sheets as of June 30, 2019 (unaudited) and December 31, 2018 (audited)	1
	Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019 and 2018 (unaudited)	2
	Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2019 and 2018 (unaudited)	3
	Condensed Consolidated Statements of Changes in Stockholders' Equity for the three months ended June 30, 2019 and 2018 (unaudited)	4
	Condensed Consolidated Statements of Changes in Stockholders' Equity for the six months ended June 30, 2019 and 2018 (unaudited)	5
	Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2019 and 2018 (unaudited)	6
	Notes to Condensed Consolidated Financial Statements (unaudited)	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	43
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	67
Item 4.	Controls and Procedures	69

PART II - OTHER INFORMATION

Item 1.	Legal Proceedings	70
Item 1A.	Risk Factors	70
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	76
Item 3.	Defaults Upon Senior Securities	76
Item 4.	Mine Safety Disclosures	76
Item 5.	Other Information	76
Item 6.	Exhibits	77
	Signatures	78

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:

- significant risks related to the construction and operation of our satellites, such as the risk of not being able to timely complete the construction of or material malfunction on one or more of our satellites, risks resulting from potentially missing our regulatory milestones, 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 ability to implement and/or realize benefits of our domestic and/or international investments, commercial alliances, partnerships, joint ventures, acquisitions, dispositions and other strategic initiatives and transactions including, without limitation, the pending BSS Transaction (as defined herein);
- lawsuits relating to the BSS Transaction could result in substantial costs and may delay or prevent the BSS Transaction from being consummated at all or on the terms provided for in the Master Transaction Agreement (as defined herein);
- the possibility that the BSS Transaction will not be consummated on the terms or timeline currently contemplated, or at all. We have and will continue to expend time and resources of management and to incur legal, advisory and financial services fees related to the BSS Transaction regardless of whether the BSS Transaction is consummated;
- uncertainty regarding the BSS Transaction may cause customers, suppliers or strategic partners to delay or defer decisions concerning us and adversely affect our ability to effectively manage our business;
- if the BSS Transaction is not consummated, our reliance on DISH Network Corporation and its subsidiaries ("DISH Network") for a significant portion of our revenue;
- our ability to realize the anticipated benefits of our current satellites and any future satellite we may construct or acquire;
- risks related to our foreign operations and other uncertainties associated with doing business internationally, including changes in foreign exchange rates between foreign currencies and the United States dollar, economic instability and political disturbances;
- the failure of third-party providers of components, manufacturing, installation services and customer support services to appropriately deliver the contracted goods or services; and
- our ability to bring advanced technologies to market to keep pace with our customers and competitors.

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 filed with the Securities and Exchange Commission ("SEC") as amended by Amendment No. 1 to Form 10-K on Form 10-K/A filed with the SEC (collectively referred to as our "Form 10-K"), those discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part I, Item 2 of this Form 10-Q and in Part II, Item 7 of our Form 10-K and those discussed in other documents we file with the SEC.

All cautionary statements made herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks and uncertainties described herein and should not place undue reliance on any forward-looking statements. We do not undertake, and specifically disclaim, any obligation to publicly

release the results of any revisions that may be made to any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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

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

PART I — FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except per share amounts)

	As of	
	June 30, 2019	December 31, 2018
Assets	(Unaudited)	(Audited)
Current assets:		
Cash and cash equivalents	\$ 1,298,005	\$ 928,306
Marketable investment securities, at fair value	1,203,308	2,282,152
Trade accounts receivable and contract assets, net (Note 3)	201,561	201,096
Trade accounts receivable - DISH Network	13,943	14,200
Inventory	73,345	75,379
Prepays and deposits	65,589	61,177
Other current assets	19,857	18,539
Total current assets	<u>2,875,608</u>	<u>3,580,849</u>
Noncurrent assets:		
Property and equipment, net	3,329,794	3,414,908
Operating lease right-of-use assets	113,643	—
Goodwill	504,173	504,173
Regulatory authorizations, net	493,661	495,654
Other intangible assets, net	36,869	44,231
Investments in unconsolidated entities	225,582	262,473
Other receivables - DISH Network	96,733	95,114
Other noncurrent assets, net	274,028	263,892
Total noncurrent assets	<u>5,074,483</u>	<u>5,080,445</u>
Total assets	<u>\$ 7,950,091</u>	<u>\$ 8,661,294</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	\$ 105,929	\$ 121,437
Trade accounts payable - DISH Network	1,113	1,698
Current portion of long-term debt and finance lease obligations	42,682	959,577
Contract liabilities	106,308	72,284
Accrued interest	42,835	47,416
Accrued compensation	44,829	54,242
Accrued taxes	16,221	16,013
Accrued expenses and other	111,745	72,470
Total current liabilities	<u>471,662</u>	<u>1,345,137</u>
Noncurrent liabilities:		
Long-term debt and finance lease obligations, net	2,553,352	2,573,204
Deferred tax liabilities, net	472,872	465,933
Operating lease liabilities	94,979	—
Other noncurrent liabilities	114,275	121,546
Total noncurrent liabilities	<u>3,235,478</u>	<u>3,160,683</u>
Total liabilities	<u>3,707,140</u>	<u>4,505,820</u>
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 20,000,000 shares authorized, none issued and outstanding at each of June 30, 2019 and December 31, 2018	—	—
Common stock, \$0.001 par value, 4,000,000,000 shares authorized:		
Class A common stock, \$0.001 par value, 1,600,000,000 shares authorized, 56,189,672 shares issued and 49,704,751 shares outstanding at June 30, 2019 and 54,142,566 shares issued and 47,657,645 shares outstanding at December 31, 2018	56	54
Class B convertible common stock, \$0.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding at each of June 30, 2019 and December 31, 2018	48	48
Class C convertible common stock, \$0.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of June 30, 2019 and December 31, 2018	—	—
Class D common stock, \$0.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of June 30, 2019 and December 31, 2018	—	—
Additional paid-in capital	3,777,499	3,702,522
Accumulated other comprehensive loss	(119,500)	(125,100)
Accumulated earnings	704,236	694,129

Treasury stock, at cost	(131,454)	(131,454)
Total EchoStar Corporation stockholders' equity	4,230,885	4,140,199
Noncontrolling interests	12,066	15,275
Total stockholders' equity	4,242,951	4,155,474
Total liabilities and stockholders' equity	\$ 7,950,091	\$ 8,661,294

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

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share amounts)

(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Revenue:				
Services and other revenue - DISH Network	\$ 85,057	\$ 100,171	\$ 170,945	\$ 203,976
Services and other revenue - other	394,422	375,445	787,902	730,485
Equipment revenue	57,645	50,341	109,359	93,288
Total revenue	<u>537,124</u>	<u>525,957</u>	<u>1,068,206</u>	<u>1,027,749</u>
Costs and expenses:				
Cost of sales - services and other (exclusive of depreciation and amortization)	153,198	151,157	306,769	299,902
Cost of sales - equipment (exclusive of depreciation and amortization)	46,549	41,865	91,556	80,936
Selling, general and administrative expenses	152,629	103,074	264,763	206,349
Research and development expenses	6,388	6,647	13,276	13,784
Depreciation and amortization	155,410	148,449	309,631	294,003
Total costs and expenses	<u>514,174</u>	<u>451,192</u>	<u>985,995</u>	<u>894,974</u>
Operating income	<u>22,950</u>	<u>74,765</u>	<u>82,211</u>	<u>132,775</u>
Other income (expense):				
Interest income	23,213	19,253	47,642	34,888
Interest expense, net of amounts capitalized	(60,163)	(61,534)	(120,045)	(124,285)
Gains (losses) on investments, net	12,856	65,396	19,791	28,733
Equity in losses of unconsolidated affiliates, net	(4,754)	(2,058)	(11,107)	(3,067)
Other, net	1,760	(336)	558	(132)
Total other income (expense), net	<u>(27,088)</u>	<u>20,721</u>	<u>(63,161)</u>	<u>(63,863)</u>
Income (loss) before income taxes	<u>(4,138)</u>	<u>95,486</u>	<u>19,050</u>	<u>68,912</u>
Income tax provision, net	(922)	(17,802)	(9,102)	(12,399)
Net income (loss)	<u>(5,060)</u>	<u>77,684</u>	<u>9,948</u>	<u>56,513</u>
Less: Net income attributable to noncontrolling interests	632	462	1,438	842
Net income (loss) attributable to EchoStar Corporation common stock	<u>\$ (5,692)</u>	<u>\$ 77,222</u>	<u>\$ 8,510</u>	<u>\$ 55,671</u>
Earnings per share - Class A and B common stock:				
Basic earnings (loss) per share	\$ (0.06)	\$ 0.80	\$ 0.09	\$ 0.58
Diluted earnings (loss) per share	\$ (0.06)	\$ 0.80	\$ 0.09	\$ 0.57

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

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Amounts in thousands)
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ (5,060)	\$ 77,684	\$ 9,948	\$ 56,513
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	2,896	(43,727)	3,807	(35,135)
Unrealized gains on available-for-sale securities and other	1,872	547	2,359	15
Amounts reclassified to net income (loss):				
Realized gains on available-for-sale securities	(17)	(3)	(566)	(3)
Total other comprehensive income (loss), net of tax	4,751	(43,183)	5,600	(35,123)
Comprehensive income (loss)	(309)	34,501	15,548	21,390
Less: Comprehensive income (loss) attributable to noncontrolling interests	632	(123)	1,438	43
Comprehensive income (loss) attributable to EchoStar Corporation	\$ (941)	\$ 34,624	\$ 14,110	\$ 21,347

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

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2019 AND 2018

(Amounts in thousands)
(Unaudited)

	Class A and B Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Earnings	Treasury Stock	Noncontrolling Interests	Total
Balance, March 31, 2018	\$ 102	\$ 3,685,577	\$ (111,413)	\$ 714,423	\$ (98,162)	\$ 14,988	\$ 4,205,515
Issuances of Class A common stock:							
Exercise of stock options	—	589	—	—	—	—	589
Employee Stock Purchase Plan	—	2,250	—	—	—	—	2,250
Stock-based compensation	—	2,345	—	—	—	—	2,345
R&D tax credits utilized by DISH Network	—	(1,580)	—	—	—	—	(1,580)
Other comprehensive loss	—	—	(42,457)	—	—	(585)	(43,042)
Net income	—	—	—	77,222	—	462	77,684
Other, net	—	(1)	(141)	633	—	—	491
Balance, June 30, 2018	<u>\$ 102</u>	<u>\$ 3,689,180</u>	<u>\$ (154,011)</u>	<u>\$ 792,278</u>	<u>\$ (98,162)</u>	<u>\$ 14,865</u>	<u>\$ 4,244,252</u>
Balance, March 31, 2019	\$ 102	\$ 3,713,777	\$ (124,251)	\$ 709,928	\$ (131,454)	\$ 11,434	\$ 4,179,536
Issuances of Class A common stock:							
Exercise of stock options	2	59,455	—	—	—	—	59,457
Employee Stock Purchase Plan	—	2,325	—	—	—	—	2,325
Stock-based compensation	—	2,205	—	—	—	—	2,205
R&D tax credits utilized by DISH Network	—	(263)	—	—	—	—	(263)
Other comprehensive income	—	—	4,751	—	—	—	4,751
Net income (loss)	—	—	—	(5,692)	—	632	(5,060)
Balance, June 30, 2019	<u>\$ 104</u>	<u>\$ 3,777,499</u>	<u>\$ (119,500)</u>	<u>\$ 704,236</u>	<u>\$ (131,454)</u>	<u>\$ 12,066</u>	<u>\$ 4,242,951</u>

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

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Amounts in thousands)
(Unaudited)

	Class A and B Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Earnings	Treasury Stock	Noncontrolling Interests	Total
Balance, December 31, 2017	\$ 102	\$ 3,669,461	\$ (130,154)	\$ 721,316	\$ (98,162)	\$ 14,822	\$ 4,177,385
Cumulative effect of accounting changes as of January 1, 2018	—	—	10,467	14,658	—	—	25,125
Balance, January 1, 2018	102	3,669,461	(119,687)	735,974	(98,162)	14,822	4,202,510
Issuances of Class A common stock:							
Exercise of stock options	—	4,045	—	—	—	—	4,045
Employee benefits	—	7,605	—	—	—	—	7,605
Employee Stock Purchase Plan	—	4,886	—	—	—	—	4,886
Stock-based compensation	—	5,110	—	—	—	—	5,110
R&D tax credits utilized by DISH Network	—	(1,798)	—	—	—	—	(1,798)
Other comprehensive loss	—	—	(34,083)	—	—	(799)	(34,882)
Net income	—	—	—	55,671	—	842	56,513
Other, net	—	(129)	(241)	633	—	—	263
Balance, June 30, 2018	<u>\$ 102</u>	<u>\$ 3,689,180</u>	<u>\$ (154,011)</u>	<u>\$ 792,278</u>	<u>\$ (98,162)</u>	<u>\$ 14,865</u>	<u>\$ 4,244,252</u>
Balance, December 31, 2018	\$ 102	\$ 3,702,522	\$ (125,100)	\$ 694,129	\$ (131,454)	\$ 15,275	\$ 4,155,474
Issuances of Class A common stock:							
Exercise of stock options	2	61,501	—	—	—	—	61,503
Employee benefits	—	6,654	—	—	—	—	6,654
Employee Stock Purchase Plan	—	5,074	—	—	—	—	5,074
Stock-based compensation	—	4,833	—	—	—	—	4,833
R&D tax credits utilized by DISH Network	—	(419)	—	—	—	—	(419)
Purchase of noncontrolling interest	—	(2,666)	—	—	—	(4,647)	(7,313)
Other comprehensive income	—	—	5,600	—	—	—	5,600
Net income	—	—	—	8,510	—	1,438	9,948
Other, net	—	—	—	1,597	—	—	1,597
Balance, June 30, 2019	<u>\$ 104</u>	<u>\$ 3,777,499</u>	<u>\$ (119,500)</u>	<u>\$ 704,236</u>	<u>\$ (131,454)</u>	<u>\$ 12,066</u>	<u>\$ 4,242,951</u>

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

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

	For the six months ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 9,948	\$ 56,513
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	309,631	294,003
Equity in losses of unconsolidated affiliates, net	11,107	3,067
Amortization of debt issuance costs	3,872	3,905
(Gains) losses on investments, net	(19,791)	(28,674)
Stock-based compensation	4,833	5,110
Deferred tax provision	7,014	10,231
Dividend received from unconsolidated entity	—	5,000
Changes in current assets and current liabilities, net:		
Trade accounts receivable, net	167	(3,061)
Trade accounts receivable - DISH Network	257	17,262
Inventory	2,114	238
Other current assets	(2,500)	(5,430)
Trade accounts payable	(225)	2,364
Trade accounts payable - DISH Network	(585)	(3,360)
Accrued expenses and other	51,409	7,749
Changes in noncurrent assets and noncurrent liabilities, net	1,374	(17,200)
Other, net	2,149	5,822
Net cash flows from operating activities	<u>380,774</u>	<u>353,539</u>
Cash flows from investing activities:		
Purchases of marketable investment securities	(504,264)	(1,632,930)
Sales and maturities of marketable investment securities	1,621,481	841,638
Expenditures for property and equipment	(219,440)	(248,098)
Refunds and other receipts related to property and equipment	—	77,524
Expenditures for externally marketed software	(15,329)	(15,000)
Net cash flows from investing activities	<u>882,448</u>	<u>(976,866)</u>
Cash flows from financing activities:		
Repayment of debt and finance lease obligations	(21,180)	(18,417)
Repurchase and maturity of debt	(920,923)	—
Purchase of noncontrolling interest	(7,313)	—
Repayment of in-orbit incentive obligations	(3,778)	(3,272)
Net proceeds from Class A common stock options exercised	61,503	4,064
Net proceeds from Class A common stock issued under the Employee Stock Purchase Plan	5,074	4,886
Other, net	905	(401)
Net cash flows from financing activities	<u>(885,712)</u>	<u>(13,140)</u>
Effect of exchange rates on cash and cash equivalents	121	(1,941)
Net increase (decrease) in cash and cash equivalents, including restricted amounts	377,631	(638,408)
Cash and cash equivalents, including restricted amounts, beginning of period	929,495	2,432,249
Cash and cash equivalents, including restricted amounts, end of period	<u>\$ 1,307,126</u>	<u>\$ 1,793,841</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	<u>\$ 120,625</u>	<u>\$ 122,017</u>
Cash paid for income taxes	<u>\$ 1,217</u>	<u>\$ 2,574</u>

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 and has operated as a separately traded public company from DISH Network Corporation (“DISH”) since 2008. Our Class A common stock is publicly traded on the Nasdaq Global Select Market (“NASDAQ”) under the symbol “SATS.”

We are a global provider of broadband satellite technologies, broadband internet services for home and small office customers, satellite operations and satellite services. We also deliver innovative network technologies, managed services and various communications solutions for aeronautical, enterprise and government customers. We primarily operate in the following two business segments:

- **Hughes** — which provides broadband satellite technologies and broadband internet services to domestic and international home and small office customers and broadband network technologies, managed services, equipment, hardware, satellite services and communication solutions to domestic and international consumers and aeronautical, enterprise and government customers. The Hughes segment also designs, provides and installs gateway and terminal equipment to customers for other satellite systems. In addition, our Hughes segment designs, develops, constructs and provides telecommunication networks comprising satellite ground segment systems and terminals to mobile system operators and our enterprise customers.
- **EchoStar Satellite Services (“ESS”)** — which uses certain of our owned and leased in-orbit satellites and related licenses to provide satellite operations and satellite services on a full-time and/or occasional-use basis primarily to DISH Network, our joint venture Dish Mexico, S. de R.L. de C.V., (“Dish Mexico”), United States (“U.S.”) government service providers, internet service providers, broadcast news organizations, content providers and private enterprise customers.

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

During 2017, we and certain of our subsidiaries entered into a share exchange agreement (the “Share Exchange Agreement”) with DISH and certain of its subsidiaries. We, and certain of our subsidiaries, received all of the shares of the Hughes Retail Preferred Tracking Stock previously issued by us and one of our subsidiaries (together, the “Tracking Stock”) in exchange for 100% of the equity interests of certain of our subsidiaries that held substantially all of our former EchoStar Technologies businesses and certain other assets (collectively, the “Share Exchange”). Following the consummation of the Share Exchange, we no longer operate our former EchoStar Technologies businesses, the Tracking Stock was retired and is no longer outstanding, and all agreements, arrangements and policy statements with respect to the Tracking Stock terminated. As a result of the Share Exchange, the operating results of the EchoStar Technologies businesses were presented as discontinued operations in our historical consolidated financial statements in our Form 10-K.

Pending Transactions

In May 2019, we and one of our subsidiaries, EchoStar BSS Corporation (“BSS Corp.”), entered into a master transaction agreement (the “Master Transaction Agreement”) with DISH and a wholly-owned subsidiary of DISH (“Merger Sub”). Pursuant to the terms of the Master Transaction Agreement; (i) we will transfer to BSS Corp. certain real property and the various businesses, products, licenses, technology, revenues, billings, operating activities, assets and liabilities primarily relating to the portion of our ESS satellite services business that manages, markets and provides (1) broadcast satellite services primarily to DISH Network and Dish Mexico and its subsidiaries and (2) telemetry, tracking and control (“TT&C”) services for satellites owned by DISH Network and a portion of our other businesses (collectively, the “BSS

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Business"); (ii) we will distribute to each holder of shares of our Class A and Class B common stock an amount of shares of common stock of BSS Corp., par value \$0.001 per share ("BSS Common Stock"), equal to one share of BSS Common Stock for each share of our Class A and Class B common stock owned by such EchoStar stockholder on the record date for the distribution (the "Distribution"), which date has not yet been determined; and (iii) immediately after the Distribution, (1) Merger Sub will merge with and into BSS Corp. (the "Merger"), such that, at the effective time of the Merger (the "Effective Time"), BSS Corp. will become a wholly-owned subsidiary of DISH and DISH will own and operate the BSS Business, and (2) each issued and outstanding share of BSS Common Stock owned by EchoStar stockholders will be converted into a number of shares of DISH Class A common stock, par value \$0.001 per share ("DISH Common Stock"), equal to 22,937,188 divided by the total number of shares of our Class A and Class B common stock outstanding on the record date for the Distribution ((i) - (iii) collectively, the "BSS Transaction"). If the BSS Transaction is consummated, we will no longer operate a substantial portion of our ESS segment.

The Master Transaction Agreement contains customary representations and warranties by the parties, including our representations relating to the assets, liabilities and financial condition of the BSS Business, and representations by DISH Network relating to its financial condition and liabilities. Prior to closing, we have agreed to conduct the BSS Business in the ordinary course and not to undertake specified actions without the written consent of DISH. Completion of the BSS Transaction is subject to the satisfaction or waiver of various closing conditions, including receipt of consents, regulatory approvals and tax opinions. We and DISH Network have agreed to indemnify each other against certain losses with respect to breaches of certain representations and covenants and certain retained and assumed liabilities, respectively. The Master Transaction Agreement provides for certain termination rights of EchoStar Corporation and DISH, including the right of either party to terminate the Master Transaction Agreement if the BSS Transaction has not been consummated by February 19, 2020, or if the mutual closing conditions become incapable of being satisfied, or if there is an incurable breach of the Master Transaction Agreement by the other party. In connection with the BSS Transaction, we and DISH and certain of our and its subsidiaries will enter into certain customary agreements covering, among other things, matters relating to taxes, employees, intellectual property, transition services and certain TT&C satellite services.

In July 2019, a putative class action lawsuit was filed by a purported EchoStar stockholder naming as defendants the members of our board of directors, EchoStar Corporation, certain of our officers, DISH and certain of DISH Network's and our affiliates. If the plaintiff obtains an injunction or order prohibiting or delaying the completion of the BSS Transaction, then such injunction or order may prevent the BSS Transaction from being completed, or from being completed within the expected timeframe or on the terms provided for in the Master Transaction Agreement. If the litigation delays the BSS Transaction or prevents the BSS Transaction from closing, our business, financial position and results of operation could be adversely affected. Further, the defense or settlement of any lawsuit or claim that remains unresolved at the time the BSS Transaction is consummated, or any adverse final disposition, may adversely affect our respective business, financial condition, results of operations and cash flows. See Note 15 for further information.

The BSS Transaction, which is intended to be generally tax-free to us and our stockholders for U.S. federal income tax purposes, is expected to be completed during the second half of 2019, but there can be no assurance that the BSS Transaction will be consummated on the terms or within the time frame disclosed, or at all.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the U.S. ("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 conformity with U.S. GAAP. In our opinion, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. However, our results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the consolidated financial statements and notes thereto included in our Form 10-K for the year ended December 31, 2018.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Principles of Consolidation

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

Reclassification

Certain prior period amounts have been reclassified to conform with the current period presentation.

Recently Adopted Accounting Pronouncements**Leases**

We adopted Accounting Standard Update ("ASU") No. 2016-02 - *Leases (Topic 842)*, as amended, or Accounting Standard Codification ("ASC 842"), as of January 1, 2019. The primary impact of ASC 842 on our consolidated financial statements is the recognition of right-of-use assets and related liabilities on our consolidated balance sheet for operating leases where we are the lessee. We have elected to initially apply the requirements of the new standard on January 1, 2019 and we have not restated our consolidated financial statements for prior periods. Consequently, certain amounts reported in our Condensed Consolidated Balance Sheet as of June 30, 2019 are not comparable to those reported as of December 31, 2018 or earlier dates. Our adoption of ASC 842 did not have a material impact on the results of our operations or on our cash flows for the three and six months ended June 30, 2019.

Under ASC 842, leases are classified either as operating leases or finance leases. The lease classification affects the recognition of lease expense by lessees in the statement of operations. Consistent with prior accounting standards, operating lease expense is included in operating expenses, while finance lease expense is split between depreciation expense and interest expense. ASC 842 does not fundamentally change the lessor accounting model, which requires leases to be classified as operating leases or sales-type leases. Operating lease revenue generally is recognized over the lease term, while sales-type lease revenue is recognized primarily upon lease commencement, except for amounts representing interest on related accounts receivable.

Except for the new requirement to recognize assets and liabilities on the balance sheet for operating leases where we are the lessee, under our ASC 842 transition method we continue to apply prior accounting standards to leases that commenced prior to 2019. We fully apply ASC 842 requirements only to leases that commenced or were modified on or after January 1, 2019. We elected certain practical expedients under our transition method, including elections to not reassess (i) whether a contract is or contains a lease and (ii) the classification of existing leases. We also elected not to apply hindsight in determining whether optional renewal periods should be included in the lease term, which in some instances may impact the initial measurement of the lease liability and the calculation of straight-line expense over the lease term for operating leases. As a result of our transition elections, there was no change in our recognition of revenue and expense for leases that commenced prior to 2019. In addition, the application of ASC 842 requirements to new and modified leases did not materially affect our recognition of revenue or expenses for the three and six months ended June 30, 2019.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Our adoption of ASC 842 resulted in the following adjustments to our Condensed Consolidated Balance Sheet as of December 31, 2018 (amounts in thousands):

	<u>As Reported</u> <u>December 31, 2018</u>	<u>Adoption of ASC</u> <u>842 Increase</u> <u>(Decrease)</u>	<u>Balance January</u> <u>1, 2019</u>
Prepays and deposits	\$ 61,177	\$ (28)	\$ 61,149
Operating lease right-of-use assets	\$ —	\$ 120,358	\$ 120,358
Other noncurrent assets, net	\$ 263,892	\$ (7,272)	\$ 256,620
Total assets	\$ 8,661,294	\$ 113,058	\$ 8,774,352
Accrued expenses and other	\$ 72,470	\$ 17,453	\$ 89,923
Operating lease liabilities	\$ —	\$ 100,085	\$ 100,085
Other noncurrent liabilities	\$ 121,546	\$ (3,871)	\$ 117,675
Total liabilities	\$ 4,505,820	\$ 113,667	\$ 4,619,487
Accumulated earnings	\$ 694,129	\$ (609)	\$ 693,520
Total stockholders' equity	\$ 4,155,474	\$ (609)	\$ 4,154,865
Total liabilities and stockholders' equity	\$ 8,661,294	\$ 113,058	\$ 8,774,352

Our accounting policies under ASC 842 are summarized below. Additional disclosures required by the new standard are included in Note 4.

Lessee Accounting

We lease real estate, satellite capacity and equipment in the conduct of our business operations. For contracts entered into on or after January 1, 2019, we assess at contract inception whether the contract is, or contains, a lease. Generally, we determine that a lease exists when (i) the contract involves the use of a distinct identified asset, (ii) we obtain the right to substantially all economic benefits from use of the asset and (iii) we have the right to direct the use of the asset. A lease is classified as a finance lease when one or more of the following criteria are met: (i) the lease transfers ownership of the asset by the end of the lease term, (ii) the lease contains an option to purchase the asset that is reasonably certain to be exercised, (iii) the lease term is for a major part of the remaining useful life of the asset, (iv) the present value of the lease payments equals or exceeds substantially all of the fair value of the asset or (v) the asset is of a specialized nature and there is not expected to be an alternative use to the lessor at the end of the lease term. A lease is classified as an operating lease if it does not meet any of these criteria.

At the lease commencement date, we recognize a right-of-use asset and a lease liability for all leases, except short-term leases with an original term of 12 months or less. The right-of-use asset represents the right to use the leased asset for the lease term. The lease liability represents the present value of the lease payments under the lease. The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, plus any prepayments to the lessor and initial direct costs such as brokerage commissions, less any lease incentives received. All right-of-use assets are periodically reviewed for impairment in accordance with standards that apply to long-lived assets. The lease liability is initially measured at the present value of the lease payments, discounted using an estimate of our incremental borrowing rate for a collateralized loan with the same term as the underlying lease. The incremental borrowing rates used for the initial measurement of lease liabilities as of January 1, 2019 were based on the original lease terms.

Lease payments included in the measurement of lease liabilities consist of (i) fixed lease payments for the noncancelable lease term, (ii) fixed lease payments for optional renewal periods where it is reasonably certain the renewal option will be exercised, and (iii) variable lease payments that depend on an underlying index or rate, based on the index or rate in effect at lease commencement. Certain of our real estate lease agreements require payments for non-lease costs such as utilities and common area maintenance. We have elected an accounting policy, as permitted by ASC 842, not to account for such payments separately from the related lease payments. Our policy election results in a higher

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

initial measurement of lease liabilities when such non-lease payments are fixed amounts. Certain of our real estate lease agreements require variable lease payments that do not depend on an underlying index or rate, such as sales and value-added taxes and our proportionate share of actual property taxes, insurance and utilities. Such payments and changes in payments based on a rate or index are recognized in operating expenses when incurred.

Lease expense for operating leases consists of the fixed lease payments recognized on a straight-line basis over the lease term plus variable lease payments as incurred. Lease expense for finance leases consists of the amortization of the right-of-use asset on a straight-line basis over the lease term and interest expense on the lease liability based on the discount rate at lease commencement. For both operating and finance leases, lease payments are allocated between a reduction of the lease liability and interest expense. Amortization of the right-of-use asset for operating leases reflects amortization of the lease liability, any differences between straight-line expense and related lease payments during the accounting period, and any impairments.

Lessor Accounting

We lease satellite capacity, communications equipment and real estate to certain of our customers, including DISH Network. We identify and determine the classification of such leases as operating leases or sales-type leases based on the criteria discussed above for lessees. A lease is classified as a sales-type lease if it meets the above criteria for a finance lease; otherwise it is classified as an operating lease. Some of our leases are embedded in contracts with customers that include non-lease performance obligations. For such contracts, except where we have elected otherwise as discussed below, we allocate consideration in the contract between lease and non-lease components based on their relative standalone selling prices. We have elected an accounting policy, as permitted by ASC 842, to not separate the lease of equipment from related services in our HughesNet satellite internet service (the "HughesNet service") contracts with consumers. We account for all revenue from such contracts as non-lease service revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606").

Our accounting for revenue from operating leases and sales-type leases was not substantially changed by our adoption of ASC 842. However, we anticipate that certain leases that would have been classified as operating leases under prior accounting standards may be classified as sales-type leases under ASC 842. Operating lease revenue generally is recognized on a straight-line basis over the lease term. Sales-type lease revenue and a corresponding receivable generally are recognized at lease commencement based on the present value of the future lease payments and related interest income on the receivable is recognized over the lease term. Payments under sales-type leases generally are discounted at the interest rate implicit in the lease.

Recently Issued Accounting Pronouncements Not Yet Adopted

Credit Losses

In June 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which introduces a new approach to estimate credit losses on certain types of financial instruments based on expected losses instead of incurred losses. It also modifies the impairment model for available-for-sale debt securities and provides a simplified accounting model for purchased financial assets with credit deterioration since their origination. ASU No. 2016-13 is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. Early adoption is permitted. We are currently assessing the impact of adopting this new accounting standard on our Consolidated Financial Statements and related disclosures.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 3. REVENUE RECOGNITION**Information About Contract Balances**

The following table provides information about our contract balances with customers, including amounts for certain embedded leases (amounts in thousands):

	As of	
	June 30, 2019	December 31, 2018
Trade accounts receivable:		
Sales and services	\$ 161,771	\$ 154,415
Leasing	7,901	7,990
Total	169,672	162,405
Contract assets	57,475	55,295
Allowance for doubtful accounts	(25,586)	(16,604)
Total trade accounts receivable and contract assets, net	<u>\$ 201,561</u>	<u>\$ 201,096</u>
Trade accounts receivable - DISH Network:		
Sales and services	\$ 12,004	\$ 12,274
Leasing	1,939	1,926
Total trade accounts receivable - DISH Network, net	<u>\$ 13,943</u>	<u>\$ 14,200</u>
Contract liabilities:		
Current	\$ 106,308	\$ 72,284
Noncurrent	9,376	10,133
Total contract liabilities	<u>\$ 115,684</u>	<u>\$ 82,417</u>

For the six months ended June 30, 2019, we recognized revenue of \$48 million that was previously included in the contract liability balance at December 31, 2018.

Our bad debt expense was \$15 million and \$2 million for the three months ended June 30, 2019 and 2018, respectively, and \$19 million and \$7 million for the six months ended June 30, 2019 and 2018, respectively.

Transaction Price Allocated to Remaining Performance Obligations

As of June 30, 2019, the remaining performance obligations for our customer contracts with original expected durations of more than one year was \$1.0 billion. We expect to recognize approximately 35.7% of our remaining performance obligations of these contracts as revenue in the next twelve months. This amount excludes agreements with consumer customers in our Hughes segment and our leasing arrangements.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Disaggregation of Revenue

In the following tables, revenue is disaggregated by segment, primary geographic market, nature of the products and services and transactions with major customers. See Note 4 for additional information about revenue associated with leases.

Geographic Information

The following table disaggregates revenue from customer contracts attributed to our North America (the U.S. and its territories, Mexico and Canada), South and Central America and other foreign locations (Asia, Africa, Australia, Europe, and the Middle East) as well as by segment, based on the location where the goods or services are provided (amounts in thousands):

	Hughes	ESS	Corporate and Other	Consolidated Total
For the three months ended June 30, 2019				
North America	\$ 372,398	\$ 80,785	\$ 4,492	\$ 457,675
South and Central America	30,395	—	—	30,395
All other	49,054	176	(176)	49,054
Total revenue	<u>\$ 451,847</u>	<u>\$ 80,961</u>	<u>\$ 4,316</u>	<u>\$ 537,124</u>
For the three months ended June 30, 2018				
North America	\$ 362,707	\$ 95,249	\$ 4,402	\$ 462,358
South and Central America	23,732	—	—	23,732
All other	39,867	176	(176)	39,867
Total revenue	<u>\$ 426,306</u>	<u>\$ 95,425</u>	<u>\$ 4,226</u>	<u>\$ 525,957</u>
For the six months ended June 30, 2019				
North America	\$ 740,227	\$ 161,869	\$ 9,153	\$ 911,249
South and Central America	57,258	—	—	57,258
All other	99,699	351	(351)	99,699
Total revenue	<u>\$ 897,184</u>	<u>\$ 162,220</u>	<u>\$ 8,802</u>	<u>\$ 1,068,206</u>
For the six months ended June 30, 2018				
North America	\$ 698,727	\$ 191,827	\$ 8,798	\$ 899,352
South and Central America	48,220	—	—	48,220
All other	80,177	351	(351)	80,177
Total revenue	<u>\$ 827,124</u>	<u>\$ 192,178</u>	<u>\$ 8,447</u>	<u>\$ 1,027,749</u>

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Nature of Products and Services

The following table disaggregates revenue based on the nature of products and services and by segment (amounts in thousands):

	<u>Hughes</u>	<u>ESS</u>	<u>Corporate and Other</u>	<u>Consolidated Total</u>
For the three months ended June 30, 2019				
Equipment	\$ 30,597	\$ —	\$ —	\$ 30,597
Services	381,608	3,315	1,716	386,639
Design, development and construction services	25,860	—	—	25,860
Revenue from sales and services	438,065	3,315	1,716	443,096
Lease revenue	13,782	77,646	2,600	94,028
Total revenue	<u>\$ 451,847</u>	<u>\$ 80,961</u>	<u>\$ 4,316</u>	<u>\$ 537,124</u>
For the three months ended June 30, 2018				
Equipment	\$ 36,465	\$ —	\$ —	\$ 36,465
Services	324,101	6,890	1,435	332,426
Design, development and construction services	13,876	—	—	13,876
Revenue from sales and services	374,442	6,890	1,435	382,767
Lease revenue	51,864	88,535	2,791	143,190
Total revenue	<u>\$ 426,306</u>	<u>\$ 95,425</u>	<u>\$ 4,226</u>	<u>\$ 525,957</u>
For the six months ended June 30, 2019				
Equipment	\$ 56,557	\$ —	\$ —	\$ 56,557
Services	762,391	7,055	3,452	772,898
Design, development and construction services	50,926	—	—	50,926
Revenue from sales and services	869,874	7,055	3,452	880,381
Lease revenue	27,310	155,165	5,350	187,825
Total revenue	<u>\$ 897,184</u>	<u>\$ 162,220</u>	<u>\$ 8,802</u>	<u>\$ 1,068,206</u>
For the six months ended June 30, 2018				
Equipment	\$ 63,236	\$ —	\$ —	\$ 63,236
Services	638,062	14,293	2,910	655,265
Design, development and construction services	30,052	—	—	30,052
Revenue from sales and services	731,350	14,293	2,910	748,553
Lease revenue	95,774	177,885	5,537	279,196
Total revenue	<u>\$ 827,124</u>	<u>\$ 192,178</u>	<u>\$ 8,447</u>	<u>\$ 1,027,749</u>

Effective January 1, 2019, we account for and report revenue from leases of Hughes consumer broadband equipment as services revenue under ASC 606 rather than lease revenue due to our election to not separate lease and non-lease components in consumer broadband service contracts in connection with our adoption of ASC 842 (see Note 2). In addition, our lease revenue from the ESS segment decreased primarily resulting from the expiration of DISH Network's agreement to lease satellite capacity from us on the EchoStar VII satellite at the end of June 2018 (see Note 17).

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4. LEASES**Lessee Disclosures**

Our operating leases consist primarily of leases for office space, data centers and satellite ground facilities. We recognized right-of-use assets and lease liabilities for such leases in connection with our adoption of ASC 842 as of January 1, 2019 (see Note 2). We report operating lease right-of-use assets in *Operating lease right-of-use assets* and we report the current and noncurrent portions of our operating lease liabilities in *Accrued expenses and other* and *Operating lease liabilities*, respectively. Our finance leases consist primarily of leases of satellite capacity. We report finance lease right-of-use assets in *Property and equipment, net* and we report the current and noncurrent portions of our finance lease liabilities in *Current portion of long-term debt and finance lease obligations* and *Long-term debt and finance lease obligations, net*, respectively. Our Condensed Consolidated Balance Sheets includes the following amounts for right-of-use assets and lease liabilities as of June 30, 2019 (amounts in thousands):

		As of June 30, 2019
Right-of-use assets:		
Operating	\$	113,643
Finance		544,565
Total right-of-use assets	\$	658,208
Lease liabilities:		
Current:		
Operating	\$	16,181
Finance		42,682
Noncurrent:		
Operating		94,979
Finance		166,225
Total lease liabilities	\$	320,067

Finance lease assets are reported net of accumulated amortization of \$511 million as of June 30, 2019.

The following tables detail components of lease cost and weighted average lease terms and discount rates for operating leases and finance leases (amounts in thousands):

	For the three months ended June 30, 2019	For the six months ended June 30, 2019
Lease cost:		
Operating lease cost	\$ 6,411	\$ 12,278
Finance lease cost:		
Amortization of right-of-use assets	20,577	41,242
Interest on lease liabilities	5,770	11,788
Short-term lease cost	156	276
Variable lease cost	1,422	3,392
Total lease cost	\$ 34,336	\$ 68,976

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

As of
June 30, 2019

Lease term and discount rate:

Weighted average remaining lease term (in years):

Finance leases	4.35
Operating leases	10.16

Weighted average discount rate:

Finance leases	10.77%
Operating leases	6.18%

The following table details cash flows for operating leases and finance leases (amounts in thousands):

	For the three months ended June 30, 2019	For the six months ended June 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 6,046	\$ 11,417
Operating cash flows from finance leases	\$ 5,770	\$ 11,788
Financing cash flows from finance leases	\$ 10,022	\$ 19,780

We obtained right-of-use assets in exchange for lease liabilities of de minimis and \$1 million upon commencement of operating leases for the three and six months ended June 30, 2019, respectively.

The following table presents maturities of our lease liabilities as of June 30, 2019 (amounts in thousands):

	Operating Leases	Finance Leases	Total
Year ending December 31,			
2019 (remainder)	\$ 11,811	\$ 31,591	\$ 43,402
2020	19,858	63,266	83,124
2021	16,403	59,692	76,095
2022	14,209	41,040	55,249
2023	13,373	40,942	54,315
After 2023	75,926	30,707	106,633
Total lease payments	151,580	267,238	418,818
Less: Interest	(40,420)	(58,331)	(98,751)
Present value of lease liabilities	\$ 111,160	\$ 208,907	\$ 320,067

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

As of December 31, 2018, our future minimum rental payments under noncancelable operating leases were as follows (amounts in thousands):

	Amounts
Year ending December 31,	
2019	\$ 21,146
2020	18,081
2021	13,873
2022	10,118
2023	8,814
Thereafter	21,886
Total	\$ 93,918

Lessor Disclosures

We report revenue from sales-type leases at the commencement date in *Equipment revenue* and we report periodic interest income on sales-type lease receivables in *Services and other revenue*. We report operating lease revenue in *Services and other revenue*. The following table details our lease revenue as follows (amounts in thousands):

	For the three months ended June 30, 2019	For the six months ended June 30, 2019
Sales-type lease revenue:		
Revenue at lease commencement	\$ 1,188	\$ 1,876
Interest income	258	510
Operating lease revenue		
	92,582	185,439
Total lease revenue	\$ 94,028	\$ 187,825

Substantially all of our net investment in sales-type leases consisted of lease receivables totaling \$4 million as of June 30, 2019.

The following table presents maturities of our operating lease payments as of June 30, 2019 (amounts in thousands):

	Amounts
Year ending December 31,	
2019 (remainder)	\$ 152,187
2020	260,881
2021	229,209
2022	150,899
2023	41,011
After 2023	194,910
Total lease payments	\$ 1,029,097

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Property and equipment, net as of June 30, 2019 and *Depreciation and amortization* for the three and six months then ended included the following amounts for assets subject to operating leases (amounts in thousands):

	As of June 30, 2019			For the three months ended June 30, 2019	For the six months ended June 30, 2019
	Cost	Accumulated Depreciation	Net	Depreciation Expense	
Customer premises equipment	\$ 1,270,959	\$ 953,646	\$ 317,313	\$ 46,839	\$ 92,651
Satellites	1,552,245	879,760	672,485	32,600	65,201
Real estate	100,049	30,836	69,213	558	1,116
Total	<u>\$ 2,923,253</u>	<u>\$ 1,864,242</u>	<u>\$ 1,059,011</u>	<u>\$ 79,997</u>	<u>\$ 158,968</u>

NOTE 5. EARNINGS PER SHARE

We present basic earnings or losses per share ("EPS") and diluted EPS for our Class A and Class B common stock. Basic EPS for our Class A and Class B common stock excludes potential dilution and is computed by dividing Net income (loss) attributable to EchoStar Corporation common stock by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if shares of common stock were issued pursuant to our stock-based compensation awards. 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 million and 2 million shares for the three months ended June 30, 2019 and 2018, respectively, and 2 million and 1 million shares for the six months ended June 30, 2019 and 2018, respectively.

The following table presents basic and diluted EPS amounts for all periods and the corresponding weighted-average shares outstanding used in the calculations (amounts in thousands, except per share amounts):

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Net income (loss) attributable to EchoStar Corporation common stock	<u>\$ (5,692)</u>	<u>\$ 77,222</u>	<u>\$ 8,510</u>	<u>\$ 55,671</u>
Weighted-average common shares outstanding:				
Class A and B common stock:				
Basic	96,415	96,091	95,903	95,990
Dilutive impact of stock awards outstanding	—	855	291	1,048
Diluted	<u>96,415</u>	<u>96,946</u>	<u>96,194</u>	<u>97,038</u>
Earnings per share:				
Class A and B common stock:				
Basic	<u>\$ (0.06)</u>	<u>\$ 0.80</u>	<u>\$ 0.09</u>	<u>\$ 0.58</u>
Diluted	<u>\$ (0.06)</u>	<u>\$ 0.80</u>	<u>\$ 0.09</u>	<u>\$ 0.57</u>

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 6. OTHER COMPREHENSIVE INCOME (LOSS) AND RELATED TAX EFFECTS

The changes in the balances of *Accumulated other comprehensive loss* by component were as follows (amounts in thousands):

	<u>Cumulative Foreign Currency Translation Losses</u>	<u>Unrealized Gain (Loss) On Available-For- Sale Securities</u>	<u>Other</u>	<u>Accumulated Other Comprehensive Loss</u>
Balance, December 31, 2017	\$ (119,430)	\$ (10,801)	\$ 77	\$ (130,154)
Cumulative effect of accounting changes as of January 1, 2018	—	10,467	—	10,467
Balance, January 1, 2018	<u>(119,430)</u>	<u>(334)</u>	<u>77</u>	<u>(119,687)</u>
Other comprehensive income (loss) before reclassifications	(34,336)	256	(241)	(34,321)
Amounts reclassified to net income	—	(3)	—	(3)
Other comprehensive income (loss)	<u>(34,336)</u>	<u>253</u>	<u>(241)</u>	<u>(34,324)</u>
Balance, June 30, 2018	<u>\$ (153,766)</u>	<u>\$ (81)</u>	<u>\$ (164)</u>	<u>\$ (154,011)</u>
Balance, December 31, 2018	\$ (121,693)	\$ (1,574)	\$ (1,833)	\$ (125,100)
Other comprehensive income (loss) before reclassifications	3,807	3,291	(932)	6,166
Amounts reclassified to net income	—	(566)	—	(566)
Other comprehensive income (loss)	<u>3,807</u>	<u>2,725</u>	<u>(932)</u>	<u>5,600</u>
Balance, June 30, 2019	<u>\$ (117,886)</u>	<u>\$ 1,151</u>	<u>\$ (2,765)</u>	<u>\$ (119,500)</u>

The amounts reclassified to net income related to unrealized gain (loss) on available-for-sale securities in the table above are included in *Gains (losses) on investments, net* in our Condensed Consolidated Statements of Operations.

Except in unusual circumstances, we do not recognize tax effects on foreign currency translation adjustments because they are not expected to result in future taxable income or deductions.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 7. MARKETABLE INVESTMENT SECURITIES
Overview

Our marketable investment securities portfolio consists of various debt and equity instruments summarized in the table below (amounts in thousands):

	As of	
	June 30, 2019	December 31, 2018
Marketable investment securities:		
Debt securities:		
Corporate bonds	\$ 891,695	\$ 1,735,653
Other debt securities	277,568	464,997
Total debt securities	1,169,263	2,200,650
Equity securities	52,753	90,976
Total marketable investment securities	1,222,016	2,291,626
Less: Restricted marketable investment securities	18,708	9,474
Total marketable investment securities	\$ 1,203,308	\$ 2,282,152

Debt Securities

Our corporate bond portfolio includes debt instruments issued by individual corporations, primarily in the industrial and financial services industries. Our other debt securities portfolio includes investments in various debt instruments, including U.S. government bonds, commercial paper and mutual funds.

A summary of our available-for-sale debt securities, exclusive of securities where we have elected the fair value option, is presented in the table below (amounts in thousands):

	Amortized Cost	Unrealized		Estimated Fair Value
		Gains	Losses	
As of June 30, 2019				
Corporate bonds	\$ 883,857	\$ 1,263	\$ (141)	\$ 884,979
Other debt securities	277,539	29	—	277,568
Total available-for-sale debt securities	\$ 1,161,396	\$ 1,292	\$ (141)	\$ 1,162,547
As of December 31, 2018				
Corporate bonds	\$ 1,689,093	\$ 318	\$ (1,896)	\$ 1,687,515
Other debt securities	464,993	7	(3)	464,997
Total available-for-sale debt securities	\$ 2,154,086	\$ 325	\$ (1,899)	\$ 2,152,512

As of June 30, 2019, we have \$979 million of available-for-sale debt securities with contractual maturities of one year or less and \$184 million with contractual maturities greater than one year.

As of June 30, 2019 and December 31, 2018, corporate bonds where we have elected the fair value option have a fair value of \$7 million and \$48 million, respectively. We recognized gains of de minimis and \$23 million on these securities for the three months ended June 30, 2019 and 2018, respectively, and \$4 million and \$23 million on these securities for the six months ended June 30, 2019 and 2018, respectively.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Equity Securities

Our marketable equity securities consist primarily of shares of common stock of public companies. *Gains (losses) on investments, net* related to equity securities that we held each period were \$13 million and \$42 million for the three months ended June 30, 2019 and 2018, respectively, and \$43 million and \$5 million for the six months ended June 30, 2019 and 2018, respectively.

Sales of Available-for-Sale Securities

Proceeds from sales of our available-for-sale securities, including securities accounted for using the fair value option, were nil and \$436 million for the three and six months ended June 30, 2019, respectively. We did not sell any of our available-for-sale securities during the three and six months ended June 30, 2018. Sales of securities accounted for using the fair value option do not result in gains or losses because we recognize unrealized gains and losses on such securities prior to the time of sale.

Fair Value Measurements

Our marketable investment securities are measured at fair value on a recurring basis as summarized in the table below (amounts in thousands). Certain of our investments in debt and equity instruments have historically experienced and are likely to continue experiencing volatility. As of June 30, 2019 and December 31, 2018, we did not have investments that were categorized within Level 3 of the fair value hierarchy.

	As of					
	June 30, 2019			December 31, 2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Debt securities:						
Corporate bonds	\$ —	\$ 891,695	\$ 891,695	\$ —	\$ 1,735,653	\$ 1,735,653
Other debt securities	18,708	258,860	277,568	9,474	455,523	464,997
Total debt securities	18,708	1,150,555	1,169,263	9,474	2,191,176	2,200,650
Equity securities	46,127	6,626	52,753	85,298	5,678	90,976
Total marketable investment securities	<u>\$ 64,835</u>	<u>\$ 1,157,181</u>	<u>\$ 1,222,016</u>	<u>\$ 94,772</u>	<u>\$ 2,196,854</u>	<u>\$ 2,291,626</u>

NOTE 8. INVENTORY

Our inventory consisted of the following (amounts in thousands):

	As of	
	June 30, 2019	December 31, 2018
Raw materials	\$ 3,901	\$ 4,856
Work-in-process	8,933	13,901
Finished goods	60,511	56,622
Total inventory	<u>\$ 73,345</u>	<u>\$ 75,379</u>

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 9. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following (amounts in thousands):

	Depreciable Life In Years	As of	
		June 30, 2019	December 31, 2018
Land	—	\$ 33,600	\$ 33,606
Buildings and improvements	1 to 40	174,260	174,227
Furniture, fixtures, equipment and other	1 to 12	830,040	812,566
Customer premises equipment	2 to 4	1,270,959	1,159,977
Satellites - owned	2 to 15	2,816,628	2,816,628
Satellites - acquired under finance leases	10 to 15	1,052,592	1,051,110
Construction in progress	—	368,345	307,026
Total property and equipment		6,546,424	6,355,140
Accumulated depreciation		(3,216,630)	(2,940,232)
Property and equipment, net		\$ 3,329,794	\$ 3,414,908

Construction in progress consisted of the following (amounts in thousands):

	As of	
	June 30, 2019	December 31, 2018
Progress amounts for satellite construction	\$ 332,772	\$ 277,583
Satellite related equipment	18,904	13,001
Other	16,669	16,442
Construction in progress	\$ 368,345	\$ 307,026

Construction in progress as of June 30, 2019 included our EchoStar XXIV satellite. In August 2017, we entered into a contract for the design and construction of the EchoStar XXIV satellite, a new, next-generation, high throughput geostationary satellite, with a planned 2021 launch. The EchoStar XXIV satellite is primarily intended to provide additional capacity for our HughesNet service in North, Central and South America as well as aeronautical and enterprise broadband services. In June 2019, the Federal Communications Commission amended our existing authorization that allowed us to construct, deploy and operate the EchoStar XXIV satellite to now include all of the frequency bands included in our current design plans. In the first quarter of 2019, Maxar Technologies Inc. ("Maxar"), the parent company of Space Systems/Loral, LLC ("SSL"), the manufacturer of our EchoStar XXIV satellite, announced that, although it will continue to operate its geostationary communications satellite business, it intends to adjust its organization to better align costs with revenue. SSL has indicated to us that it intends to meet its contractual obligations regarding the timely manufacture and delivery of the EchoStar XXIV satellite. However, if SSL fails to meet or is delayed in meeting these obligations for any reason, including if Maxar decides to significantly modify its geostationary communications satellite business, such failure could have a material adverse impact on our business operations, future revenues, financial position and prospects, the completion of the manufacture of the EchoStar XXIV satellite and our planned expansion of satellite broadband services throughout North, South and Central America. Capital expenditures associated with the construction and launch of the EchoStar XXIV satellite are included in Corporate and Other in our segment reporting.

We recorded capitalized interest related to our satellites, satellite payloads and related ground facilities under construction of \$5 million and \$5 million for the three months ended June 30, 2019 and 2018, respectively, and \$10 million and \$9 million for the six months ended June 30, 2019 and 2018, respectively.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Depreciation expense associated with our property and equipment consisted of the following (amounts in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Buildings and improvements	\$ 3,882	\$ 4,376	\$ 7,369	\$ 6,085
Furniture, fixtures, equipment and other	19,955	19,517	40,605	41,213
Customer premises equipment	47,275	42,875	93,467	86,323
Satellites	73,404	71,042	146,896	139,203
Total depreciation expense	<u>\$ 144,516</u>	<u>\$ 137,810</u>	<u>\$ 288,337</u>	<u>\$ 272,824</u>

Satellites depreciation expense includes amortization of satellites under finance lease agreements of \$20 million and \$18 million for the three months ended June 30, 2019 and 2018, respectively, and \$41 million and \$36 million for the six months ended June 30, 2019 and 2018, respectively.

Satellites

As of June 30, 2019, our satellite fleet consisted of 18 satellites, 13 of which are owned and five of which are leased. They are all 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. We depreciate our leased satellites on a straight-line basis over their respective lease terms. If the BSS Transaction is consummated, seven of our owned satellites and the leases for two of our leased satellites will be transferred to DISH Network.

Recent Developments

EchoStar XII. We expect to remove the EchoStar XII satellite from its orbital location and retire it from commercial service in the third quarter of 2019. The retirement of this satellite is not expected to have a material impact on our results of operations or financial position.

Satellite Anomalies and Impairments

Our satellites may experience anomalies from time to time, some of which may have a significant adverse effect on their remaining useful lives, the commercial operation of the satellites or our operating results or financial position. We are not aware of any anomalies with respect to our owned or leased satellites that have had any such significant adverse effect during the six months ended June 30, 2019. There can be no assurance, however, that anomalies will not have any such adverse effects in the future. In addition, there can be no assurance that we can recover critical transmission capacity in the event one or more of our satellites were to fail.

We historically have not carried in-orbit insurance on our satellites because we have assessed that the cost of insurance is not economical relative to the risk of failures. Therefore, we generally bear the risk of any 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 in-orbit insurance for our SPACEWAY 3, EchoStar XVI and EchoStar XVII satellites. Our other satellites, either in orbit or under construction, are not covered by launch or in-orbit insurance. We will continue to assess circumstances going forward and make insurance decisions on a case-by-case basis.

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.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 the reporting units within 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 June 30, 2019 and December 31, 2018, all 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 impairment testing in the second quarter of 2019, our goodwill is considered to be not impaired.

Regulatory Authorizations

Regulatory authorizations included amounts with both finite and indefinite useful lives. As of June 30, 2019 and December 31, 2018, regulatory authorization balances, net of accumulated amortization, were \$494 million and \$496 million, respectively. If the BSS Transaction is consummated, we expect that the carrying amounts of our regulatory authorizations will be reduced by the rights associated with the orbital slot located at 61.5 degrees west longitude that will be transferred to DISH Network.

Other Intangible Assets

As of June 30, 2019 and December 31, 2018, accumulated amortization for our other intangible assets was \$324 million and \$317 million, respectively.

NOTE 11. INVESTMENTS IN UNCONSOLIDATED ENTITIES

We have strategic investments in certain non-publicly traded equity securities that do not have a readily determinable fair value.

Our investments in these unconsolidated entities consisted of the following (amounts in thousands):

	As of	
	June 30, 2019	December 31, 2018
Investments in unconsolidated entities:		
Equity method	\$ 173,797	\$ 182,035
Other equity investments without a readily determinable fair value	51,785	80,438
Total investments in unconsolidated entities	<u>\$ 225,582</u>	<u>\$ 262,473</u>

We measure our equity securities without a readily determinable fair value, other than those accounted for using the equity method, at cost adjusted for changes resulting from impairments, if any, and observable price changes in orderly transactions for the identical or similar securities of the same issuer. During the six months ended June 30, 2019, we recorded a \$28 million reduction to the carrying amount of one of our investments based on circumstances that indicated the fair value of the investment was less than its carrying amount. There were no similar reductions during the six months ended June 30, 2018. For the six months ended June 30, 2019 and 2018, we did not identify any observable price changes requiring an adjustment to our investments.

See Note 17 for additional information about Dish Mexico, Deluxe/EchoStar LLC ("Deluxe") and Broadband Connectivity Solutions (Restricted) Limited (together with its subsidiaries, "BCS").

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 12. LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS

The following table summarizes the carrying amounts and fair values of our long-term debt and finance lease obligations (amounts in thousands):

	Effective Interest Rate	As of			
		June 30, 2019		December 31, 2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior Secured Notes:					
6 1/2% Senior Secured Notes due 2019	6.959%	\$ —	\$ —	\$ 920,836	\$ 932,696
5 1/4% Senior Secured Notes due 2026	5.320%	750,000	774,375	750,000	695,865
Senior Unsecured Notes:					
7 5/8% Senior Unsecured Notes due 2021	8.062%	900,000	970,515	900,000	934,902
6 5/8% Senior Unsecured Notes due 2026	6.688%	750,000	791,708	750,000	696,353
Less: Unamortized debt issuance costs		(12,873)	—	(16,757)	—
Subtotal		2,387,127	\$ 2,536,598	3,304,079	\$ 3,259,816
Finance lease obligations		208,907		228,702	
Total debt and finance lease obligations		2,596,034		3,532,781	
Less: Current portion		(42,682)		(959,577)	
Long-term debt and finance lease obligations, net		\$ 2,553,352		\$ 2,573,204	

During the three and six months ended June 30, 2019, we repurchased \$4 million and \$12 million, respectively, of our 6 1/2% Senior Secured Notes due 2019 in open market trades. The outstanding balance of the 6 1/2% Senior Secured Notes due 2019 matured in June 2019.

NOTE 13. INCOME TAXES
Provision For Income Taxes

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

Our income tax provision was \$1 million for the three months ended June 30, 2019 compared to \$18 million for the three months ended June 30, 2018. Our estimated effective income tax rate was (22.3)% and 18.6% for the three months ended June 30, 2019 and 2018, respectively. The variations in our effective tax rate from the U.S. federal statutory rate for the three months ended June 30, 2019 were primarily due to the change in net unrealized gains that are capital in nature and research and experimentation credits, partially offset by the impact of state and local taxes and the increase in our valuation allowance associated with certain foreign losses. For the year ended December 31, 2018, we recorded a tax provision of nil related to the tax on deemed mandatory repatriation of our unrepatriated foreign earnings. As a result of the release of new treasury regulations in June 2019, we have recorded additional tax expense of \$2 million on deemed mandatory repatriation of certain deferred foreign earnings. The variations in our

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

effective tax rate from the U.S. federal statutory rate for the three months ended June 30, 2018 were primarily due to the change in our valuation allowance associated with unrealized losses that are capital in nature.

Our income tax provision was \$9 million for the six months ended June 30, 2019 compared to \$12 million for the six months ended June 30, 2018. Our estimated effective income tax rate was 47.8% and 18.0% for the six months ended June 30, 2019 and 2018, respectively. The variations in our effective tax rate from the U.S. federal statutory rate for the six months ended June 30, 2019 were primarily due to the change in net unrealized gains that are capital in nature and research and experimentation credits, partially offset by the impact of state and local taxes and the increase in our valuation allowance associated with certain foreign losses. For the year ended December 31, 2018, we recorded a tax provision of nil related to the tax on deemed mandatory repatriation of our unrepatriated foreign earnings. As a result of the release of new treasury regulations in June 2019, we have recorded additional tax expense of \$2 million on deemed mandatory repatriation of certain deferred foreign earnings. The variations in our effective tax rate from the U.S. federal statutory rate for the six months ended June 30, 2018 were primarily due to research and experimentation credits, partially offset by the impact of state and local taxes, the increase in our valuation allowance associated with unrealized losses that are capital in nature, and the increase in our valuation allowance associated with certain foreign losses.

NOTE 14. STOCK-BASED COMPENSATION

Stock Incentive Plans

We maintain stock incentive plans to attract and retain officers, directors, employees, consultants and advisors. Stock awards under these plans may include both performance-based and non-performance based stock incentives. We granted stock options and other incentive awards to our employees and nonemployee directors to acquire 150,404 and 178,586 shares of our Class A common stock during the three months ended June 30, 2019 and 2018, respectively, and 155,080 and 183,736 shares of our Class A common stock during the six months ended June 30, 2019 and 2018, respectively.

Stock-Based Compensation

Total noncash, stock-based compensation expense for all of our employees is shown in the following table for the three and six months ended June 30, 2019 and 2018, respectively, and was assigned to the same expense categories as the base compensation for such employees (amounts in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Research and development expenses	\$ 81	\$ 150	\$ 242	\$ 341
Selling, general and administrative expenses	2,124	2,195	4,591	4,769
Total stock-based compensation	\$ 2,205	\$ 2,345	\$ 4,833	\$ 5,110

As of June 30, 2019, total unrecognized stock-based compensation cost, net of estimated forfeitures, related to our unvested stock awards was \$12 million.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Commitments

As of June 30, 2019 and December 31, 2018, our satellite-related obligations were \$643 million and \$732 million, respectively. Our satellite-related obligations primarily include payments pursuant to agreements for the construction of the EchoStar XXIV satellite; payments pursuant to regulatory authorizations; non-lease costs associated with our finance lease satellites; and in-orbit incentives relating to certain satellites; as well as commitments for satellite service arrangements.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Contingencies

Patents and Intellectual Property

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

Pending BSS Transaction

In connection with the pending BSS Transaction, on May 19, 2019, we entered into the Master Transaction Agreement with DISH Network that provides, among other things, that if the BSS Transaction is consummated, DISH Network will generally assume liabilities primarily associated with the ownership and operation of the BSS Business. The Master Transaction Agreement also provides that we and DISH Network will indemnify each other against certain losses with respect to breaches of certain representations and covenants and certain retained and assumed liabilities, respectively.

Separation Agreement and Share Exchange

In connection with our spin-off from DISH in 2008 (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 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, we will generally 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. Additionally, in connection with the Share Exchange, we entered into the Share Exchange Agreement and other agreements which provide, among other things, for the division of certain liabilities, including liabilities relating to taxes, intellectual property and employees and liabilities resulting from litigation and the assumption of certain liabilities that relate to the transferred businesses and assets. These agreements also contain additional indemnification provisions between us and DISH Network for certain pre-existing liabilities and legal proceedings.

Litigation

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

For certain cases, management is unable to predict with any degree of certainty the outcome or provide a meaningful estimate of the possible loss or range of possible loss because, among other reasons, (i) the proceedings are in various stages; (ii) damages have not been sought or specified; (iii) damages are unsupported, indeterminate and/or exaggerated in management's opinion; (iv) there is uncertainty as to the outcome of pending trials, appeals or motions; (v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

to be presented or a large number of parties are involved (as with many patent-related cases). Except as described below, however, management does not believe, based on currently available information, that the outcomes of these proceedings will have a material effect on our financial condition, operating results or cash flows, though there is no assurance that the resolution and outcomes of these proceedings, individually or in the aggregate, will not be material to our financial condition, operating results or cash flows for any particular period, depending, in part, upon the operating results for such period.

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

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 Hughes Network Systems, L.L.C. ("HNS"), as well as against Black Elk Energy Offshore Operations, LLC, Bluetide Communications, Inc. and Helm Hotels Group, in the U.S. District Court for the Eastern District of Texas, alleging infringement of U.S. 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 April 2, 2015, Elbit filed an amended complaint removing Helm Hotels Group as a defendant, but making similar allegations against a new defendant, Country Home Investments, Inc. On November 3 and 4, 2015 and January 22, 2016, the defendants filed petitions before the United States Patent and Trademark Office ("USPTO") challenging the validity of the patents in suit, which the USPTO subsequently declined to institute. On April 13, 2016, the defendants answered Elbit's complaint. At Elbit's request, on June 26, 2017, the court dismissed Elbit's claims of infringement against all parties other than HNS. Trial commenced on July 31, 2017. On August 7, 2017, the jury returned a verdict that the 073 patent was valid and infringed, and awarded Elbit \$21 million. The jury also found that such infringement of the 073 patent was not willful and that the 874 patent was not infringed. On March 30, 2018, the court ruled on post-trial motions, upholding the jury's findings and awarding Elbit attorneys' fees in an amount that has not yet been specified. Elbit has requested an award of \$14 million of attorneys' fees. On April 27, 2018, HNS filed a notice of appeal to the U.S. Court of Appeals for the Federal Circuit. Oral argument was held on May 8, 2019. On June 25, 2019, the Federal Circuit issued an Opinion and Order affirming the court's judgment and holding that it did not yet have jurisdiction to review the court's decision to award attorney's fees. On August 8, 2019, HNS filed a combined petition for panel rehearing or rehearing en banc with the Federal Circuit. As a result of the Federal Circuit's rulings, as of June 30, 2019, we have recorded an accrual of \$32 million, reflecting the \$21 million jury verdict and \$11 million of pre- and post-judgment interest, costs, attorney's fees, pre-verdict supplemental damages and post-verdict damages through the 073 patent's expiration. As of December 31, 2018, we have recorded an accrual of \$3 million with respect to this liability. Any eventual payments made with respect to the ultimate outcome of this matter may be different from our accruals and such differences could be significant.

Realtime Data LLC

On May 8, 2015, Realtime Data LLC ("Realtime") filed suit against EchoStar Corporation and our subsidiary HNS in the U.S. District Court for the Eastern District of Texas alleging infringement of U.S. Patent Nos. 7,378,992 (the "992 patent"), entitled "Content Independent Data Compression Method and System;" 7,415,530 (the "530 patent"), entitled "System and Methods for Accelerated Data Storage and Retrieval," and 8,643,513 (the "513 patent"), entitled "Data Compression System and Methods." On September 14, 2015, Realtime amended its complaint, additionally alleging infringement of U.S. Patent No. 9,116,908 (the "908 patent"), entitled "System and Methods for Accelerated Data Storage and Retrieval." On February 14, 2017, Realtime filed a second suit against EchoStar Corporation and our subsidiary HNS in the same District Court, alleging infringement of four additional U.S. Patents, Nos. 7,358,867 (the "867 patent"), entitled "Content Independent Data Compression Method and System;" 8,502,707 (the "707 patent"), entitled "Data Compression Systems and Methods;" 8,717,204 (the "204 patent"), entitled "Methods for Encoding and Decoding Data;" and 9,054,728 (the "728 patent"), entitled "Data Compression System and Methods." On February 13, 2018, we filed petitions before the USPTO challenging the validity of all claims asserted against us from the 707

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

patent, as well as one of the asserted claims of the 728 patent. On September 5, 2018, the USPTO declined to institute proceedings for the petition that we had filed against the 728 patent. On September 12, 2018, the USPTO instituted proceedings to review the validity of the asserted claims of the 707 patent. In a stipulation filed on October 24, 2018, Realtime voluntarily elected not to pursue any previously asserted claims from the 992, 530, 513, 908, 867 and 204 patents. Realtime is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. In February 2019, we entered into a settlement agreement with Realtime and the case was dismissed with prejudice.

Shareholder Litigation

On July 2, 2019, the City of Hallandale Beach Police Officers' and Firefighters' Personnel Retirement Trust, purporting to sue on behalf of a class of EchoStar Corporation's shareholders, filed a complaint in the District Court of Clark County, Nevada against our directors, Charles W. Ergen, R. Stanton Dodge, Anthony M. Federico, Pradman P. Kaul, C. Michael Schroeder, Jeffrey R. Tarr, William D. Wade, and Michael T. Dugan, our officer, David J. Rayner, EchoStar Corporation and our subsidiaries BSS Corp. and HSS, and DISH and its subsidiary Merger Sub. The complaint alleges that Mr. Ergen, the other members of our board of directors and the officer defendants breached their fiduciary duties to our stockholders by approving the pending BSS Transaction for inadequate consideration and pursuant to an unfair and conflicted process and that EchoStar Corporation, DISH and the officer and other entity defendants aided and abetted such breaches. The plaintiffs seek equitable relief, including the issuance of additional DISH Common Stock, and monetary relief and other costs and disbursements, including attorneys' fees on behalf of the purported class. We intend to vigorously defend this case. We cannot predict its outcome with any degree of certainty.

Other

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

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

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

NOTE 16. SEGMENT REPORTING

Operating segments are business components of an enterprise for which separate financial information is available and regularly evaluated by our chief operating decision maker ("CODM"), who is our Chief Executive Officer. We primarily operate in two business segments, Hughes and ESS, as described in Note 1. If the BSS Transaction is consummated, we will no longer operate a substantial portion of our ESS business segment.

The primary measure of segment profitability that is reported regularly to our CODM is earnings before interest, taxes, depreciation and amortization and net income (loss) attributable to noncontrolling interests, or EBITDA. Our operations also include various corporate departments (primarily Executive, Treasury, Strategic Development, Human Resources,

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

IT, Finance, Real Estate, Accounting and Legal) and other activities that have not been assigned to our operating segments such as costs incurred in certain satellite development programs and other business development activities, and gains or losses from certain of our investments. These activities, costs and income, as well as eliminations of intersegment transactions, are accounted for in Corporate and Other in the tables below or in the reconciliation of EBITDA below.

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

The following table presents revenue, EBITDA and capital expenditures for each of our operating segments (amounts in thousands):

	<u>Hughes</u>	<u>ESS</u>	<u>Corporate and Other</u>	<u>Consolidated Total</u>
For the three months ended June 30, 2019				
External revenue	\$ 451,847	\$ 80,127	\$ 5,150	\$ 537,124
Intersegment revenue	—	834	(834)	—
Total revenue	<u>\$ 451,847</u>	<u>\$ 80,961</u>	<u>\$ 4,316</u>	<u>\$ 537,124</u>
EBITDA	\$ 131,765	\$ 68,174	\$ (12,349)	\$ 187,590
Capital expenditures	\$ 74,090	\$ 136	\$ 33,252	\$ 107,478
For the three months ended June 30, 2018				
External revenue	\$ 426,306	\$ 94,904	\$ 4,747	\$ 525,957
Intersegment revenue	—	521	(521)	—
Total revenue	<u>\$ 426,306</u>	<u>\$ 95,425</u>	<u>\$ 4,226</u>	<u>\$ 525,957</u>
EBITDA	\$ 152,134	\$ 82,483	\$ 51,137	\$ 285,754
Capital expenditures	\$ 87,511	\$ 356	\$ 31,725	\$ 119,592
For the six months ended June 30, 2019				
External revenue	\$ 897,184	\$ 160,680	\$ 10,342	\$ 1,068,206
Intersegment revenue	—	1,540	(1,540)	—
Total revenue	<u>\$ 897,184</u>	<u>\$ 162,220</u>	<u>\$ 8,802</u>	<u>\$ 1,068,206</u>
EBITDA	\$ 292,897	\$ 136,891	\$ (30,142)	\$ 399,646
Capital expenditures	\$ 147,911	\$ 244	\$ 71,285	\$ 219,440
For the six months ended June 30, 2018				
External revenue	\$ 826,765	\$ 191,127	\$ 9,857	\$ 1,027,749
Intersegment revenue	359	1,051	(1,410)	—
Total revenue	<u>\$ 827,124</u>	<u>\$ 192,178</u>	<u>\$ 8,447</u>	<u>\$ 1,027,749</u>
EBITDA	\$ 288,847	\$ 166,633	\$ (4,010)	\$ 451,470
Capital expenditures	\$ 174,802	\$ (76,682)	\$ 72,454	\$ 170,574

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table reconciles total consolidated EBITDA to reported *Income (loss) before income taxes* in our Condensed Consolidated Statements of Operations (amounts in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
EBITDA	\$ 187,590	\$ 285,754	\$ 399,646	\$ 451,470
Interest income and expense, net	(36,950)	(42,281)	(72,403)	(89,397)
Depreciation and amortization	(155,410)	(148,449)	(309,631)	(294,003)
Net income attributable to noncontrolling interests	632	462	1,438	842
Income (loss) before income taxes	<u>\$ (4,138)</u>	<u>\$ 95,486</u>	<u>\$ 19,050</u>	<u>\$ 68,912</u>

NOTE 17. RELATED PARTY TRANSACTIONS

DISH Network

EchoStar Corporation and DISH have operated as separate publicly-traded companies since 2008. In addition, prior to the consummation of the Share Exchange in February 2017, DISH Network owned the Tracking Stock, which represented an aggregate 80.0% economic interest in the residential retail satellite broadband business of our Hughes segment. Following the consummation of the Share Exchange, the Tracking Stock was retired. A substantial majority of the voting power of the shares of each of EchoStar Corporation and DISH is owned beneficially by Charles W. Ergen, our Chairman, and by certain entities established by Mr. Ergen for the benefit of his family.

In connection with and following both the Spin-off and the Share Exchange, we and DISH Network 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 indemnify each other against certain liabilities arising from our respective businesses. If the BSS Transaction is consummated, we expect that certain of the transactions described below will be terminated and that we will enter into agreements for new transactions with DISH Network, including agreements pursuant to which we obtain certain products, services and rights from DISH Network, and DISH Network obtains certain products, services and rights from us. Generally, the amounts we or DISH Network pay for products and services provided under the agreements are based on cost plus a fixed margin (unless noted differently below), which varies depending on the nature of the products and services provided.

We also may enter into additional agreements with DISH Network in the future.

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.

Services and Other Revenue — DISH Network

Satellite Capacity Leased to DISH Network. We have entered into certain agreements to lease satellite capacity pursuant to which we provide satellite services to DISH Network on certain satellites owned or leased by us. The fees for the services provided under these 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 VII, EchoStar X, EchoStar XI and EchoStar XIV. In March 2014, we began leasing certain satellite capacity to DISH Network on the EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV satellites. These agreements to lease satellite capacity generally terminate 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 agreement to lease satellite capacity 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. The agreement to lease satellite capacity on the EchoStar VII satellite

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

expired at the end of June 2018. If the BSS Transaction is consummated, DISH Network will own the EchoStar VII, X, XI, and XIV satellites and these agreements will transfer to DISH Network.

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

EchoStar XII. DISH Network leased satellite capacity from us on the EchoStar XII satellite. The agreement to lease satellite capacity expired at the end of September 2017. If the BSS Transaction is consummated, DISH Network will own the EchoStar XII satellite and this agreement will transfer to DISH Network.

EchoStar XVI. In December 2009, we entered into an initial ten-year agreement to lease satellite capacity to DISH Network, pursuant to which DISH Network has leased satellite capacity from us on the EchoStar XVI satellite since January 2013. Effective December 2012, we and DISH Network amended the 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. In July 2016, we and DISH Network further amended the agreement to, among other things, extend the initial term by one additional year through January 2018 and to reduce the term of the first renewal option by one year. In May 2017, DISH Network renewed the agreement through January 2023. DISH Network has the option to renew for an additional five-year period prior to expiration of the current term. There can be no assurance that such option to renew this agreement will be exercised. In the event that DISH Network does not exercise its five-year renewal option, DISH Network has the option to purchase the EchoStar XVI satellite for a certain price. If DISH Network does not elect to purchase the EchoStar XVI satellite at that time, we may sell the EchoStar XVI satellite to a third party and DISH Network is required to pay us a certain amount in the event we are not able to sell the EchoStar XVI satellite for more than a certain amount. We and DISH Network have amended the agreement to allow DISH Network to place and use certain satellites at the 61.5 degree west longitude orbital location. If the BSS Transaction is consummated, DISH Network will own the EchoStar XVI satellite and this agreement will transfer to DISH Network.

Nimiq 5 Agreement. In September 2009, we entered into a fifteen-year agreement with Telesat Canada to lease satellite capacity from Telesat Canada on all 32 direct broadcast satellite ("DBS") transponders on the Nimiq 5 satellite at the 72.7 degree west longitude orbital location (the "Telesat Transponder Agreement"). In September 2009, we also entered into an agreement with DISH Network, pursuant to which DISH Network leases satellite capacity from us on all 32 of the DBS transponders covered by the Telesat Transponder Agreement (the "DISH Nimiq 5 Agreement").

Under the terms of the DISH Nimiq 5 Agreement, DISH Network 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 in October 2019. 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 lease satellite capacity 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 lease satellite capacity on a replacement satellite. If the BSS Transaction is consummated, the Telesat Transponder Agreement for the Nimiq 5 satellite will be transferred to DISH Network (from July 2019 until September 2024).

QuetzSat-1 Agreement. In November 2008, we entered into a ten-year agreement to lease satellite capacity from SES Latin America, which provides, among other things, for the provision by SES Latin America to us of leased satellite capacity on 32 DBS transponders on the QuetzSat-1 satellite. Concurrently, in 2008, we entered into an agreement pursuant to which DISH Network leases from us satellite capacity on 24 of the DBS transponders on the QuetzSat-1 satellite. The QuetzSat-1 satellite was launched in September 2011 and was placed into service in November 2011 at the 67.1 degree west longitude orbital location. In January 2013, the QuetzSat-1 satellite was moved to the 77 degree west longitude orbital location. In February 2013, we and DISH Network entered into an agreement pursuant to which we lease back from DISH Network certain satellite capacity on five DBS transponders on the QuetzSat-1 satellite through November 2021, unless extended or earlier terminated under

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

the terms and conditions of our agreement. If the BSS Transaction is consummated, the transponder agreement for the QuetzSat-1 satellite will be transferred to DISH Network.

Under the terms of our contractual arrangements with DISH Network, we began leasing satellite capacity to DISH Network on the QuetzSat-1 satellite in February 2013 and will continue leasing such capacity through November 2021, unless extended or earlier terminated under the terms and conditions of our agreement with DISH Network for the QuetzSat-1 satellite. Upon expiration of the initial service term, DISH Network has the option to renew the agreement for the QuetzSat-1 satellite on a year-to-year basis through the end of life of the QuetzSat-1 satellite. Upon an in-orbit failure or end of life of the QuetzSat-1 satellite, and in certain other circumstances, DISH Network has certain rights to lease satellite capacity 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 lease satellite capacity on a replacement satellite. If the BSS Transaction is consummated, DISH Network will assume the ten-year satellite service agreement with SES Latin America for service on 32 DBS transponders on the QuetzSat-1 satellite (from July 2019 until October 2021).

103 Degree Orbital Location/SES-3. In 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”). In 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. Effective in March 2018, DISH Network exercised its right to terminate the DISH 103 Spectrum Development Agreement and we exercised our right to terminate the 103 Spectrum Development Agreement.

In connection with the 103 Spectrum Development Agreement, in May 2012, we also entered into a ten-year agreement with Ciel pursuant to which we leased certain satellite capacity from Ciel on the SES-3 satellite at the 103 degree west longitude orbital location (the “Ciel 103 Agreement”). In June 2013, we and DISH Network entered into an agreement pursuant to which DISH Network leased certain satellite capacity from us on the SES-3 satellite (the “DISH 103 Agreement”). Under the terms of the DISH 103 Agreement, DISH Network made certain monthly payments to us through the service term. Effective in March 2018, DISH Network exercised its right to terminate the DISH 103 Agreement and we exercised our right to terminate the Ciel 103 Agreement.

TT&C Agreement. Effective January 2012, we entered into a TT&C agreement pursuant to which we provided TT&C services to DISH Network for a period ending in December 2016 (the “TT&C Agreement”). We and DISH Network have amended the TT&C Agreement over time to, among other things, extend the term through February 2023. The fees for services provided under the 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 TT&C Agreement for any reason upon 12 months’ notice. If the BSS Transaction is consummated, the TT&C Agreement will be assigned to BSS Corp. and DISH Network will provide TT&C services to us.

Real Estate Leases to DISH Network. 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:

100 Inverness Lease Agreement. Effective March 2017, DISH Network is licensed to use certain of our space at 100 Inverness Terrace East, Englewood, Colorado for a period ending in December 2020. This agreement may be terminated by either party upon 180 days’ prior notice. This agreement may be extended by mutual consent, in which case this agreement will be converted to a month-to-month lease agreement. Upon extension, either party has the right to terminate this agreement upon 30 days’ notice. If the BSS Transaction is consummated, DISH Network will own the Englewood Satellite Operations Center located at 100 Inverness Terrace East, including any equipment, hardware licenses, software, processes, software licenses, furniture and technical documentation associated with the satellites transferred in the BSS Transaction. The real property at 100 Inverness Terrace East, Englewood, Colorado will not be transferred to DISH Network.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Meridian Lease Agreement. The lease for all of 9601 S. Meridian Blvd., Englewood, Colorado was for a period ending in December 2016. We and DISH Network have amended this lease over time to, among other things, extend the term through December 2019. After December 2019, this agreement may be converted by mutual consent to a month-to-month lease agreement with either party having the right to terminate upon 30 days' notice.

Santa Fe Lease Agreement. The lease for all of 5701 S. Santa Fe Dr., Littleton, Colorado was for a period ending in December 2016. We and DISH Network have amended this lease over time to, among other things, extend the term through December 2019. After December 2019, this agreement may be converted by mutual consent to a month-to-month lease agreement with either party having the right to terminate upon 30 days' notice. If the BSS Transaction is consummated, DISH Network will own this property and this agreement will transfer to DISH Network.

Cheyenne Lease Agreement. Prior to the Share Exchange, we leased to DISH Network certain space at 530 EchoStar Drive, Cheyenne, Wyoming. In connection with the Share Exchange, we transferred ownership of a portion of this property to DISH Network and we and DISH Network amended this agreement to (i) terminate the lease for the transferred space and (ii) provide for a continued lease to DISH Network of the portion of the property we retained (the "Cheyenne Data Center") for a period ending in December 2031. After December 2031, this agreement may be converted by mutual consent to a month-to-month lease agreement with either party having the right to terminate upon 30 days' notice. If the BSS Transaction is consummated, DISH Network will own the Cheyenne Data Center and this lease will be amended to provide us with certain space at the Cheyenne Data Center.

TerreStar Agreement. In March 2012, DISH Network completed its acquisition of substantially all the assets of TerreStar Networks Inc. ("TerreStar"). Prior to DISH Network's acquisition of substantially all the assets of TerreStar and our completion of the acquisition of Hughes Communications, Inc. and its subsidiaries (the "Hughes Acquisition"), TerreStar and HNS entered into various agreements pursuant to which we provide, among other things, warranty, operations and maintenance and hosting services for TerreStar's ground-based communications equipment. In December 2017, we and DISH Network amended these agreements, effective as of January 1, 2018, to reduce certain pricing terms through December 31, 2023 and to modify certain termination provisions. DISH Network generally has the right to continue to receive warranty services from us for our products on a month-to-month basis unless terminated by DISH Network upon at least 21 days' written notice to us. DISH Network generally has the right to continue to receive operations and maintenance services from us on a quarter-to-quarter basis unless operations and maintenance services are terminated by DISH Network upon at least 90 days' written notice to us. The provision of hosting services will continue until May 2022. In addition, DISH Network generally may terminate any and all services for convenience subject to providing us with prior notice and/or payment of termination charges.

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

DBSD North America Agreement. In March 2012, DISH Network completed its acquisition of all 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 various agreements pursuant to which we provide, among other things, warranty, operations and maintenance and hosting services of DBSD North America's gateway and ground-based communications equipment. In December 2017, we and DBSD North America amended these agreements, effective as of January 1, 2018, to reduce certain pricing terms through December 31, 2023 and to modify certain termination provisions. DBSD North America has the right to continue to receive operations and maintenance services from us on a quarter-to-quarter basis, unless terminated by DBSD North

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

America upon at least 120 days' written notice to us. In February 2019, we further amended these agreements to provide DBSD North America with the right to continue to receive warranty services from us on a month-to-month basis until December 2023, unless terminated by DBSD North America upon at least 21 days' written notice to us. The provision of hosting services will continue until February 2022 and will automatically renew for an additional five-year period until February 2027 unless terminated by DBSD North America upon at least 180 days' written notice to us. In addition, DBSD North America generally may terminate any and all such services for convenience, subject to providing us with prior notice and/or payment of termination charges.

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

General and Administrative Expenses — DISH Network

Amended and Restated Professional Services Agreement. In connection with the Spin-off, we entered into various agreements with DISH Network including a transition services agreement, satellite procurement agreement and services agreement, which all expired in January 2010 and were replaced by a professional services agreement (the "Professional Services Agreement"). In January 2010, we and DISH Network agreed that we continue to have the right, but not the obligation, to receive the following services from DISH Network, among others, certain of which were previously provided under a transition services agreement: information technology, travel and event coordination, internal audit, legal, accounting and tax, benefits administration, program acquisition services and other support services. Mr. Vivek Khemka, who was then employed as DISH Network's Executive Vice President and Chief Technology Officer, provided services to us during portions of 2016 and through February 2017 pursuant to the Professional Services Agreement as President -- EchoStar Technologies L.L.C. 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 a satellite procurement agreement), receive logistics, procurement and quality assurance services from us (previously provided under a services agreement) and provide other support services. In connection with the consummation of the Share Exchange, we and DISH amended and restated the Professional Services Agreement (the "Amended and Restated Professional Services Agreement") to provide that we and DISH Network shall have the right to receive additional services that either we or DISH Network may require as a result of the Share Exchange, including access to antennas owned by DISH Network for our use in performing TT&C services and maintenance and support services for our antennas. The term of the Amended and Restated Professional Services Agreement is through January 2020 and renews automatically for successive one-year periods thereafter, unless the agreement is terminated earlier by either party upon at least 60 days' notice. We or DISH Network may generally terminate the Amended and Restated Professional Services Agreement in part with respect to any particular service it receives for any reason upon at least 30 days' notice, unless the statement of work for particular services states otherwise. Certain services being provided for under the Amended and Restated Professional Services Agreement may survive the termination of the agreement. If the BSS Transaction is consummated, this agreement will be amended to include any additional services identified by either DISH Network or us to be provided to the other due to the BSS Transaction.

Real Estate Leases from DISH Network. 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 is comparable to per square foot rental rates of similar commercial property in the same geographic area at the time of the leases, and for certain properties, we are responsible for our portion of the taxes, insurance, utilities and maintenance of the premises.

Cheyenne Lease Agreement. Effective March 2017 we lease from DISH Network certain space at 530 EchoStar Drive in Cheyenne, Wyoming for a period ending in February 2019. In August 2018, we exercised our option to renew this lease for a one year period ending in February 2020. We have the option to renew this lease for twelve one-year periods. If the BSS Transaction is consummated, DISH Network will own the Cheyenne Satellite Operations Center, including any equipment, software licenses, and furniture located within, and this lease will be amended to provide us with certain space for the Cheyenne Satellite Access Center.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Gilbert Lease Agreement. Effective March 2017 we lease from DISH Network certain space at 801 N. DISH Dr. in Gilbert, Arizona for a period ending in February 2019. In August 2018, we exercised our option to renew this lease for a one year period ending in February 2020. We have the option to renew this lease for twelve one-year periods. If the BSS Transaction is consummated, DISH Network will own the Gilbert Satellite Operations Center outright, including any equipment, software, processes, software licenses, hardware licenses, furniture, and technical documentation located within, and this lease will be amended to provide us with certain space for the Gilbert Satellite Access Center.

American Fork Occupancy License Agreement. Effective March 2017, we subleased from DISH Network certain space at 796 East Utah Valley Drive in American Fork, Utah for a period ending in August 2017. We exercised our option to renew this sublease for a five-year period ending in August 2022. We and DISH Network amended this sublease to, among other things, terminate this sublease in March 2019.

Employee Matters Agreement. Effective March 2017, in connection with the Share Exchange, we and DISH Network entered into an employee matters agreement that addressed the transfer of employees from us to DISH Network, including certain benefit and compensation matters and the allocation of responsibility for employee related liabilities relating to current and past employees of the transferred businesses. DISH Network assumed employee-related liabilities relating to the transferred businesses as part of the Share Exchange, except that we are responsible for certain existing employee related litigation as well as certain pre-Share Exchange compensation and benefits for employees transferring to DISH Network in connection with the Share Exchange.

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

Other Agreements — DISH Network

Master Transaction Agreement. In May 2019, we and BSS Corp. entered into the Master Transaction Agreement with DISH and Merger Sub with respect to the BSS Transaction. Pursuant to the terms of the Master Transaction Agreement; (i) we will transfer the BSS Business to BSS Corp.; (ii) we will distribute to each holder of shares of our Class A and Class B common stock an amount of BSS Common Stock equal to one share of BSS Common Stock for each share of our Class A and Class B common stock owned by such EchoStar stockholder on the record date for the Distribution, which date has not yet been determined; and (iii) immediately after the Distribution, (1) BSS Corp. will become a wholly-owned subsidiary of DISH and DISH will own and operate the BSS Business and (2) each issued and outstanding share of BSS Common Stock owned by EchoStar stockholders will be converted into a number of shares of DISH Common Stock equal to 22,937,188 divided by the total number of shares of our Class A and Class B common stock outstanding on the record date for the Distribution. If the BSS Transaction is consummated, we will no longer operate a substantial portion of our ESS segment. The Master Transaction Agreement contains customary representations and warranties by us and DISH Network, including our representations relating to the assets, liabilities and financial condition of the BSS Business, and representations by DISH Network relating to its financial condition and liabilities. We and DISH Network have agreed to indemnify each other against certain losses with respect to breaches of certain representations and covenants and certain retained and assumed liabilities, respectively. See Note 1 for further information.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Satellite and Tracking Stock Transaction. In February 2014, we entered into agreements with DISH Network to implement a transaction pursuant to which, among other things: (i) in March 2014, EchoStar and our subsidiary, Hughes Satellite Systems Corporation (“HSS”), issued 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 assumption of related in-orbit incentive obligations) and \$11 million in cash; and (ii) in March 2014, DISH Network began receiving certain satellite services from us as discussed above on these five satellites (collectively, the “Satellite and Tracking Stock Transaction.”) The Tracking Stock was retired in March 2017 and is no longer outstanding and all agreements, arrangements and policy statements with respect to such Tracking Stock terminated and are of no further effect.

Share Exchange Agreement. On January 31, 2017, we and certain of our subsidiaries entered into a share exchange agreement (the “Share Exchange Agreement”) with DISH and certain of its subsidiaries, pursuant to which, on February 28, 2017, we received all of the shares of the Tracking Stock in exchange for 100% of the equity interests of certain EchoStar subsidiaries that held substantially all of our EchoStar Technologies businesses and certain other assets. Following consummation of the Share Exchange on February 28, 2017, we no longer operate the transferred EchoStar Technologies businesses and the Tracking Stock was retired and is no longer outstanding and all agreements, arrangements and policy statements with respect to such Tracking Stock terminated and are of no further effect. Pursuant to the Share Exchange Agreement, we transferred certain assets, investments in joint ventures, spectrum licenses and real estate properties and DISH Network assumed certain liabilities relating to the transferred assets and businesses. The Share Exchange Agreement contained customary representations and warranties by the parties, including representations by us related to the transferred assets, assumed liabilities and the financial condition of the transferred businesses. We and DISH Network also agreed to customary indemnification provisions whereby each party indemnifies the other against certain losses with respect to breaches of representations, warranties or covenants and certain liabilities and if certain actions undertaken by us or DISH causes the transaction to be taxable to the other party after closing. See Note 1 for further information.

Hughes Broadband Master Services Agreement. In March 2017, we and DISH Network entered into a master service agreement (the “Hughes Broadband MSA”) pursuant to which DISH Network, among other things: (i) has the right, but not the obligation, to market, promote and solicit orders and upgrades for our HughesNet service and related equipment and other telecommunication services and (ii) installs HughesNet service equipment with respect to activations generated by DISH Network. Under the Hughes Broadband MSA, we and DISH Network make certain payments to each other relating to sales, upgrades, purchases and installation services. The Hughes Broadband MSA has an initial term of five years until March 2022 with automatic renewal for successive one-year terms. Either party has the ability to terminate the Hughes Broadband MSA, in whole or in part, for any reason upon at least 90 days’ notice to the other party. Upon expiration or termination of the Hughes Broadband MSA, we will continue to provide our HughesNet service to subscribers and make certain payments to DISH Network pursuant to the terms and conditions of the Hughes Broadband MSA. We incurred sales incentives and other costs under the Hughes Broadband MSA totaling \$5 million and \$6 million for the three months ended June 30, 2019 and 2018, respectively, and \$10 million and \$20 million for the six months ended June 30, 2019 and 2018, respectively.

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

Tax Matters Agreement. Effective March 2017, in connection with the Share Exchange, we and DISH entered into a tax matters agreement. This agreement governs certain of our rights, responsibilities and obligations with respect to taxes of the transferred businesses pursuant to the Share Exchange. Generally, we are responsible for all tax returns and tax liabilities for the transferred businesses and assets for periods prior to the Share Exchange and DISH Network is responsible for all tax returns and tax liabilities for the transferred businesses and assets from and after the Share Exchange. Both we and DISH Network made certain tax-related representations and are subject to various tax-related

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

covenants after the consummation of the Share Exchange. Both we and DISH Network have agreed to indemnify each other if there is a breach of any such tax representation or violation of any such tax covenant and that breach or violation results in the Share Exchange not qualifying for tax free treatment for the other party. In addition, DISH Network has agreed to indemnify us if the transferred businesses are acquired, either directly or indirectly (e.g., via an acquisition of DISH Network), by one or more persons and such acquisition results in the Share Exchange not qualifying for tax free treatment. The tax matters agreement supplements the Tax Sharing Agreement outlined below, which continues in full force and effect.

Tax Sharing Agreement. Effective December 2007, we and DISH Network entered into a tax sharing agreement (the "Tax Sharing Agreement") in connection with the Spin-off. This agreement governs our and DISH Network's respective rights, responsibilities and obligations after the Spin-off with respect to taxes for the periods ending on or before the Spin-off. Generally, all pre-Spin-off taxes, including any taxes that are incurred as a result of restructuring activities undertaken to implement the Spin-off, are borne by DISH Network, and DISH Network indemnifies us for such taxes. However, DISH Network is not liable for and does 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 (the "Code"), because of: (i) a direct or indirect acquisition of any of our stock, stock options or assets; (ii) any action that we take or fail to take; or (iii) any action that we take that is inconsistent with the information and representations furnished to the IRS in connection with the request for the private letter ruling, or to counsel in connection with any opinion being delivered by counsel with respect to the Spin-off or certain related transactions. In such case, we will be solely liable for, and will indemnify DISH Network for, any resulting taxes, as well as any losses, claims and expenses. The Tax Sharing Agreement will terminate after the later of the full period of all applicable statutes of limitations, including extensions, or once all rights and obligations are fully effectuated or performed.

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, in September 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 in 2013, the federal tax benefits were reflected as a deferred tax asset for depreciation and amortization, which was netted in our noncurrent deferred tax liabilities. The agreement with DISH Network in 2013 requires DISH Network to pay us the federal tax benefit it receives at such time as we would have otherwise been able to realize such tax benefit. We recorded a noncurrent receivable from DISH Network in *Other receivables - DISH Network* and a corresponding increase in our Deferred tax liabilities, net to reflect the effects of this agreement in September 2013. In addition, in September 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 (the "State Tax Arrangement").

In August 2018, we and DISH Network amended the Tax Sharing Agreement and the 2013 agreements (the "Tax Sharing Amendment"). Under the Tax Sharing Amendment, to the extent permitted by applicable tax law, DISH Network is entitled to apply the benefit of our 2009 net operating losses (the "SATS 2009 NOLs") to DISH Network's federal tax return for the year ended December 31, 2008, in exchange for DISH Network paying us over time the value of the net annual federal income taxes paid by us that would have been otherwise offset by the SATS 2009 NOLs. The Tax Sharing Amendment also requires us and DISH Network to pay the other for the benefits of certain past and future federal research and development tax credits that we or DISH Network receive or received as a result of being part of a controlled group under the Code, and requires DISH Network to compensate us for certain past tax losses utilized by DISH Network and for certain past and future excess California research and development tax credits generated by us and used by DISH Network. In addition, the Tax Sharing Amendment extends the term of the State Tax Arrangement to the earlier to occur of termination of the Tax Sharing Agreement, a change in control of either us or DISH Network or, for any particular state, if we and DISH Network no longer file a combined tax return for such state.

We and DISH Network file combined income tax returns in certain states. We have earned and recognized tax benefits for certain state income tax credits that we would be unable to utilize currently if we had filed separately from DISH Network. We have charged *Additional paid-in capital* in prior periods when DISH Network has utilized such tax benefits. We expect to increase *Additional paid-in capital* upon receipt of any consideration that DISH Network pays to us in exchange for these tax credits.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Patent Cross-License Agreements. In 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 2017 and aggregate payments under both Cross-License Agreements were less than \$10 million. Each Cross-License Agreement contained an option to extend each Cross-License Agreement to include patents acquired by the respective party prior to January 2022. In December 2016, both we and DISH Network exercised our respective renewal options, resulting in aggregate additional payments to such third party totaling less than \$3 million. 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.

Other Agreements

Hughes Systique Corporation (“Hughes Systique”)

We contract with Hughes Systique for software development services. In addition to our approximately 43% 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 Chief Executive Officer and President of Hughes Systique, in the aggregate, own approximately 25%, on an undiluted basis, of Hughes Systique’s outstanding shares as of June 30, 2019. 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 accompanying Condensed Consolidated Financial Statements.

Dish Mexico

We own 49.0% of Dish Mexico, an entity that provides direct-to-home satellite services in Mexico. We provide certain satellite services to Dish Mexico. We recognized revenue from sales of services we provided to Dish Mexico of \$6 million for both the three months ended June 30, 2019 and 2018 and \$12 million for both the six months ended June 30, 2019 and 2018. As of both June 30, 2019 and December 31, 2018, we had trade accounts receivable from Dish Mexico of \$6 million. See Note 11 for additional information about our investments in unconsolidated entities.

Deluxe/EchoStar LLC

We own 50.0% of 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 \$1 million for both the three months ended June 30, 2019 and 2018 and \$2 million for both the six months ended June 30, 2019 and 2018. As of both June 30, 2019 and December 31, 2018, we had trade accounts receivable from Deluxe of \$1 million. See Note 11 for additional information about our investments in unconsolidated entities.

Broadband Connectivity Solutions

In August 2018, we entered into an agreement with Yahsat to establish a new entity, BCS, to provide commercial Ka-band satellite broadband services across Africa, the Middle East and southwest Asia operating over Yahsat’s Al Yah 2 and Al Yah 3 Ka-band satellites. The transaction was consummated in December 2018 when we invested \$100 million in cash in exchange for a 20% interest in BCS. Under the terms of the agreement, we may also acquire, for further cash investments, additional ownership interests in BCS in the future provided certain conditions are met. We supply network operations and management services and equipment to BCS. We recognized revenue from BCS for such services and equipment of \$2 million and \$4 million for the three and six months ended June 30, 2019, respectively. As of both June 30, 2019 and December 31, 2018, we had \$3 million trade accounts receivable from BCS. See Note 11 for additional information about our investments in unconsolidated entities.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

AsiaSat

We contract with AsiaSat Telecommunications Inc. (“AsiaSat”) for the use of transponder capacity on one of AsiaSat’s satellites. Mr. William David Wade, who joined our board of directors in February 2017, served as the Chief Executive Officer of AsiaSat in 2016 and as a senior advisor to the Chief Executive Officer of AsiaSat through March 2017. We incurred expenses payable to AsiaSat under this agreement of nil for both the three and six months ended June 30, 2019 and 2018, respectively.

Global IP

In May 2017, we entered into an agreement with Global-IP Cayman (“Global IP”) providing for the sale of certain equipment and services to Global IP. Mr. William David Wade, a member of our board of directors, served as a member of the board of directors of Global IP from September 2017 until April 2019 and continues to serve as an executive advisor to the Chief Executive Officer of Global IP. In August 2018, we and Global IP amended the agreement to (i) change certain of the equipment and services to be provided to Global IP; (ii) modify certain payment terms; (iii) provide Global IP an option to use one of our test lab facilities; and (iv) effectuate the assignment of the agreement from Global IP to one of its wholly-owned subsidiaries. In February 2019, we terminated the agreement as a result of Global IP’s defaults resulting from its failure to make payments to us as required under the terms of the agreement and we reserved our rights and remedies against Global IP under the agreement. We recognized revenue under this agreement of nil for both the three and six months ended June 30, 2019, respectively, and \$1 million for both the three and six months ended June 30, 2018, respectively. As of both June 30, 2019 and December 31, 2018, we are owed \$7.5 million from Global IP.

TerreStar Solutions

DISH Network owns more than 15% of TerreStar Solutions, Inc. (“TSI”). In May 2018, we and TSI entered into an equipment and services agreement pursuant to which we design, manufacture and install upgraded ground communications network equipment for TSI’s network and provide, among other things, warranty and support services. We recognized revenue of \$3 million and de minimis for the three months ended June 30, 2019 and 2018, respectively, and \$8 million and de minimis for the six months ended June 30, 2019 and 2018, respectively. As of June 30, 2019 and December 31, 2018, we had trade accounts receivable from TSI of \$1 million and \$2 million, respectively.

Maxar Technologies Inc.

Mr. Jeffrey Tarr, who joined our board of directors in March 2019, served as a consultant and advisor to Maxar and its subsidiaries (“Maxar Tech”) through May 2019. We previously entered into agreements with Maxar Tech for the manufacture of our EchoStar IX, EchoStar XI, EchoStar XIV, EchoStar XVI, EchoStar XVII, EchoStar XIX, EchoStar XXI and EchoStar XXIII satellites and for the timely manufacture and delivery and certain other services for our EchoStar XXIV satellite with an expected launch date in 2021. Maxar Tech provides us with anomaly support for these satellites once launched pursuant to the terms of the agreements. Maxar Tech also provides a warranty on one of these satellites and may be required to pay us certain amounts should the satellite not operate according to certain performance specifications. Our obligations to pay Maxar Tech under these agreements during the design life of the applicable satellites may be reduced if the applicable satellites do not operate according to certain performance specifications. We incurred aggregate costs payable to Maxar Tech under these agreements of \$31 million and \$67 million for the three and six months ended June 30, 2019, respectively.

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 18. SUPPLEMENTAL FINANCIAL INFORMATION**Noncash Investing and Financing Activities**

The following table presents the noncash investing and financing activities (amounts in thousands):

	For the six months ended June 30,	
	2019	2018
Employee benefits paid in Class A common stock	\$ 6,654	\$ 7,605
Increase (decrease) in capital expenditures included in accounts payable, net	\$ (15,839)	\$ (8,467)

Restricted Cash and Cash Equivalents

The beginning and ending balances of cash and cash equivalents presented in our Condensed Consolidated Statements of Cash Flows included restricted cash and cash equivalents of \$1 million and \$9 million, respectively, for both the three and six months ended June 30, 2019, respectively, and \$1 million for both the three and six months ended June 30, 2018. These amounts are included in *Other noncurrent assets, net* in our Condensed Consolidated Balance Sheets.

Fair Value of In-Orbit Incentives

As of June 30, 2019 and December 31, 2018, 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 \$103 million and \$107 million, respectively.

Contract Acquisition and Fulfillment Costs

Unamortized contract acquisition costs totaled \$114 million and \$104 million as of June 30, 2019 and December 31, 2018, respectively, and related amortization expense totaled \$24 million and \$21 million for the three months ended June 30, 2019 and 2018, respectively, and \$47 million and \$41 million for the six months ended June 30, 2019 and 2018, respectively.

Unamortized contract fulfillment costs totaled \$3 million as of June 30, 2019 and December 31, 2018 and related amortization expense was de minimis for the three and six months ended June 30, 2019 and 2018, respectively.

Research and Development

The table below summarizes the research and development costs incurred in connection with customers' orders included in cost of sales and other expenses we incurred for research and development (amounts in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Cost of sales	\$ 6,316	\$ 6,290	\$ 11,711	\$ 12,888
Research and development	\$ 6,388	\$ 6,647	\$ 13,276	\$ 13,784

ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Capitalized Software Costs

As of June 30, 2019 and December 31, 2018, the net carrying amount of externally marketed software was \$100 million and \$97 million, respectively, of which \$27 million and \$29 million, respectively, is under development and not yet placed in service. We capitalized costs related to the development of externally marketed software of \$8 million for both the three months ended June 30, 2019 and 2018 and \$15 million for both the six months ended June 30, 2019 and 2018. We recorded amortization expense relating to the development of externally marketed software of \$6 million for both the three months ended June 30, 2019 and 2018 and \$12 million and \$11 million for the six months ended June 30, 2019 and 2018, respectively. The weighted average useful life of our externally marketed software was three years as of June 30, 2019.

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 ("U.S.") dollars. The following management's discussion and analysis of our financial condition and results of operations should be read in conjunction with our accompanying condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q ("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 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 Form 10-Q and in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission ("SEC") as amended by Amendment No. 1 to Form 10-K on Form 10-K/A filed with the SEC (collectively referred to as our "Form 10-K"). Further, such forward-looking statements speak only as of the date of this Form 10-Q and we undertake no obligation to update them.

EXECUTIVE SUMMARY

EchoStar is a global provider of broadband satellite technologies, broadband internet services for home and small office customers, satellite operations and satellite services. We also deliver innovative network technologies, managed services and various communications solutions for aeronautical, enterprise and government customers.

Prior to March 2017, we operated in three primary business segments: Hughes, EchoStar Technologies and EchoStar Satellite Services ("ESS"). On January 31, 2017, EchoStar Corporation and certain of our subsidiaries entered into a share exchange agreement with DISH Network Corporation ("DISH") and certain of its subsidiaries. We, and certain of our subsidiaries, received all of the shares of the Hughes Retail Preferred Tracking Stock previously issued by us and one of our subsidiaries (together, the "Tracking Stock") in exchange for 100% of the equity interests of certain of our subsidiaries that held substantially all of our former EchoStar Technologies businesses and certain other assets (collectively, the "Share Exchange"). Following the consummation of the Share Exchange, we no longer operate our former EchoStar Technologies businesses, the Tracking Stock was retired and is no longer outstanding, and all agreements, arrangements and policy statements with respect to the Tracking Stock terminated. See Note 4 in the notes to our Consolidated Financial Statements in Item 15 of our Form 10-K for further discussion of our discontinued operations.

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

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

In May 2019, we and one of our subsidiaries, EchoStar BSS Corporation ("BSS Corp."), entered into a master transaction agreement (the "Master Transaction Agreement") with DISH and a wholly-owned subsidiary of DISH ("Merger Sub"). Pursuant to the terms of the Master Transaction Agreement; (i) we will transfer to BSS Corp. certain real property and the various businesses, products, licenses, technology, revenues, billings, operating activities, assets and liabilities primarily relating to the portion of our ESS satellite services business that manages, markets and provides (1) broadcast satellite services primarily to DISH Network Corporation and its subsidiaries ("DISH Network") and our joint venture Dish Mexico, S. de R.L. de C.V. ("Dish Mexico") and its subsidiaries and (2) telemetry, tracking and control ("TT&C") services for satellites owned by DISH Network and a portion of our other businesses (collectively, the "BSS Business"); (ii) we will distribute to each holder of shares of our Class A and Class B common stock an amount of shares of common stock of BSS Corp., par value \$0.001 per share ("BSS Common Stock"), equal to one share of BSS Common Stock for each share of our Class A and Class B common stock owned by such EchoStar stockholder on the record date for the distribution (the "Distribution"), which date has not yet been determined; and (iii) immediately after the Distribution,

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

(1) Merger Sub will merge with and into BSS Corp. (the "Merger"), such that, at the effective time of the Merger (the "Effective Time"), BSS Corp. will become a wholly-owned subsidiary of DISH and DISH will own and operate the BSS Business, and (2) each issued and outstanding share of BSS Common Stock owned by EchoStar stockholders will be converted into a number of shares of DISH Class A common stock, par value \$0.001 per share ("DISH Common Stock"), equal to 22,937,188 divided by the total number of shares of our Class A and Class B common stock outstanding on the record date for the Distribution ((i) - (iii) collectively, the "BSS Transaction"). If the BSS Transaction is consummated, we will no longer operate a substantial portion of our ESS segment.

The Master Transaction Agreement contains customary representations and warranties by the parties, including our representations relating to the assets, liabilities and financial condition of the BSS Business, and representations by DISH Network relating to its financial condition and liabilities. Prior to closing, we have agreed to conduct the BSS Business in the ordinary course and not to undertake specified actions without the written consent of DISH. Completion of the BSS Transaction is subject to the satisfaction or waiver of various closing conditions, including receipt of consents, regulatory approvals and tax opinions. We and DISH Network have agreed to indemnify each other against certain losses with respect to breaches of certain representations and covenants and certain retained and assumed liabilities, respectively. The Master Transaction Agreement provides for certain termination rights of EchoStar Corporation and DISH, including the right of either party to terminate the Master Transaction Agreement if the BSS Transaction has not been consummated by February 19, 2020. In connection with the BSS Transaction, we and DISH and certain of our and its subsidiaries will enter into certain customary agreements covering, among other things, matters relating to taxes, employees, intellectual property, transition services and certain TT&C satellite services.

In July 2019, a lawsuit was filed by a purported EchoStar stockholder naming as defendants the members of our board of directors, EchoStar Corporation, certain of our officers, DISH and certain of DISH Network's and our affiliates. If the plaintiff obtains an injunction or order prohibiting or delaying the completion of the BSS Transaction, then such injunction or order may prevent the BSS Transaction from being completed, or from being completed within the expected timeframe or on the terms provided for in the Master Transaction Agreement. If the litigation delays the BSS Transaction or prevents the BSS Transaction from closing, our business, financial position and results of operation could be adversely affected. Further, the defense or settlement of any lawsuit or claim that remains unresolved at the time the BSS Transaction is consummated, or any adverse final disposition, may adversely affect our respective business, financial condition, results of operations and cash flows. See Note 15 in the notes to our accompanying Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for further information.

The BSS Transaction, which is intended to be generally tax-free to us and our stockholders for U.S. federal income tax purposes, is expected to be completed during the second half of 2019, but there can be no assurance that the BSS Transaction will be consummated on the terms or within the time frame disclosed, or at all.

See the Risk Factors set forth under Part II, Item 1A of this Form 10-Q for information about certain risks related to the BSS Transaction, and see our Current Report on Form 8-K filed on May 20, 2019.

Highlights from our financial results are as follows:

2019 Second Quarter Consolidated Results of Operations

- Revenue of \$537 million
- Operating income of \$23 million
- Net loss of \$5 million
- Net loss attributable to EchoStar common stock of \$6 million and basic loss per share of common stock of \$0.06
- Earnings before interest, taxes, depreciation and amortization ("EBITDA") of \$188 million (see reconciliation of this non-GAAP measure on page 53)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**Consolidated Financial Condition as of June 30, 2019**

- Total assets of \$7.9 billion
- Total liabilities of \$3.7 billion
- Total stockholders' equity of \$4.2 billion
- Cash, cash equivalents and current marketable investment securities of \$2.5 billion

Hughes Segment

Our Hughes segment is a global provider of broadband satellite technologies and broadband internet services to home and small office customers and broadband network technologies, managed services, equipment, hardware, satellite services and communications solutions to consumers, aeronautical, enterprise and government customers. The Hughes segment also designs, provides and installs gateway and terminal equipment to customers for other satellite systems. In addition, our Hughes segment designs, develops, constructs and provides telecommunication networks comprising satellite ground segment systems and terminals to mobile system operators and our enterprise customers.

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

We continue to focus our efforts on growing our consumer revenue by maximizing utilization of our existing satellites while planning for new satellites to be launched or acquired. Our consumer revenue growth depends on our success in adding new and retaining existing subscribers in our domestic and international markets across wholesale and retail channels. The growth of our enterprise businesses, including aeronautical, relies heavily on global economic conditions and the competitive landscape for pricing relative to competitors and alternative technologies. Service costs related to ongoing support for our direct and indirect customers and partners are typically impacted most significantly by our growth.

Our Hughes segment currently uses capacity from three of our satellites (the SPACEWAY 3 satellite, the EchoStar XVII satellite and the EchoStar XIX satellite) and additional satellite capacity acquired from multiple third-party providers to provide services to our customers. Growth of our subscriber base continues to be constrained in areas where we are nearing or have reached maximum capacity. While these constraints are expected to be resolved when we launch new satellites, we continue to focus on subscriber growth in the areas where we have remaining capacity.

In May 2019, we entered into an agreement with Al Yah Satellite Communications Company PrJSC ("Yahsat") pursuant to which Yahsat will contribute its current satellite communications services business in Brazil to us in exchange for a 20% ownership interest in our existing Brazilian subsidiary that conducts our current satellite communications services business in Brazil. The combined business will provide broadband internet services and enterprise solutions in Brazil using the Telesat T19V and Eutelsat 65W satellites and Yahsat's Al Yah 3 satellite. Under the terms of the agreement, Yahsat may also acquire, for further cash investments, additional minority ownership interests in the business in the future provided certain conditions are met. The completion of the transaction is subject to customary regulatory approvals and closing conditions. No assurance can be given that the transaction will be consummated on the terms agreed to or at all.

In May 2019, we entered into an agreement with Bharti Airtel Limited ("BAL") and its subsidiary, Bharti Airtel Services Limited (together with BAL, "Bharti"), pursuant to which Bharti will contribute its very small aperture terminal ("VSAT") telecommunications services and hardware business in India to our two existing Indian subsidiaries that conduct our VSAT services and hardware business. The combined entities will provide broadband satellite and hybrid solutions for enterprise and government networks. Upon consummation of the transaction, Bharti will have a 33% ownership interest in the combined business. The completion of the transaction is subject to customary regulatory approvals and closing conditions. No assurance can be given that the transaction will be consummated on the terms agreed to or at all.

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

In August 2018, we entered into an agreement with Yahsat to establish a new entity, Broadband Connectivity Solutions (Restricted) Limited (together with its subsidiaries, "BCS"), to provide commercial Ka-band satellite broadband services across Africa, the Middle East and southwest Asia operating over Yahsat's Al Yah 2 and Al Yah 3 Ka-band satellites. The transaction was consummated in December 2018 when we invested \$100 million in cash in exchange for a 20% interest in BCS. Under the terms of the agreement, we may also acquire, for further cash investments, additional ownership interests in BCS in the future provided certain conditions are met. We supply network operations and management services and equipment to BCS.

In August 2017, we entered into a contract for the design and construction of the EchoStar XXIV satellite, a new, next-generation, high throughput geostationary satellite, with a planned 2021 launch. The EchoStar XXIV satellite is primarily intended to provide additional capacity for our HughesNet satellite internet service ("HughesNet service") in North, Central and South America as well as aeronautical and enterprise broadband services. In June 2019, the Federal Communications Commission amended our existing authorization that allowed us to construct, deploy and operate the EchoStar XXIV satellite to now include all of the frequency bands included in our current design plans. In the first quarter of 2019, Maxar Technologies Inc. ("Maxar"), the parent company of Space Systems/Loral, LLC ("SSL"), the manufacturer of our EchoStar XXIV satellite, announced that, although it will continue to operate its geostationary communications satellite business, it intends to adjust its organization to better align costs with revenue. SSL has indicated to us that it intends to meet its contractual obligations regarding the timely manufacture and delivery of the EchoStar XXIV satellite. However, if SSL fails to meet or is delayed in meeting these obligations for any reason, including if Maxar decides to significantly modify its geostationary communications satellite business, such failure could have a material adverse impact on our business operations, future revenues, financial position and prospects, the completion of the manufacture of the EchoStar XXIV satellite and our planned expansion of satellite broadband services throughout North, South and Central America. Capital expenditures associated with the construction and launch of the EchoStar XXIV satellite are included in Corporate and Other in our segment reporting.

In March 2017, we and DISH Network entered into a master service agreement (the "Hughes Broadband MSA"). Pursuant to the Hughes Broadband MSA, DISH's subsidiary, among other things: (i) has the right, but not the obligation, to market, promote and solicit orders and upgrades for our HughesNet service and related equipment and other telecommunication services and (ii) installs HughesNet service equipment with respect to activations generated by the DISH subsidiary. As a result of the Hughes Broadband MSA, we have not earned and do not expect to earn in the future, significant equipment revenue from our distribution agreement with another wholly-owned subsidiary of DISH. We expect churn in the existing wholesale subscribers to continue to reduce *Services and other revenue - DISH Network* in the future.

Developments toward the launch of next-generation satellite systems including low-earth orbit ("LEO"), medium-earth orbit ("MEO") and geostationary systems could provide additional opportunities to drive the demand for our equipment, hardware, technology and services. In June 2015, we made an equity investment in OneWeb Global Limited (the successor in interest to WorldVue Satellite Limited) ("OneWeb"), a global LEO satellite service company. The investment is reflected in Corporate and Other. In addition, we have an agreement with OneWeb to provide certain equipment and services in connection with the ground network system for OneWeb's LEO satellites. We expect to continue delivering additional equipment and services to OneWeb.

We continue our efforts to expand our consumer satellite services business outside of the U.S. In April 2014, we entered into a 15-year agreement with Eutelsat do Brasil for Ka-band capacity into Brazil on the EUTELSAT 65 West. We began delivering high-speed consumer satellite broadband services in Brazil in July 2016. Additionally, in September 2015, we entered into 15-year agreements with affiliates of Telesat Canada for Ka-band capacity on the Telesat T19V satellite located at the 63 degree west longitude orbital location, which was launched in July 2018. Telesat T19V was placed in service during the fourth quarter of 2018 and augmented the capacity being provided by the EUTELSAT 65 West A and EchoStar XIX satellites in Central and South America. We currently provide satellite broadband internet service in several Central and South American countries, and expect to launch similar services in other Central and South American countries.

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

Our subscriber numbers as of June 30, 2019, March 31, 2019 and December 31, 2018 are approximately as follows:

	As of		
	June 30, 2019	March 31, 2019	December 31, 2018
Broadband subscribers	1,415,000	1,388,000	1,361,000

	For the three months ended	
	June 30, 2019	March 31, 2019
Net additions	26,000	28,000

Our broadband subscribers include customers that subscribe to our HughesNet services in North, Central and South America through retail, wholesale and small/medium enterprise service channels. During the second quarter of 2019, we had net additions of approximately 26,000 new subscribers. Our gross subscriber additions increased approximately by 8,000 compared to the first quarter of 2019. Our net subscriber additions for the quarter ended June 30, 2019 decreased by 2,000 compared to the quarter ended March 31, 2019.

As of both June 30, 2019 and December 31, 2018, our Hughes segment had \$1.5 billion, respectively, of contracted revenue backlog. We define Hughes contracted revenue backlog as our expected future revenue, including lease revenue, under customer contracts that are non-cancelable, excluding agreements with customers in our consumer market.

ESS Segment

Our ESS segment is currently a global provider of satellite operations and satellite services. We operate our ESS business using our owned and leased in-orbit satellites and related licenses. Revenue in our ESS segment depends largely on our ability to continuously make use of our available satellite capacity with existing customers and our ability to enter into commercial relationships with new customers. Our ESS segment, like others in the fixed satellite services industry, has encountered, and may continue to encounter, negative pressure on transponder rates and demand.

We currently provide satellite operations and satellite services on a full-time and/or occasional-use basis primarily to DISH Network, Dish Mexico, U.S. government service providers, internet service providers, broadcast news organizations, content providers and private enterprise customers.

We currently depend on DISH Network for a significant portion of the revenue for our ESS segment, and, if the BSS Transaction is not consummated, we expect that DISH Network will continue to be the primary source of revenue for our ESS segment as we have entered into certain commercial agreements with DISH Network pursuant to which we provide DISH Network with satellite services at fixed prices for varying lengths of time depending on the satellite. Therefore, if the BSS Transaction is not consummated, the results of operations of our ESS segment will continue to be linked to changes in DISH Network's satellite capacity requirements, which historically have been driven by the addition of new channels and migration of programming to high-definition television and video on demand services. DISH Network's future satellite capacity requirements may change for a variety of reasons, including its ability to construct and launch or acquire its own satellites, to continue to add new channels and/or to migrate to the provision of such channels and other video on demand services through streaming and other alternative technologies. There is no assurance that we will continue to provide satellite services to DISH Network beyond the terms of our agreements. Any termination or reduction in the satellite services we provide to DISH Network would cause us to have unused capacity on our satellites and require that we aggressively pursue alternative sources of revenue for this business. Our agreement with DISH Network to lease satellite capacity on the EchoStar VII satellite expired in June 2018. As a result, we have, and if the BSS Transaction is not consummated expect to continue to have, a \$43 million annualized decrease in our revenue.

As of June 30, 2019 and December 31, 2018, our ESS segment had contracted revenue backlog of \$680 million and \$832 million respectively. We define contracted revenue backlog for our ESS segment as contracted future satellite lease revenue. If the BSS Transaction is consummated, our ESS segment contracted revenue backlog will decrease.

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

See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Executive Summary" above for information regarding the pending BSS Transaction, which will result in DISH Network owning and operating the BSS Business, which comprises a substantial portion of our ESS segment.

Other Business Opportunities

Our industry continues to evolve with the increasing worldwide demand for broadband internet access for information, entertainment and commerce. In addition to fiber and wireless systems, other technologies such as geostationary high throughput satellites, LEO networks, MEO systems, balloons and High Altitude Platform Systems are expected to play significant roles in enabling global broadband access, networks and services. We intend to use our expertise, technologies, capital, investments, global presence, relationships and other capabilities to continue to provide broadband internet systems, equipment, networks and services for information, the internet-of-things, entertainment and commerce in North America and internationally for consumers, as well as aeronautical, enterprise and government customers. We are closely tracking the developments in next-generation satellite businesses, and we are seeking to utilize our services, technologies and expertise to find new commercial opportunities for our business.

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

In 2012, we acquired the right to use various frequencies at the 45 degree west longitude orbital location ("45 West") from ANATEL, the Brazilian communications regulatory agency. In October 2017, ANATEL declined our request to extend milestone deadlines we had for our S-band and Ka-band license at 45 West; and, as a result, we do not have the right to use such license and may be subject to penalties as a result of our failure to meet these milestones. In January 2019, we determined that we are not able to develop a business using our 45 West regulatory authorization and, as a result, we are relocating our EchoStar XXIII satellite from 45 West. We have entered into an agreement with ANATEL to terminate our 45 West regulatory authorization. If the BSS Transaction is consummated, the EchoStar XXIII satellite will be transferred to DISH Network.

In December 2013, we acquired an entity based in Dublin, Ireland, which we subsequently renamed EchoStar Mobile Limited ("EML"). EML is licensed by the European Union and its member states ("EU") to provide mobile satellite service ("MSS") and complementary ground component ("CGC") services covering the entire EU using S-band spectrum. Our EchoStar XXI satellite, which provides space segment capacity to EML in the EU, was launched in June 2017 and placed into service in November 2017. Commercial service has been available on our EchoStar XXI satellite since the fourth quarter of 2017. EML is focused on expanding its MSS operations in the EU through development of innovative mobile and machine-to-machine products and services. We believe we are in a unique position to deploy a European wide MSS and CGC network and maximize the long-term value of our S-band spectrum in Europe and other regions within the scope of our licenses.

Cybersecurity

As a global provider of satellite technologies and services, internet services and communications equipment and networks, we may be prone to more targeted and persistent levels of cyber-attacks than other businesses. These risks may be more prevalent as we continue to expand and grow our business into other areas of the world outside of North America, some of which are still developing their cybersecurity infrastructure maturity. Detecting, deterring, preventing and mitigating incidents caused by hackers and other parties may result in significant costs to us and may expose our customers to financial or other harm that have the potential to significantly increase our liability.

We treat cybersecurity risk seriously and are focused on maintaining the security of our and our partners' systems, networks, technologies and data. We regularly review and revise our relevant policies and procedures, invest in and maintain internal resources, personnel and systems and review, modify and supplement our defenses through the use

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

of various services, programs and outside vendors. We also maintain agreements with third party vendors and experts to assist in our remediation and mitigation efforts if we experience or identify a material incident or threat. In addition, senior management and the Audit Committee of our Board of Directors are regularly briefed on cybersecurity matters.

We are not aware of any cyber-incidents with respect to our owned or leased satellites or other networks, equipment or systems that have had a material adverse effect on our business, costs, operations, prospects, results of operation or financial position during the three and six months ended June 30, 2019. There can be no assurance, however, that any such incident can be detected or thwarted or will not have such a material adverse effect in the future.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
RESULTS OF OPERATIONS
Three Months Ended June 30, 2019 Compared to the Three Months Ended June 30, 2018

The following table presents our consolidated results of operations for the three months ended June 30, 2019 compared to the three months ended June 30, 2018 (amounts in thousands):

Statements of Operations Data (1)	For the three months ended June 30,		Variance	
	2019	2018	Amount	%
Revenue:				
Services and other revenue - DISH Network	\$ 85,057	\$ 100,171	\$ (15,114)	(15.1)
Services and other revenue - other	394,422	375,445	18,977	5.1
Equipment revenue	57,645	50,341	7,304	14.5
Total revenue	537,124	525,957	11,167	2.1
Costs and expenses:				
Cost of sales - services and other	153,198	151,157	2,041	1.4
% of total services and other revenue	32.0%	31.8%		
Cost of sales - equipment	46,549	41,865	4,684	11.2
% of total equipment revenue	80.8%	83.2%		
Selling, general and administrative expenses	152,629	103,074	49,555	48.1
% of total revenue	28.4%	19.6%		
Research and development expenses	6,388	6,647	(259)	(3.9)
% of total revenue	1.2%	1.3%		
Depreciation and amortization	155,410	148,449	6,961	4.7
Total costs and expenses	514,174	451,192	62,982	14.0
Operating income	22,950	74,765	(51,815)	(69.3)
Other income (expense):				
Interest income	23,213	19,253	3,960	20.6
Interest expense, net of amounts capitalized	(60,163)	(61,534)	1,371	(2.2)
Gains (losses) on investments, net	12,856	65,396	(52,540)	(80.3)
Equity in losses of unconsolidated affiliates, net	(4,754)	(2,058)	(2,696)	*
Other, net	1,760	(336)	2,096	*
Total other income (expense), net	(27,088)	20,721	(47,809)	*
Income (loss) before income taxes	(4,138)	95,486	(99,624)	*
Income tax provision, net	(922)	(17,802)	(16,880)	94.8
Net income (loss)	(5,060)	77,684	(82,744)	*
Less: Net income attributable to noncontrolling interests	632	462	170	36.8
Net income (loss) attributable to EchoStar Corporation common stock	\$ (5,692)	\$ 77,222	\$ (82,914)	*
Other data:				
EBITDA (2)	\$ 187,590	\$ 285,754	\$ (98,164)	(34.4)
Subscribers, end of period	1,415,000	1,298,000	117,000	9.0

* Percentage is not meaningful.

(1) An explanation of our key metrics is included on pages 65 and 66 under the heading Explanation of Key Metrics and Other Items.

(2) A reconciliation of EBITDA to Net income, the most directly comparable generally accepted accounting principles ("U.S. GAAP") measure in the accompanying financial statements, is included on page 53. For further information on our use of EBITDA, see Explanation of Key Metrics and Other Items on page 66.

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

Services and other revenue - DISH Network. Services and other revenue - DISH Network totaled \$85 million for the three months ended June 30, 2019, a decrease of \$15 million or 15.1%, compared to the same period in 2018.

Services and other revenue - DISH Network from our Hughes segment for the three months ended June 30, 2019 decreased by \$4 million, or 34.6%, to \$8 million compared to the same period in 2018. The decrease was primarily attributable to a continued decrease in our residential wholesale broadband services.

Services and other revenue - DISH Network from our ESS segment for the three months ended June 30, 2019 decreased by \$11 million, or 13.4%, to \$72 million compared to the same period in 2018. The decrease was a result of the expiration of DISH Network's agreement to lease satellite capacity from us on the EchoStar VII satellite at the end of June 2018.

Services and other revenue - other. Services and other revenue - other totaled \$394 million for the three months ended June 30, 2019, an increase of \$19 million or 5.1%, compared to the same period in 2018.

Services and other revenue - other from our Hughes segment for the three months ended June 30, 2019 increased by \$23 million, or 6.3%, to \$386 million compared to the same period in 2018. The increase was primarily attributable to increases in sales of broadband services to our consumer customers of \$31 million, partially offset by a decrease in sales of broadband services to our enterprise customers of \$9 million.

Services and other revenue - other from our ESS segment for the three months ended June 30, 2019 decreased by \$3 million, or 26.3%, to \$9 million compared to the same period in 2018. The decrease was due to a net decrease in transponder services provided.

Equipment revenue. Equipment revenue totaled \$58 million for the three months ended June 30, 2019, an increase of \$7 million or 14.5%, compared to the same period in 2018. The increase was from our Hughes segment and is mainly due to increases in hardware sales of \$9 million to our international enterprise customers and \$4 million to our mobile satellite systems customers. The increase was partially offset by a decrease in hardware sales of \$7 million to our domestic enterprise customers.

Cost of sales - services and other. Cost of sales - services and other totaled \$153 million for the three months ended June 30, 2019, an increase of \$2 million or 1.4%, compared to the same period in 2018. The increase was from our Hughes segment primarily attributable to an increase in the costs of broadband services provided to our consumer customers, partially offset by a decrease in the costs of broadband services provided to our enterprise customers.

Cost of sales - equipment. Cost of sales - equipment totaled \$47 million for the three months ended June 30, 2019, an increase of \$5 million or 11.2%, compared to the same period in 2018. The increase was from our Hughes segment and primarily attributable to an increase in hardware sales to our international enterprise customers and our mobile satellite systems customers. The increase was partially offset by a decrease in hardware sales to our domestic enterprise customers.

Selling, general and administrative expenses. Selling, general and administrative expenses totaled \$153 million for the three months ended June 30, 2019, an increase of \$50 million or 48.1%, compared to the same period in 2018. The increase was primarily attributable to increases in (i) litigation expense of \$25 million, (ii) bad debt expense of \$13 million, (iii) professional services associated with strategic transactions of \$5 million, (iv) marketing and promotional expenses of \$5 million from our Hughes segment mainly associated with our consumer business and (v) other general and administrative expenses of \$2 million.

Depreciation and amortization. Depreciation and amortization expenses totaled \$155 million for the three months ended June 30, 2019, an increase of \$7 million or 4.7%, compared to the same period in 2018. The increase was primarily due to increases in depreciation expense of \$4 million relating to our customer premises equipment and \$2 million relating the Telesat T19V satellite that was placed into service in the fourth quarter of 2018.

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

Interest income. Interest income totaled \$23 million for the three months ended June 30, 2019, an increase of \$4 million or 20.6%, compared to the same period in 2018 primarily attributable to an increase in yield percentage in 2019 compared to 2018.

Interest expense, net of amounts capitalized. Interest expense, net of amounts capitalized totaled \$60 million for the three months ended June 30, 2019, a decrease of \$1 million or 2.2%, compared to the same period in 2018. The decrease was primarily due to a decrease of \$4 million in interest expense due to the repurchase and maturity of HSS' 6 1/2% Senior Secured Notes due 2019 (the "2019 Senior Secured Notes") and a decrease of \$1 million in interest expense relating to lower principal balances on certain capital lease obligations. The decreases were partially offset by an increase in interest expense of \$4 million associated with a litigation settlement.

Gains (losses) on investments, net. Gains (losses) on investments, net totaled \$13 million in gains for the three months ended June 30, 2019, a decrease of \$53 million or 80.3%, compared to the same period in 2018. The decrease was primarily attributable to a decrease in gains on certain marketable equity and debt securities that we account for using the fair value option.

Equity in earnings (losses) of unconsolidated affiliates, net. Equity in losses of unconsolidated affiliates, net totaled \$5 million for the three months ended June 30, 2019, an increase in loss of \$3 million compared to the same period in 2018.

Other, net. Other, net totaled \$2 million in income for the three months ended June 30, 2019 compared to \$0.3 million in loss for the three months ended June 30, 2018. For the three months ended June 30, 2019, the \$2 million in income was primarily related to a favorable foreign exchange impact. For the three months ended June 30, 2018, the \$0.3 million in loss was primarily related to an unfavorable foreign exchange impact of \$12 million, partially offset by a net gain of \$10 million due to the settlement of certain amounts due to and from a third party vendor and a \$2 million dividend received from certain marketable equity securities.

Income tax provision, net. Income tax provision was \$1 million for the three months ended June 30, 2019, an increase of \$16.9 million or 94.8%, compared to the same period in 2018. Our effective income tax rate was (22.3)% and 18.6% for the three months ended June 30, 2019 and 2018, respectively. The variations in our current year effective tax rate from the U.S. federal statutory rate for the three months ended June 30, 2019 were primarily due to the change in net unrealized gains that are capital in nature and research and experimentation credits, partially offset by the impact of state and local taxes and the increase in our valuation allowance associated with certain foreign losses. For the year ended December 31, 2018, we recorded a tax provision of nil related to the tax on deemed mandatory repatriation of our unrepatriated foreign earnings. As a result of the release of new treasury regulations in June 2019, we have recorded additional tax expense of \$2 million on deemed mandatory repatriation of certain deferred foreign earnings. The variations in our effective tax rate from the U.S. federal statutory rate for the three months ended June 30, 2018 were primarily due to the change in our valuation allowance associated with unrealized losses that are capital in nature.

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

Net income (loss) attributable to EchoStar Corporation common stock. Net loss attributable to EchoStar Corporation common stock totaled \$6 million in loss for the three months ended June 30, 2019 compared to \$77 million in income for the three months ended June 30, 2018 as set forth in the following table (amounts in thousands):

	<u>Amounts</u>	
Net income attributable to EchoStar Corporation for the three months ended June 30, 2018	\$	77,222
Decrease in operating income, including depreciation and amortization		(51,815)
Decrease in gains on investments, net		(52,540)
Increase in equity in losses of unconsolidated affiliates, net		(2,696)
Increase in interest income		3,960
Decrease in interest expense, net of amounts capitalized		1,371
Increase in other income		2,096
Decrease in income tax provision, net		16,880
Increase in net income attributable to noncontrolling interests		(170)
Net loss attributable to EchoStar Corporation for the three months ended June 30, 2019	\$	<u>(5,692)</u>

EBITDA. EBITDA is a non-GAAP financial measure and is described under Explanation of Key Metrics and Other Items below. The following table reconciles EBITDA to Net income, the most directly comparable U.S. GAAP measure in the accompanying condensed consolidating financial statements (amounts in thousands):

	<u>For the three months ended June 30,</u>		<u>Variance</u>	
	<u>2019</u>	<u>2018</u>	<u>Amount</u>	<u>%</u>
Net income (loss)	\$ (5,060)	\$ 77,684	\$ (82,744)	*
Interest income and expense, net	36,950	42,281	(5,331)	(12.6)
Income tax provision, net	922	17,802	(16,880)	(94.8)
Depreciation and amortization	155,410	148,449	6,961	4.7
Net income attributable to noncontrolling interests	(632)	(462)	(170)	36.8
EBITDA	<u>\$ 187,590</u>	<u>\$ 285,754</u>	<u>\$ (98,164)</u>	<u>(34.4)</u>

* Percentage is not meaningful.

EBITDA was \$188 million for the three months ended June 30, 2019, a decrease of \$98 million or 34.4%, compared to the same period in 2018. The decrease was primarily due to (i) a decrease of \$53 million in gains on investments, net of losses and write-downs, increases in (ii) litigation expense of \$25 million and bad debt expense of \$13 million and (iii) an increase of \$3 million in equity in losses of unconsolidated affiliates, net.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued
Segment Operating Results and Capital Expenditures

The following tables present our operating results, capital expenditures and EBITDA by segment for the three months ended June 30, 2019 compared to the three months ended June 30, 2018 (amounts in thousands):

	Hughes	ESS	Corporate and Other	Consolidated Total
For the three months ended June 30, 2019				
Total revenue	\$ 451,847	\$ 80,961	\$ 4,316	\$ 537,124
Capital expenditures	\$ 74,090	\$ 136	\$ 33,252	\$ 107,478
EBITDA	\$ 131,765	\$ 68,174	\$ (12,349)	\$ 187,590
For the three months ended June 30, 2018				
Total revenue	\$ 426,306	\$ 95,425	\$ 4,226	\$ 525,957
Capital expenditures	\$ 87,511	\$ 356	\$ 31,725	\$ 119,592
EBITDA	\$ 152,134	\$ 82,483	\$ 51,137	\$ 285,754

Hughes Segment

	For the three months ended June 30,		Variance	
	2019	2018	Amount	%
Total revenue	\$ 451,847	\$ 426,306	\$ 25,541	6.0
Capital expenditures	\$ 74,090	\$ 87,511	\$ (13,421)	(15.3)
EBITDA	\$ 131,765	\$ 152,134	\$ (20,369)	(13.4)

Total revenue for the three months ended June 30, 2019 increased by \$26 million, or 6.0%, compared to the same period in 2018. The increase was primarily due to an increase of \$26 million in sales of broadband services to our consumer customers and net increases in hardware sales of \$2 million to our enterprise customers and \$4 million to our mobile satellite systems customers. The increase was partially offset by a decrease in sales of broadband services to our enterprise customers of \$9 million.

Capital expenditures for the three months ended June 30, 2019 decreased by \$13 million, or 15.3%, compared to the same period in 2018, primarily due to decreases of \$25 million in capital expenditures associated with the construction and infrastructure of our satellites and enterprise business, partially offset by an increase of \$11 million capital expenditures relating to our consumer business.

EBITDA for the three months ended June 30, 2019 was \$132 million, a decrease of \$20 million, or 13.4%, compared to the same period in 2018. The decrease was primarily due to increases in (i) litigation expense of \$25 million, (ii) bad debt expense of \$13 million, (iii) marketing and promotional expenses of \$5 million mainly associated with our consumer business and (iv) other general and administrative expenses of \$2 million and (v) a loss of \$2 million from certain investments in our unconsolidated entities. The decrease was partially offset by an increase of \$19 million in gross margin and an unfavorable foreign exchange impact of \$9 million in the second quarter of 2018.

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

	For the three months ended June 30,		Variance	
	2019	2018	Amount	%
Total revenue	\$ 80,961	\$ 95,425	\$ (14,464)	(15.2)
Capital expenditures	\$ 136	\$ 356	\$ (220)	(61.8)
EBITDA	\$ 68,174	\$ 82,483	\$ (14,309)	(17.3)

Total revenue for the three months ended June 30, 2019 decreased by \$14 million or 15.2%, compared to the same period in 2018. The decrease was attributable to revenue reductions of \$11 million resulting from the expiration of DISH Network's agreement to lease satellite capacity from us on the EchoStar VII satellite at the end of June 2018 and \$3 million related to other transponder lease services.

EBITDA for the three months ended June 30, 2019 was \$68 million, a decrease of \$14 million, or 17.3%, compared to the same period in 2018, primarily due to the decrease in ESS revenue.

Corporate and Other

	For the three months ended June 30,		Variance	
	2019	2018	Amount	%
Total revenue	\$ 4,316	\$ 4,226	\$ 90	2.1
Capital expenditures	\$ 33,252	\$ 31,725	\$ 1,527	4.8
EBITDA	\$ (12,349)	\$ 51,137	\$ (63,486)	*

EBITDA for the three months ended June 30, 2019 was a loss of \$12 million compared to income of \$51 million for the same period in 2018. The decrease of \$63 million was largely attributable to (i) a decrease in gains on certain marketable equity and debt securities that we account for using the fair value option of \$52 million in 2019, (ii) a net gain of \$10 million due to the settlement of certain amounts due to and from a third party vendor in 2018 and (iii) a \$2 million dividend received from certain marketable equity securities in 2018.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued
Six Months Ended June 30, 2019 Compared to the Six Months Ended June 30, 2018

The following table presents our consolidated results of operations for the six months ended June 30, 2019 compared to the six months ended June 30, 2018 (amounts in thousands):

Statements of Operations Data (1)	For the six months ended June 30,		Variance	
	2019	2018	Amount	%
Revenue:				
Services and other revenue - DISH Network	\$ 170,945	\$ 203,976	\$ (33,031)	(16.2)
Services and other revenue - other	787,902	730,485	57,417	7.9
Equipment revenue	109,359	93,288	16,071	17.2
Total revenue	1,068,206	1,027,749	40,457	3.9
Costs and expenses:				
Cost of sales - services and other	306,769	299,902	6,867	2.3
% of total services and other revenue	32.0%	32.1%		
Cost of sales - equipment	91,556	80,936	10,620	13.1
% of total equipment revenue	83.7%	86.8%		
Selling, general and administrative expenses	264,763	206,349	58,414	28.3
% of total revenue	24.8%	20.1%		
Research and development expenses	13,276	13,784	(508)	(3.7)
% of total revenue	1.2%	1.3%		
Depreciation and amortization	309,631	294,003	15,628	5.3
Total costs and expenses	985,995	894,974	91,021	10.2
Operating income	82,211	132,775	(50,564)	(38.1)
Other income (expense):				
Interest income	47,642	34,888	12,754	36.6
Interest expense, net of amounts capitalized	(120,045)	(124,285)	4,240	3.4
Gains (losses) on investments, net	19,791	28,733	(8,942)	(31.1)
Equity in losses of unconsolidated affiliates, net	(11,107)	(3,067)	(8,040)	*
Other, net	558	(132)	690	*
Total other income (expense), net	(63,161)	(63,863)	702	(1.1)
Income before income taxes	19,050	68,912	(49,862)	(72.4)
Income tax provision, net	(9,102)	(12,399)	(3,297)	26.6
Net income	9,948	56,513	(46,565)	(82.4)
Less: Net income attributable to noncontrolling interests	1,438	842	596	70.8
Net income attributable to EchoStar Corporation common stock	\$ 8,510	\$ 55,671	\$ (47,161)	(84.7)
Other data:				
EBITDA (2)	\$ 399,646	\$ 451,470	\$ (51,824)	(11.5)
Subscribers, end of period	1,415,000	1,298,000	117,000	9.0

* Percentage is not meaningful.

(1) An explanation of our key metrics is included on pages 65 and 66 under the heading Explanation of Key Metrics and Other Items.

(2) A reconciliation of EBITDA to Net income, the most directly comparable U.S. GAAP measure in the accompanying financial statements, is included on page 59. For further information on our use of EBITDA, see Explanation of Key Metrics and Other Items on page 66.

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

Services and other revenue - DISH Network. Services and other revenue - DISH Network totaled \$171 million for the six months ended June 30, 2019, a decrease of \$33 million or 16.2%, compared to the same period in 2018.

Services and other revenue - DISH Network from our Hughes segment for the six months ended June 30, 2019 decreased by \$10 million, or 36.0%, to \$18 million compared to the same period in 2018. The decrease was primarily attributable to a continued decrease in our residential wholesale broadband services.

Services and other revenue - DISH Network from our ESS segment for the six months ended June 30, 2019 decreased by \$24 million, or 14.1%, to \$143 million compared to the same period in 2018. The decrease was due to revenue reduction of \$21 million resulting from the expiration of DISH Network's agreement to lease satellite capacity from us on the EchoStar VII satellite at the end of June 2018 and \$2 million as a result of a decrease in satellite capacity leased to DISH Network on the EchoStar IX satellite.

Services and other revenue - other. Services and other revenue - other totaled \$788 million for the six months ended June 30, 2019, an increase of \$57 million or 7.9%, compared to the same period in 2018.

Services and other revenue - other from our Hughes segment for the six months ended June 30, 2019 increased by \$64 million, or 9.1%, to \$770 million compared to the same period in 2018. The increase was primarily attributable to increases in sales of broadband services to our consumer customers of \$71 million, partially offset by a decrease in sales of broadband services to our enterprise customers of \$9 million.

Services and other revenue - other from our ESS segment for the six months ended June 30, 2019 decreased by \$6 million, or 25.3%, to \$19 million compared to the same period in 2018. The decrease was due to a net decrease in transponder services provided.

Equipment revenue. Equipment revenue totaled \$109 million for the six months ended June 30, 2019, an increase of \$16 million or 17.2%, compared to the same period in 2018. The increase was from our Hughes segment and mainly due to increases in hardware sales of \$21 million to our international enterprise customers and \$8 million to our mobile satellite systems customers. The increase was partially offset by a decrease in hardware sales of \$12 million to our domestic enterprise customers.

Cost of sales - services and other. Cost of sales - services and other totaled \$307 million for the six months ended June 30, 2019, an increase of \$7 million or 2.3%, compared to the same period in 2018. The increase was from our Hughes segment primarily attributable to an increase in the costs of broadband services provided to our consumer customers, partially offset by a decrease in the costs of broadband services provided to our enterprise customers.

Cost of sales - equipment. Cost of sales - equipment totaled \$92 million for the six months ended June 30, 2019, an increase of \$11 million or 13.1%, compared to the same period in 2018. The increase was from our Hughes segment and primarily attributable to an increase in hardware sales to our international enterprise customers and our mobile satellite systems customers. The increase was partially offset by a decrease in hardware sales to our domestic enterprise customers.

Selling, general and administrative expenses. Selling, general and administrative expenses totaled \$265 million for the six months ended June 30, 2019, an increase of \$58 million or 28.3%, compared to the same period in 2018. The increase was primarily attributable to increases in (i) litigation expense of \$25 million, (ii) bad debt expense of \$12 million, (iii) marketing and promotional expenses of \$10 million from our Hughes segment mainly associated with our consumer business, (iv) professional services associated with strategic transactions of \$5 million and (v) other general and administrative expenses of \$7 million.

Depreciation and amortization. Depreciation and amortization expenses totaled \$310 million for the six months ended June 30, 2019, an increase of \$16 million or 5.3%, compared to the same period in 2018. The increase was primarily due to increases in depreciation expense of (i) \$7 million relating to our customer premises equipment, (ii) \$4 million relating the Telesat T19V satellite that was placed into service in the fourth quarter of 2018, (iii) \$3 million relating to the decrease in depreciable life of the SPACEWAY 3 satellite and (iv) \$1 million relating to buildings and improvements.

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

Interest income. Interest income totaled \$48 million for the six months ended June 30, 2019, an increase of \$13 million or 36.6%, compared to the same period in 2018 primarily attributable to an increase in yield percentage in 2019 compared to 2018.

Interest expense, net of amounts capitalized. Interest expense, net of amounts capitalized totaled \$120 million for the six months ended June 30, 2019, a decrease of \$4 million or 3.4%, compared to the same period in 2018. The decrease was primarily due to (i) a decrease of \$5 million in interest expense due to the repurchase and maturity of the 2019 Senior Secured Notes (ii) a decrease of \$2 million in interest expense relating to lower principal balances on certain capital lease obligations and (iii) a \$1 million increase in capitalized interest. The decreases were partially offset by an increase in interest expense of \$4 million associated with a litigation settlement.

Gains (losses) on investments, net. Gains (losses) on investments, net totaled \$20 million in gains for the six months ended June 30, 2019, a decrease of \$9 million or 31.1% compared to the same period in 2018. The decrease was primarily attributable to a \$28 million reduction to the carrying amount of one of our investments in the first quarter of 2019, partially offset by an increase in gains on certain marketable equity and debt securities that we account for using the fair value option of \$20 million in 2019.

Equity in earnings (losses) of unconsolidated affiliates, net. Equity in losses of unconsolidated affiliates, net totaled \$11 million for the six months ended June 30, 2019, an increase in loss of \$8 million compared to the same period in 2018.

Other, net. Other, net totaled \$0.6 million in income for the six months ended June 30, 2019 compared to \$0.1 million in loss for the six months ended June 30, 2018. For the six months ended June 30, 2019, the \$0.6 million in income was primarily related to a favorable foreign exchange impact. For the six months ended June 30, 2018, the \$0.1 million in loss was related to (i) an unfavorable foreign exchange impact of \$11 million, (ii) a net gain of \$10 million due to the settlement of certain amounts due to and from a third party vendor and (iii) \$2 million dividend received from certain marketable equity securities.

Income tax provision, net. Income tax provision was \$9 million for the six months ended June 30, 2019, an increase of \$3 million or 26.6%, compared to the same period in 2018. Our effective income tax rate was 47.8% and 18.0% for the six months ended June 30, 2019 and 2018, respectively. The variations in our current year effective tax rate from the U.S. federal statutory rate for the six months ended June 30, 2019 were primarily due to the change in net unrealized gains that are capital in nature and research and experimentation credits, partially offset by the impact of state and local taxes and the increase in our valuation allowance associated with certain foreign losses. For the year ended December 31, 2018, we recorded a tax provision of nil related to the tax on deemed mandatory repatriation of our unrepatriated foreign earnings. As a result of the release of new treasury regulations in June 2019, we have recorded additional tax expense of \$2 million on deemed mandatory repatriation of certain deferred foreign earnings. The variations in our effective tax rate from the U.S. federal statutory rate for the six months ended June 30, 2018 were primarily due to research and experimentation credits, partially offset by the impact of state and local taxes, the increase in our valuation allowance associated with unrealized losses that are capital in nature, and the increase in our valuation allowance associated with certain foreign losses.

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

Net income (loss) attributable to EchoStar Corporation common stock. Net income attributable to EchoStar Corporation common stock totaled \$9 million for the six months ended June 30, 2019, a decrease of \$47 million or 84.7%, compared to the same period in 2018 as set forth in the following table (amounts in thousands):

	<u>Amounts</u>	
Net income attributable to EchoStar Corporation for the six months ended June 30, 2018	\$	55,671
Decrease in operating income, including depreciation and amortization		(50,564)
Decrease in gains on investments, net		(8,942)
Increase in equity in losses of unconsolidated affiliates, net		(8,040)
Increase in interest income		12,754
Decrease in interest expense, net of amounts capitalized		4,240
Increase in other income		690
Decrease in income tax provision, net		3,297
Increase in net income attributable to noncontrolling interests		(596)
Net income attributable to EchoStar Corporation for the six months ended June 30, 2019	\$	<u>8,510</u>

EBITDA. EBITDA is a non-GAAP financial measure and is described under Explanation of Key Metrics and Other Items below. The following table reconciles EBITDA to Net income, the most directly comparable U.S. GAAP measure in the accompanying condensed consolidating financial statements (amounts in thousands):

	<u>For the six months ended June 30,</u>		<u>Variance</u>	
	<u>2019</u>	<u>2018</u>	<u>Amount</u>	<u>%</u>
Net income	\$ 9,948	\$ 56,513	\$ (46,565)	(82.4)
Interest income and expense, net	72,403	89,397	(16,994)	(19.0)
Income tax provision, net	9,102	12,399	(3,297)	(26.6)
Depreciation and amortization	309,631	294,003	15,628	5.3
Net income attributable to noncontrolling interests	(1,438)	(842)	(596)	70.8
EBITDA	<u>\$ 399,646</u>	<u>\$ 451,470</u>	<u>\$ (51,824)</u>	<u>(11.5)</u>

EBITDA was \$400 million for the six months ended June 30, 2019, a decrease of \$52 million or 11.5%, compared to the same period in 2018. The decrease was primarily due to increases of (i) litigation expense of \$25 million, (ii) bad debt expense of \$12 million, (ii) \$9 million in gains on investments, net of losses and write-downs and (iii) \$8 million in equity in earnings of unconsolidated affiliates.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued
Segment Operating Results and Capital Expenditures

The following tables present our operating results, capital expenditures and EBITDA by segment for the six months ended June 30, 2019 compared to the six months ended June 30, 2018 (amounts in thousands):

	Hughes	ESS	Corporate and Other	Consolidated Total
For the six months ended June 30, 2019				
Total revenue	\$ 897,184	\$ 162,220	\$ 8,802	\$ 1,068,206
Capital expenditures	\$ 147,911	\$ 244	\$ 71,285	\$ 219,440
EBITDA	\$ 292,897	\$ 136,891	\$ (30,142)	\$ 399,646
For the six months ended June 30, 2018				
Total revenue	\$ 827,124	\$ 192,178	\$ 8,447	\$ 1,027,749
Capital expenditures	\$ 174,802	\$ (76,682)	\$ 72,454	\$ 170,574
EBITDA	\$ 288,847	\$ 166,633	\$ (4,010)	\$ 451,470

Hughes Segment

	For the six months ended June 30,		Variance	
	2019	2018	Amount	%
Total revenue	\$ 897,184	\$ 827,124	\$ 70,060	8.5
Capital expenditures	\$ 147,911	\$ 174,802	\$ (26,891)	(15.4)
EBITDA	\$ 292,897	\$ 288,847	\$ 4,050	1.4

Total revenue for the six months ended June 30, 2019 increased by \$70 million, or 8.5%, compared to the same period in 2018. The increase was primarily due to an increase of \$61 million in sales of broadband services to our consumer customers and net increases in hardware sales of \$8 million to our enterprise customers and \$8 million to our mobile satellite systems customers. The increase was partially offset by a decrease of \$9 million in sales of broadband services to our enterprise customers.

Capital expenditures for the six months ended June 30, 2019 decreased by \$27 million, or 15.4%, compared to the same period in 2018, primarily due to decreases in capital expenditures associated with the construction and infrastructure of our satellites and enterprise business.

EBITDA for the six months ended June 30, 2019 was \$293 million, an increase of \$4 million, or 1.4%, compared to the same period in 2018. The increase was primarily due to an increase of \$53 million in gross margin and an unfavorable foreign exchange impact of \$9 million in 2018. The increase was partially offset by increases in (i) litigation expense of \$25 million, (ii) bad debt expense of \$12 million, (iii) marketing and promotional expenses of \$10 million mainly associated with our consumer business and (iv) other general and administrative expenses of \$9 million and (v) a loss of \$3 million from certain investments in our unconsolidated entities.

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

	For the six months ended June 30,		Variance	
	2019	2018	Amount	%
Total revenue	\$ 162,220	\$ 192,178	\$ (29,958)	(15.6)
Capital expenditures	\$ 244	\$ (76,682)	\$ 76,926	*
EBITDA	\$ 136,891	\$ 166,633	\$ (29,742)	(17.8)

* Percentage is not meaningful.

Total revenue for the six months ended June 30, 2019 decreased by \$30 million, or 15.6%, compared to the same period in 2018. The decrease was attributable to revenue reductions of \$21 million resulting from the expiration of DISH Network's agreement to lease satellite capacity from us on the EchoStar VII satellite at the end of June 2018, \$6 million related to other transponder lease services and \$2 million as a result of a decrease in satellite capacity leased to DISH Network on the EchoStar IX satellite.

Capital expenditures for the six months ended June 30, 2019 increased by \$77 million compared to the same period in 2018, primarily due to a reimbursement of \$77 million related to the EchoStar 105/SES-11 satellite received in the first quarter of 2018.

EBITDA for the six months ended June 30, 2019 was \$137 million, a decrease of \$30 million, or 17.8%, compared to the same period in 2018, primarily due to the decrease in total revenue.

Corporate and Other

	For the six months ended June 30,		Variance	
	2019	2018	Amount	%
Total revenue	\$ 8,802	\$ 8,447	\$ 355	4.2
Capital expenditures	\$ 71,285	\$ 72,454	\$ (1,169)	(1.6)
EBITDA	\$ (30,142)	\$ (4,010)	\$ (26,132)	*

* Percentage is not meaningful.

EBITDA for the six months ended June 30, 2019 was a loss of \$30 million, an increase in loss of \$26 million compared to the same period in 2018. The increase in loss was largely attributable to (i) a \$28 million reduction to the carrying amount of one of our investments in the first quarter of 2019, (ii) a net gain of \$10 million due to the settlement of certain amounts due to and from a third party vendor in 2018 and (iii) a decrease of \$5 million in earnings from investments in our unconsolidated entities in 2019. The increase in loss was partially offset by an increase in gains on certain marketable equity and debt securities that we account for using the fair value option of \$20 million in 2019.

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

We consider all liquid investments purchased with an original maturity of less than 90 days to be cash equivalents. See Quantitative and Qualitative Disclosures about Market Risk for further discussion regarding our marketable investment securities.

As of June 30, 2019, our cash, cash equivalents, including restricted cash, and current marketable investment securities, totaled \$2.5 billion compared to \$3.2 billion as of December 31, 2018.

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

As of June 30, 2019 and December 31, 2018, we held \$1.2 billion and \$2.3 billion, respectively, of marketable investment securities, consisting of various debt and equity instruments including corporate bonds, corporate equity securities, government bonds and mutual funds.

The following discussion highlights our cash flow activities for the six months ended June 30, 2019.

Cash flows from operating activities. We typically reinvest the cash flow from operating activities in our business. For the six months ended June 30, 2019, we reported net cash inflows from operating activities of \$381 million, an increase of \$27 million, compared to the same period in 2018. The increase in cash inflows was primarily attributable to an increase of \$53 million resulting from changes in operating assets and liabilities, partially offset by lower net income of \$26 million adjusted to exclude: (i) *Depreciation and amortization*; (ii) *Amortization of debt issuance costs*, (iii) *Equity in losses of unconsolidated affiliates, net*; (iv) *(Gains) losses on investments, net*; (v) *Stock-based compensation*; and (vi) *Deferred tax provision*.

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 six months ended June 30, 2019, we reported net cash inflows from investing activities of \$882 million compared to net cash outflows of \$977 million for the same period in 2018. For the six months ended June 30, 2019, we had net sales and maturities of marketable securities of \$1.1 billion. For the six months ended June 30, 2018, we had net purchases of marketable securities of \$791 million and we received a reimbursement of \$77 million related to the EchoStar 105/SES-11 satellite.

Cash flows from financing activities. Our financing activities generally include proceeds related to the issuance of debt and cash used for the repurchase, redemption or payment of debt and capital lease obligations and the proceeds from Class A common stock options exercised and stock issued under our stock incentive plans and employee stock purchase plan. For the six months ended June 30, 2019, we reported net cash outflows from financing activities of \$886 million, an increase of \$873 million compared to the same period in 2018. Net cash outflows for the six months ended June 30, 2019 included \$921 million for the repurchasing and maturity of debt and \$7 million for the purchase of noncontrolling shareholder interests in a subsidiary of ours that were held by an unaffiliated third party. These transactions did not occur during the six months ended June 30, 2018. Additionally, during the six months ended June 30, 2019, we received \$62 million in net proceeds from Class A common stock options exercised in 2019 compared to \$4 million during the six months ended June 30, 2018.

Obligations and Future Capital Requirements

Contractual Obligations

As of June 30, 2019, our satellite-related obligations were \$643 million. Our satellite-related obligations primarily include payments pursuant to agreements for the construction of the EchoStar XXIV satellite; payments pursuant to regulatory authorizations; non-lease costs associated with our finance lease satellites; and in-orbit incentives relating to certain satellites; as well as commitments for satellite service arrangements.

Off-Balance Sheet Arrangements

We generally do not engage in off-balance sheet financing activities or use derivative financial instruments for hedge accounting or speculative purposes.

Letters of Credit

As of June 30, 2019, we had \$54 million of letters of credit and insurance bonds. Of this amount, \$26 million was secured by restricted cash, \$4 million was related to insurance bonds and \$24 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***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, acquire or lease additional satellites in the future to provide satellite services at additional orbital locations or to improve the quality of our satellite services.

Satellite Insurance

We historically have not carried in-orbit insurance on our satellites because we have assessed that the cost of insurance is not economical relative to the risk of failures. Therefore, we generally bear the risk of any 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 in-orbit insurance for our SPACEWAY 3, EchoStar XVI and EchoStar XVII satellites. Our other satellites, either in orbit or under construction, are not covered by launch or in-orbit insurance. We will continue to assess circumstances going forward and make insurance decisions on a case-by-case basis.

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. The loss of or a significant reduction in provision of satellite services would significantly reduce our revenue and materially adversely impact our results of operations. Revenue in our ESS segment depends largely on our ability to continuously make use of our available satellite capacity with existing customers and our ability to enter into commercial relationships with new customers. Consumer revenue in our Hughes segment depends on our success in adding new and retaining existing subscribers and driving higher average revenue per subscriber across our wholesale and retail channels. Revenue in our aeronautical, enterprise and equipment businesses relies heavily on global economic conditions and the competitive landscape for pricing relative to competitors and alternative technologies. Service costs related to ongoing support of our direct and indirect customers and partners are typically impacted most significantly by our growth. 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. If the BSS Transaction is consummated, we expect to no longer generate cash flows from the BSS Business.

We have a significant amount of outstanding indebtedness. As of June 30, 2019, our total indebtedness was \$2.6 billion, of which \$209 million related to capital lease obligations. See our most recent Annual Report on Form 10-K for a discussion of the terms of our indebtedness. In June 2019, we repurchased the outstanding principal of the 2019 Senior Secured Notes at maturity. Our liquidity requirements will be continue to be significant, primarily due to our remaining debt service requirements and the design and construction of our new EchoStar XXIV satellite. We may from time to time seek to purchase amounts of our outstanding debt in open market purchases, privately negotiated transactions or otherwise, depending on market conditions, our liquidity needs and other factors. The amounts we may repurchase may be material. In addition, our future capital expenditures are likely to increase if we make acquisitions or additional investments in infrastructure or joint ventures to support and expand our business, or if we decide to purchase or build 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 invest or raise significant additional capital, which may not be available on acceptable terms or at all. The Tax Cuts and Jobs Act of 2017 ("2017 Tax Act") limits the deductibility of interest expense for U.S. federal income tax purposes. While the 2017 Tax Act generally is likely to reduce our federal income tax obligations, if these limitations or other newly enacted provisions become applicable to us they could minimize such reductions or otherwise require us to pay additional federal income taxes, which in turn could result in additional liquidity needs. If the BSS Transaction is not consummated, we expect to owe U.S. Federal income tax for 2019.

We anticipate that our existing cash and marketable investment securities are sufficient to fund the currently anticipated operations of our business through the next twelve months.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**Critical Accounting Policies and Estimates**

The preparation of Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires us to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheets, the reported amounts of revenue and expenses for each reporting period, and certain information disclosed in the notes to our accompanying Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q. We base our estimates, judgments and assumptions on historical experience and on various other factors that we believe to be relevant under the circumstances. Actual results may differ from previously estimated amounts, and such differences may be material to our Condensed Consolidated Financial Statements. 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. The following represent what we believe are the critical accounting policies that may involve a high degree of estimation, judgment and complexity. For a summary of our significant accounting policies, including those discussed below, see Note 2 in the notes to our accompanying Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.

Contingent Liabilities

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. A significant amount of management judgment is required in determining whether an accrual should be recorded for a loss contingency and the amount of such accrual. Estimates generally are developed in consultation with legal counsel and are based on an analysis of potential outcomes. Due to the inherent uncertainty in determining the likelihood of potential outcomes and the potential financial statement impact of such outcomes, it is possible that upon further development or resolution of a contingent matter, charges related to existing loss contingencies could be recorded in future periods, which could be material to our consolidated results of operations and financial position.

Revenue Recognition

Our Hughes segment enters into contracts to design, develop and deliver telecommunication networks to customers in our enterprise and mobile satellite systems markets. Those contracts require significant effort to develop and construct the network over an extended time period. Revenue from such contracts is recognized over time using an appropriate method to measure progress toward completion. Depending on the nature of the arrangement, we measure progress toward completion using the cost-to-cost input method or the units-of-delivery output method. Under the cost-to-cost method, revenue reflects the ratio of costs incurred to estimated total costs at completion. Under the units-of-delivery method, revenue and related costs are recognized as products are delivered based on the expected profit for the entire agreement. Profit margins on long-term contracts are based on estimates of total revenue and costs at completion. We review and revise our estimates periodically and recognize related adjustments in the period in which the revisions are made. Estimated losses on contracts are recorded in the period in which they are identified. Changes in our periodic estimates for these contracts could result in significant adjustments to our revenue or costs, which could be material to our consolidated results of operations.

Impairment of Long-lived Assets

We evaluate our long-lived assets other than goodwill and intangible assets with indefinite lives for impairment whenever events and changes in circumstances indicate that their carrying amounts may not be recoverable. The carrying amount of a long-lived asset or asset group is considered to not be recoverable when the estimated future undiscounted cash flows from such asset or asset group is less than its carrying amount. In that event, an impairment loss is recorded in the determination of operating income based on the amount by which the carrying amount exceeds the estimated fair value of the long-lived asset or asset group. Fair value is determined primarily using discounted cash flow techniques reflecting the estimated cash flows and discount rate that would be assumed by a market participant for the asset or asset group under review. Our discounted cash flow estimates typically include assumptions based on unobservable inputs and may reflect probability-weighting of alternative scenarios. Estimated losses on long-lived assets to be disposed of by sale may be determined in a similar manner, except that fair value estimates are reduced for estimated selling costs. Changes in estimates of future cash flows, discount rates and other assumptions could result in recognition of additional impairment losses in future periods.

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

Seasonality

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.

Our ESS 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

Services and other revenue - DISH Network. Services and other revenue - DISH Network primarily includes revenue associated with satellite and transponder leases and services, TT&C, 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 HughesNet service sold to DISH Network.

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 leases and services, satellite uplinking/downlinking and other services provided to customers other than DISH Network.

Equipment revenue. Equipment revenue primarily includes broadband equipment and networks sold to customers in our enterprise and consumer markets and sales of satellite broadband equipment and related equipment, related to the HughesNet service, to DISH Network.

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 leases and services, TT&C, professional services, facilities rental costs and other services provided to our customers, including DISH Network.

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

Selling, general and administrative expenses. Selling, general and administrative expenses primarily 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.

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.

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

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 debt and capital lease obligations (net of capitalized interest) and amortization of debt issuance costs.

Gains (losses) on investments, net. Gains (losses) on investments, net primarily includes changes in fair value of our marketable equity securities and other investments for which we have elected the fair value option. It may also include realized gains and losses on the sale or exchange of our available-for-sale debt securities, other-than-temporary impairment losses on our available-for-sale securities, realized gains and losses on the sale or exchange of our investments in unconsolidated entities and adjustments to the carrying amount of investments in unconsolidated entities resulting from impairments and observable price changes.

Equity in losses of unconsolidated affiliates, net. Equity in losses of unconsolidated affiliates, net includes earnings or losses from our investments accounted for using 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.

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

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

ITEM 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 as discussed below.

Cash, Cash Equivalents and Current Marketable Investment Securities

As of June 30, 2019, our cash, cash equivalents and current marketable investment securities had a fair value of \$2.5 billion. Of this amount, a total of \$2.4 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) debt instruments of the United States ("U.S.") government and its agencies; and/or (d) 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 cash, cash equivalents and current marketable debt securities investment portfolio of \$2.4 billion as of June 30, 2019, a hypothetical 10% change in average interest rates during the six months ended June 30, 2019 would not have had 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 six months ended June 30, 2019 of 2.9%. 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 the six months ended June 30, 2019 would have resulted in a decrease of \$9 million in annual interest income.

Strategic Marketable Investment Securities

As of June 30, 2019, we held investments in the publicly traded securities of several companies with a fair value of \$59 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 are subject to significant fluctuations in fair value and 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. In general, our strategic marketable investment securities portfolio is not significantly impacted by interest rate fluctuations as it currently consists primarily 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 during the six months ended June 30, 2019 would have resulted in a decrease of \$6 million in the fair value of these investments.

Investments in Unconsolidated Entities

As of June 30, 2019, we had investments with an aggregate carrying amount of \$226 million in securities of privately held companies that we hold for strategic business purposes. The fair value of these investments is not readily determinable. We periodically review these investments, estimate fair value and adjust the carrying amount when there are indications of impairment or observable prices changes for the investments. A hypothetical adverse change equal to 10% of the carrying amount of these equity instruments during the six months ended June 30, 2019 would have resulted in a decrease of \$23 million in the value of these investments.

Our ability to realize value from our strategic investments in companies that are privately held 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, European euro 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 currency forward contracts, or take other measures, to mitigate risks associated with foreign currency denominated assets, liabilities, commitments and anticipated foreign currency transactions. As of June 30, 2019, we had \$9 million of net foreign currency denominated receivables and payables outstanding and foreign currency forward contracts with a notional value of \$6 million in place to partially mitigate foreign currency exchange risk. The estimated fair values of the foreign exchange contracts were not material as of June 30, 2019. 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 during six months ended June 30, 2019 would have been an estimated loss to the cumulative translation adjustment of \$19 million as of June 30, 2019.

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 amended (the "Exchange Act") 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 Securities and Exchange Commission reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) that occurred during the three months ended June 30, 2019 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 15 Commitments and Contingencies — Litigation in this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

The following information updates, and should be read in conjunction with, the information in Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K/A for the year ended December 31, 2018, which was filed with the Securities and Exchange Commission on February 27, 2019.

RISKS RELATING TO THE PENDING BSS TRANSACTION

The BSS Transaction may not be completed on the terms or timeline currently contemplated, or at all, as we and DISH Network may be unable to satisfy the conditions or obtain the approvals required to complete the BSS Transaction or such approvals may contain material restrictions or conditions.

The consummation of the BSS Transaction is subject to numerous conditions, including, among other things:

- the required governmental consents having been received and the required governmental notices that are required to be submitted prior to the closing having been filed;
- the absence of any governmental action or proceeding (a) challenging or seeking to make illegal or otherwise prohibit, directly or indirectly, the consummation of the BSS Transaction, or (b) directly involving us, BSS Corp., DISH or Merger Sub or any of our or their affiliates that would reasonably be expected to materially impair DISH or Merger Sub's ability to own or operate the BSS Business and conduct the business as currently conducted;
- the absence of any governmental order prohibiting the consummation of the BSS Transaction;
- the absence of any laws or orders enjoining the consummation of the BSS Transaction;
- the DISH registration statement having become effective under the Securities Act of 1933, as amended, and a prospectus or any other required SEC filings having been disseminated to our stockholders;
- DISH Network having filed with the NASDAQ a notification form for the listing of all DISH Common Stock to be issued to BSS Corp. stockholders in the Merger, and NASDAQ not having objected to the listing of such DISH Common Stock;
- certain consents with respect to the operation of the EchoStar XXIII satellite having been obtained; and
- other customary conditions.

There is no assurance that the BSS Transaction will be consummated on the terms or timeline currently contemplated, or at all. We have and will continue to expend time and resources of management and to incur legal, advisory and financial services fees related to the BSS Transaction. These expenses must generally be paid regardless of whether the BSS Transaction is consummated.

Governmental authorities may impose conditions to the approval of the BSS Transaction or may require changes to the terms of the BSS Transaction. Any such conditions or changes could have the effect of delaying completion of the BSS Transaction, imposing costs on or limiting the revenues of the combined company following the BSS Transaction or otherwise reducing the anticipated benefits of the BSS Transaction. Any condition or change which results in a material adverse effect on us or the BSS Business under the Master Transaction Agreement may cause DISH Network to terminate the Master Transaction Agreement.

In addition, if the plaintiff in a pending or future lawsuit relating to the BSS Transaction obtains an injunction or order prohibiting or delaying the completion of the BSS Transaction, then such injunction or order may prevent the BSS Transaction from being completed, or from being completed within the expected timeframe or on the terms provided for in the Master Transaction Agreement.

Certain of our directors and executive officers have interests in seeing the BSS Transaction completed that may be different from, or in addition to, those of our other stockholders.

Certain of our directors and executive officers have interests in the BSS Transaction that may be different from, or in addition to, the interests of our stockholders generally. Our directors and executive officers of EchoStar who own shares of our common stock will participate in the Distribution and the Merger on the same terms as our other stockholders. Additionally, Mr. Ergen, director and Chairman of both us and DISH, will serve as a director and executive officer of BSS Corp. following the consummation of the BSS Transaction. The EchoStar parties that approved the BSS Transaction, as described below, were aware of and considered these interests, among other things, in deciding to approve the terms of the Master Transaction Agreement and the BSS Transaction.

The BSS Transaction was approved, in accordance with our longstanding related party transaction policy, by (i) our independent management, (ii) our non-interlocking directors (i.e., directors who are not also directors or employees of DISH Network), with our director, Mr. R. Stanton Dodge, recusing himself to avoid the appearance of any potential conflict resulting from his prior employment with DISH Network and our director, Mr. Anthony M. Federico, recusing himself to avoid the appearance of any potential conflict resulting from his service on DISH's special litigation committee, (iii) our audit committee, with Mr. Federico recusing himself and, after all such approvals were obtained, (iv) our board of directors, with our chairman, Mr. Ergen, recusing himself.

The calculation of the consideration for the Merger will not be adjusted if there is a change in the value of the BSS Business or the value of DISH Common Stock.

The number of shares of DISH Common Stock to be issued to stockholders of BSS Corp. in the Merger is based upon a pre-determined valuation of the BSS Business and will not be adjusted if there is a change in the value of the BSS Business prior to the consummation of the BSS Transaction. Our stockholders will receive an aggregate of 22,937,188 shares of DISH Common Stock in exchange for the shares of BSS Common Stock distributed to them if the Merger is completed. The actual value of the DISH Common Stock to be received by our stockholders will depend on the market value of such shares at the time of closing of the BSS Transaction, and our stockholders may receive more or less than the current value of DISH Common Stock. DISH Network will not be required to consummate the Merger if there has been any "Material Adverse Effect" as defined in the Master Transaction Agreement.

The market price of DISH Common Stock has been, and may continue to be, volatile, and could decline prior to the consummation of the Merger. In addition, the market price of DISH Common Stock may be negatively affected by the performance of DISH Network prior to or following the consummation of the Merger. As a result, the market price of the DISH Common Stock our stockholders receive in the BSS Transaction may be materially different from the current market prices.

The market price for shares of DISH Common Stock and our Class A common stock before and after the completion of the BSS Transaction may be affected by factors different from, or in addition to, those that historically have affected or currently affect the market prices of shares of DISH Common Stock and our Class A common stock.

Upon consummation of the BSS Transaction, our stockholders will hold both DISH Common Stock and our Class A common stock. Our and DISH Network's businesses prior to the closing of the BSS Transaction will differ from our and its respective businesses after the BSS Transaction, and, accordingly, the results of operations of each company will be affected by some factors that are different from those currently or historically affecting our results of operations and those currently or historically affecting DISH Network's results of operations. The results of operations of each company may also be affected by factors different from those that currently affect or have historically affected either us or DISH Network.

We and DISH Network must obtain certain regulatory approvals and clearances to consummate the BSS Transaction, which, if delayed, not granted or granted with unacceptable conditions, could prevent, substantially delay or impair consummation of the BSS Transaction, result in additional expenditures of money and resources or reduce the anticipated benefits of the BSS Transaction.

In connection with the Merger, the parties intend to make all required filings with the SEC, the FCC and NASDAQ, as well as any required filings with respect to export control regulations. The parties also expect to request the approval of the United Kingdom Space Agency for the operation of the EchoStar XXIII satellite by DISH Network and to request certain other necessary consents relating to that satellite. The completion of the Merger is contingent on making those

filings and obtaining those regulatory approvals or consents, to the extent such consents are required. Failure to obtain the necessary clearance in any of these jurisdictions could substantially delay or prevent the consummation of the Merger, which could negatively affect both us and DISH Network.

As a condition to granting the necessary approvals or clearances, governmental authorities may impose requirements, limitations or costs or place restrictions on the conduct of the business of DISH Network after the completion of the BSS Transaction. Any one of these requirements, limitations, costs, or restrictions could jeopardize or delay the completion of or reduce the anticipated benefits of the BSS Transaction. Under the Master Transaction Agreement, we and DISH Network are generally required to use our and its commercially reasonable efforts to take or cause to be taken all actions reasonably necessary to consummate the BSS Transaction, unless such actions would result in any condition or requirement that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or a Satellite MAE (as defined in the Master Transaction Agreement).

If the Distribution and the Merger do not qualify as a tax-free distribution and merger under the Code, then we and/or our stockholders may be required to pay substantial U.S. federal income taxes and under certain circumstances we may have indemnification obligations to DISH Network.

The BSS Transaction is conditioned upon the parties' receipt of a tax opinion from their respective counsels as to the tax-free nature of the transactions. The parties do not currently anticipate obtaining a private letter ruling from the IRS with respect to the Distribution and the Merger and instead intend to rely solely on their respective tax opinions for comfort that the Distribution and the Merger qualify for tax-free treatment for U.S. federal income tax purposes under the Code.

The tax opinions will be based on, among other things, certain undertakings made by us and DISH Network, as well as certain representations and assumptions as to factual matters made by us, DISH Network, and Mr. and Mrs. Ergen and representatives of certain entities established by Mr. Ergen for the benefit of his family. The failure of any factual representation or assumption to be true, correct and complete, or any undertaking to be fully complied with, could affect the validity of the tax opinions. An opinion of counsel represents counsel's best legal judgment, is not binding on the IRS or the courts, and the IRS or the courts may not agree with the conclusions set forth in the tax opinions. In addition, the tax opinions will be based on current law, and cannot be relied upon if current law changes with retroactive effect.

If the Distribution does not qualify as a tax-free distribution under Section 355 of the Code, then the Distribution would be taxable to our stockholders, we would recognize a substantial gain on the Distribution, we and our stockholders could incur significant U.S. federal income tax liabilities, and we could be required to indemnify DISH Network for the tax on such gain if the failure of the Distribution to so qualify is the result of certain actions or misrepresentations by us, but we will not be required to indemnify any of our stockholders. In the event we are required to indemnify DISH Network for taxes incurred in connection with the BSS Transaction, the indemnification obligation could have a material adverse effect on our business, financial conditions, results or operations and cash flow.

Even if the Distribution otherwise qualifies as a tax-free distribution, the Distribution would be taxable to us (but not to our stockholders) pursuant to Section 355(e) of the Code if one or more persons acquire a 50% or greater interest (measured by vote or value) in our or BSS Corp.'s stock, directly or indirectly (including through acquisitions of the BSS Common Stock or DISH Common Stock after the completion of the BSS Transaction), as part of a plan or series of related transactions that includes the Distribution. If there is a change of control of DISH Network or BSS Corp. after the completion of the BSS Transaction or a transfer of stock or assets of DISH Network or BSS Corp. that results in the Distribution being taxable to us under Section 355(e) of the Code, DISH Network would be required to indemnify us (but not our stockholders) for such taxes only if DISH Network took an action or knowingly facilitated, consented to or assisted with an action by a DISH shareholder that caused the Distribution to fail to qualify as a tax-free distribution. If the Merger were taxable, our stockholders would be considered to have made a taxable sale of their BSS Common Stock to DISH Network and, consequently, our stockholders would recognize taxable gain or loss on their receipt of DISH Common Stock in the Merger. In addition, the Merger being taxable could cause the Distribution to fail to qualify as a tax-free distribution.

Failure to attract, motivate and retain executives and other key employees could diminish the anticipated benefits of the BSS Transaction.

The success of the BSS Transaction will depend in part on the retention of personnel critical to our business and operations, in particular the BSS Business, due to, for example, their technical skills or management expertise,

especially with respect to those employees with expertise with respect to the operations of satellites. Competition for qualified personnel can be intense and qualified personnel can be in high demand.

Our current and prospective employees may experience uncertainty about their future roles until strategies with regard to these employees are announced or executed, which may impair our ability to attract, retain and motivate key management, technical and other personnel prior to and following the BSS Transaction. Employee retention may be particularly challenging during the pendency of the BSS Transaction. If we are unable to retain personnel, including key management, who are critical to our successful future operations, we could face disruptions in our operations, loss of existing customers, loss of key information, expertise or know-how, and unanticipated additional recruitment and training costs. In addition, the loss of key personnel could diminish the anticipated benefits of the BSS Transaction.

The BSS Transaction, including uncertainty regarding the BSS Transaction, may cause customers, suppliers or strategic partners to delay or defer decisions concerning us and adversely affect our ability to effectively manage our business.

The BSS Transaction will happen only if the stated conditions are met, including, among others, the receipt of regulatory approvals. Some of the conditions are outside our control, and DISH Network has certain rights to terminate the Master Transaction Agreement. Accordingly, there may be uncertainty regarding the completion of the BSS Transaction. This uncertainty may cause customers, suppliers, vendors, strategic partners or others that deal with us to delay or defer entering into contracts with us or making other decisions concerning us or seek to change or cancel existing business relationships with us, which could negatively affect our business. Any delay or deferral of those decisions or changes in existing agreements could have a material adverse effect on our business, regardless of whether the BSS Transaction is ultimately completed.

We may incur significant transaction, merger-related and restructuring costs in connection with the BSS Transaction.

We have incurred and expect to incur a number of non-recurring costs associated with the BSS Transaction and other related transactions, as well as transaction fees and other costs related to the BSS Transaction. These costs and expenses include fees paid to financial, legal and accounting advisors, facilities and systems consolidation costs, severance and other potential employment-related costs, including payments that may be made to certain executives, filing fees, printing expenses and other related charges. We will also incur restructuring costs in connection with the BSS Transaction. Some of these costs are payable by us, regardless of whether the BSS Transaction is completed. While we have assumed that a certain level of expenses would be incurred in connection with the BSS Transaction, there are many factors beyond our control that could affect the total amount or the timing of the restructuring and implementation expenses.

Third parties may terminate or alter existing contracts or relationships with us.

We have contracts with suppliers, vendors, lessors, licensors and other business partners which may require us to obtain consent from these other parties in connection with the BSS Transaction. If these consents cannot be obtained, we may suffer a loss of potential future revenue and may lose rights that are material to our business. In addition, third parties with whom we currently have relationships may terminate or otherwise reduce the scope of their relationship in anticipation of or as a result of the BSS Transaction. Any such disruptions could limit our ability to achieve the anticipated benefits of the BSS Transaction. The adverse effect of such disruptions could also be exacerbated by a delay in the completion of the BSS Transaction or the termination of the Master Transaction Agreement.

In addition, if the plaintiff in a pending or future lawsuit relating to the BSS Transaction obtains an injunction or order prohibiting or delaying the completion of the BSS Transaction, then such injunction or order may prevent the BSS Transaction from being completed, or from being completed within the expected timeframe or on the terms provided for in the Master Transaction Agreement.

A putative class action lawsuit relating to the BSS Transaction has been filed against us, DISH Network, Mr. Ergen, the other members of our Board and certain of our officers and other lawsuits related to the BSS Transaction may be filed against us, DISH Network and other persons which could result in substantial costs and may delay or prevent the BSS Transaction from being completed.

As of August 7, 2019, one complaint has been filed by a purported EchoStar stockholder. See Note 15 in the notes to our accompanying Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q for more information

about litigation related to the BSS Transaction that has been commenced prior to the date of this report. There can be no assurance that additional complaints will not be filed with respect to the BSS Transaction.

Even if this lawsuit and any others that may be filed are without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on our and DISH Network's respective liquidity and financial condition, or the issuance of additional DISH Common Stock. Additionally, if the litigation delays the BSS Transaction or prevents the BSS Transaction from closing, our and DISH Network's respective business, financial position and results of operations could be adversely affected.

One of the conditions to completion of the BSS Transaction is the absence of any law or order being in effect that restrains, enjoins or otherwise prohibits consummation of the BSS Transaction contemplated by the Master Transaction Agreement. Accordingly, if a plaintiff obtains an injunction or order prohibiting or delaying the completion of the BSS Transaction, then such injunction or order may prevent the BSS Transaction from being completed, or from being completed within the expected timeframe or on the terms provided for in the Master Transaction Agreement.

The integration of the BSS Business into DISH Network may not be as successful as anticipated.

Our stockholders will receive DISH Common Stock if the BSS Transaction is consummated. The BSS Transaction involves numerous operational, strategic, financial, accounting, legal, tax and other risks, as well as potential liabilities associated with the acquired business. DISH Network may not be able to successfully or profitably integrate, operate, maintain and manage the BSS Business and its employees. DISH Network may not be able to maintain uniform standards, controls, procedures and policies, and this may lead to operational inefficiencies. In addition, the integration process may strain DISH Network's financial and managerial controls and reporting systems and procedures. Difficulties in integrating the BSS Business into DISH Network may result in the BSS Business performing differently than expected, in operational challenges or in the failure to realize anticipated expense-related efficiencies. DISH Network's existing businesses could also be negatively impacted by the BSS Transaction. Potential difficulties that may be encountered in the integration process include, among other factors:

- the inability to successfully integrate the BSS Business into DISH Network in a manner that permits DISH Network to achieve the full revenue and cost savings anticipated from the Transactions;
- complexities associated with managing the larger, more complex, integrated business;
- not realizing anticipated operating synergies;
- integrating personnel from the BSS Business and the loss of key employees; and
- potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the BSS Transaction.

DISH Network may fail to realize all of the anticipated benefits of the BSS Transaction, which could adversely impact the value of the DISH Common Stock that our stockholders will receive if the BSS Transaction is consummated.

The success of the BSS Transaction will depend, in part, on DISH Network's ability to realize the anticipated benefits and cost savings from acquiring the BSS Business. The anticipated benefits and cost savings of the BSS Transaction may not be realized fully or at all, may take longer to realize than expected or could have other adverse effects that DISH Network does not currently foresee. Some of the assumptions that DISH Network has made, such as the achievement of operating synergies, may not be realized. The integration process may result in the loss of employees, the disruption of ongoing businesses or inconsistencies in standards, controls, procedures and policies. There could be potential unknown liabilities and unforeseen expenses associated with the BSS Transaction that were not discovered in the course of performing due diligence or costly litigation challenging the BSS Transaction. Any or all of these consequences could adversely impact the value of the DISH Common Stock that our stockholders will receive if the BSS Transaction is consummated.

RISKS RELATED TO OUR BUSINESS AND OUR CLASS A COMMON STOCK

While the BSS Transaction is pending, we will be subject to risks and uncertainties and contractual restrictions that could disrupt our business or negatively impact the market price of our Class A common stock.

The uncertainties associated with the pending BSS Transaction may have a negative effect on our business and financial results. Current and prospective employees and other key personnel may have uncertainties about the closing

and/or effect of the BSS Transaction, and those uncertainties may impact the ability to retain, recruit and hire key personnel to manage and run our business while the BSS Transaction is pending or if it is not completed, which could disrupt our operations. Furthermore, some of our customers and vendors may be hesitant to transact with us following the BSS Transaction in light of uncertainties about the ability of our business to perform following the BSS Transaction. If we are unable to reassure customers and vendors to continue transacting with us following the BSS Transaction, our financial results may be adversely affected.

In addition, to the extent that the market price of our Class A common stock reflects an assumption that the BSS Transaction will be consummated in the time frame and the manner currently anticipated, any delay or failure to close could cause a decline in such market price. Similarly, any delay or failure to complete the BSS Transaction at all or on the terms provided for in the Master Transaction Agreement, could negatively impact our relationship with DISH Network, other customers, suppliers and employees and could adversely affect our business.

Pending completion of the BSS Transaction, the attention of our management may be focused on the BSS Transaction and related matters, and diverted from our day-to-day business operations, including from other opportunities that might benefit us. In addition, pursuant to the Master Transaction Agreement, prior to closing of the Merger, we have agreed to conduct the BSS Business in the ordinary course and not to undertake certain actions without the written consent of DISH Network. These restrictions could prevent us from pursuing certain beneficial business opportunities.

After completion of the BSS Transaction, we may be more susceptible to adverse events as a result of the BSS Transaction.

If the BSS Transaction is completed, we will have divested the BSS Business and our business will be subject to concentration of the risks that affect our retained businesses. After completion of the BSS Transaction, we will have fewer assets and may experience decreases in revenues or net income and increases in operating costs or other expenses. The market price of our Class A common stock may decrease. We may be more susceptible to market fluctuations and have less leverage with third parties such as customers or suppliers, and we may experience other adverse events. In addition, we may not achieve some or all of the operational and strategic benefits from the transactions that we expect to achieve.

We might not be able to engage in certain strategic transactions because we have agreed to certain restrictions to comply with U.S. federal income tax requirements for a tax-free spin-off.

To preserve the intended tax treatment of the Distribution, we will undertake upon closing of the BSS Transaction to comply with certain restrictions under current U.S. federal income tax laws for spin-offs, including (i) refraining from engaging in certain transactions that would result in a fifty percent or greater change by vote or by value in our stock ownership, (ii) continuing to own and manage our historic business, and (iii) limiting sales or redemptions of our common stock. These restrictions could prevent us from pursuing otherwise attractive business opportunities, result in our inability to respond effectively to competitive pressures, industry developments and future opportunities and may otherwise harm our business, financial results and operations. If these restrictions, among others, are not followed, the Distribution could be taxable to us and possibly our stockholders. In addition, we could be required to indemnify DISH Network for any tax liability incurred by DISH Network as a result of our non-compliance with these restrictions, and such indemnity obligations could be substantial.

Our and BSS Corp.'s stockholders will not be entitled to appraisal rights in connection with the BSS Transaction.

Appraisal rights are statutory rights that, if applicable under law, enable stockholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to the stockholders in connection with the transaction.

Holders of EchoStar Common Stock do not have appraisal rights under applicable law or contractual appraisal rights under the EchoStar Articles of Incorporation or the Master Transaction Agreement in connection with our pre-closing restructuring or the Distribution. Additionally, under the Delaware General Corporation Law, stockholders do not have appraisal rights if the shares of stock they hold are either listed on a national securities exchange or held of record by more than 2,000 holders. Notwithstanding the foregoing, appraisal rights are available if stockholders are required by the terms of the merger agreement to accept for their shares anything other than (a) shares of stock of the surviving

corporation, (b) shares of stock of another corporation that will either be listed on a national securities exchange or held of record by more than 2,000 holders, (c) cash in lieu of fractional shares or (d) any combination of the foregoing.

Because following the Merger, BSS Corp.'s stockholders will receive DISH Common Stock which is listed on NASDAQ, a national securities exchange, and which is expected to continue to be so listed, and cash in lieu of fractional shares, BSS Corp.'s stockholders are not entitled to appraisal rights.

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 during the six months ended June 30, 2019.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

Financial Results

On August 8, 2019, we issued a press release (the "Press Release") announcing our financial results for the quarter ended June 30, 2019. A copy of the Press Release is furnished herewith as Exhibit 99.1. The foregoing information, including the exhibit related thereto, is furnished in response to Item 2.02 of Form 8-K and shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise, and shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Exchange Act, except as otherwise expressly stated in any such filing.

ITEM 6. EXHIBITS

Exhibit No.	Description
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.
2.1(H)	Master Transaction Agreement by and among DISH Network Corporation, BSS Merger Sub Inc., EchoStar Corporation, and EchoStar BSS Corporation, dated May 19, 2019.***
4.1(H)	Joinder Agreement, dated as of June 12, 2019, to the Security Agreement dated as of June 8, 2011, by and between EchoStar BSS Corporation, EchoStar FSS L.L.C. and Wells Fargo Bank, National Association, as collateral agent.
4.2(H)	Third Supplemental Indenture relating to Hughes Satellite Systems Corporation's 5.250% Senior Secured Notes due 2026, dated June 12, 2019, by and among Hughes Satellite Systems Corporation, the guarantors and the supplemental guarantors listed on the signature pages thereto, U.S. Bank National Association, as trustee, and Wells Fargo Bank, National Association, as collateral agent.
4.3(H)	Third Supplemental Indenture relating to Hughes Satellite Systems Corporation's 6.625% Senior Notes due 2026, dated as of June 12, 2019, by and among Hughes Satellite Systems Corporation, the guarantors and the supplemental guarantors listed on the signature pages thereto and U.S. Bank National Association, as trustee.
4.4(H)	Fifth Supplemental Indenture relating to Hughes Satellite Systems Corporation's 7% Senior Notes due 2021, dated June 12, 2019, by and among Hughes Satellite Systems Corporation, the guarantors and the supplemental guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association, as trustee.
10.1(H)	Amended and Restated EchoStar Corporation Executive Officer Bonus Incentive Plan, dated as of April 30, 2019.**
99.1(I)	Press release dated August 8, 2019 issued by EchoStar Corporation regarding financial results for the period ended June 30, 2019
101.INS	XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

(H) Filed herewith.

(I) Furnished herewith

* Incorporated by reference.

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

*** Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. We agree to furnish supplementally to the Securities and Exchange Commission a copy of any omitted schedule or exhibit upon request, subject to our right to request confidential treatment of any requested schedule or exhibit.

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: August 8, 2019

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

Date: August 8, 2019

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

MASTER TRANSACTION AGREEMENT

by and among

DISH NETWORK CORPORATION,

BSS MERGER SUB INC.,

ECHOSTAR CORPORATION,

and

ECHOSTAR BSS CORPORATION

Dated as of May 19, 2019

TABLE OF CONTENTS

	Page
<u>ARTICLE I ECHOSTAR PRE-CLOSING RESTRUCTURING; TRANSFERRED ASSETS AND RETAINED ASSETS; PRE-CLOSING DISTRIBUTION OF NEWCO SHARES</u>	2
<u>Section 1.1 The EchoStar Pre-Closing Restructuring</u>	2
<u>Section 1.2 Implementation</u>	2
<u>Section 1.3 Transactions To Be Effected Prior to the Closing</u>	2
<u>Section 1.4 Transferred Assets; Retained Assets</u>	3
<u>Section 1.5 Assumed Liabilities; Excluded Liabilities</u>	4
<u>Section 1.6 Assumed and Excluded Liabilities</u>	6
<u>Section 1.7 Asset Reallocation or Adjustment</u>	6
<u>Section 1.8 Consents</u>	7
<u>Section 1.9 Distribution of Newco Shares to Existing EchoStar Stockholders</u>	8
<u>ARTICLE II THE MERGER</u>	10
<u>Section 2.1 Closing Date</u>	10
<u>Section 2.2 The Closing</u>	10
<u>Section 2.3 Effective Time</u>	10
<u>Section 2.4 Closing Deliverables</u>	10
<u>Section 2.5 Tax Consequences</u>	11
<u>ARTICLE III CERTIFICATE OF INCORPORATION AND BY-LAWS OF THE SURVIVING CORPORATION; DIRECTORS AND OFFICERS OF THE SURVIVING CORPORATION</u>	11
<u>Section 3.1 Certificate of Incorporation</u>	11
<u>Section 3.2 The By-laws</u>	11
<u>Section 3.3 Directors</u>	11
<u>Section 3.4 Officers</u>	11
<u>ARTICLE IV EFFECT OF THE MERGER ON CAPITAL STOCK</u>	11
<u>Section 4.1 Effect on Capital Stock of Newco</u>	11
<u>Section 4.2 Exchange of Certificates and Book Entry Shares</u>	12
<u>Section 4.3 Appraisal Rights</u>	14
<u>Section 4.4 Adjustments</u>	14
<u>ARTICLE V REPRESENTATIONS AND WARRANTIES</u>	15
<u>Section 5.1 Representations and Warranties of the EchoStar Parties</u>	15
<u>Section 5.2 Representations and Warranties of the DISH Parties</u>	28
<u>ARTICLE VI COVENANTS</u>	32
<u>Section 6.1 Access to Information</u>	32
<u>Section 6.2 Conduct of the BSS Business Pending the Closing</u>	33
<u>Section 6.3 Conduct of DISH Pending the Closing</u>	36

<u>Section 6.4 Third Party Consents; Government Actions and Authorizations</u>	37
<u>Section 6.5 Information Statement; Registration Statement</u>	40
<u>Section 6.6 Newco Stockholder Written Consent</u>	42
<u>Section 6.7 Stock Exchange Listing</u>	42
<u>Section 6.8 Further Assurances</u>	42
<u>Section 6.9 Confidentiality</u>	43
<u>Section 6.10 Preservation of Records</u>	44
<u>Section 6.11 Publicity</u>	44
<u>Section 6.12 Intercompany Arrangements; Payables and Receivables</u>	44
<u>Section 6.13 Books and Records</u>	45
<u>Section 6.14 Notice of Developments</u>	45
<u>Section 6.15 Completion of the Pre-Closing Restructuring and Distribution</u>	45
<u>Section 6.16 Transfer of Newco Common Stock</u>	46
<u>Section 6.17 Tax Matters</u>	46
<u>Section 6.18 EchoStar Credit Support Obligations</u>	46
<u>ARTICLE VII CONDITIONS TO CLOSING</u>	46
<u>Section 7.1 Mutual Conditions to Closing</u>	46
<u>Section 7.2 Conditions Precedent to Obligations of the DISH Parties</u>	47
<u>Section 7.3 Conditions Precedent to Obligations of the EchoStar Parties</u>	48
<u>ARTICLE VIII INDEMNIFICATION</u>	49
<u>Section 8.1 Indemnification Obligations of EchoStar</u>	49
<u>Section 8.2 Indemnification Obligations of DISH</u>	50
<u>Section 8.3 Limitations on Indemnity</u>	50
<u>Section 8.4 Method of Asserting Claims</u>	50
<u>Section 8.5 Exclusive Remedy; Survival</u>	51
<u>ARTICLE IX TERMINATION</u>	52
<u>Section 9.1 Termination of Agreement</u>	52
<u>Section 9.2 Procedure Upon Termination</u>	52
<u>Section 9.3 Effect of Termination</u>	53
<u>ARTICLE X MISCELLANEOUS</u>	53
<u>Section 10.1 Notices</u>	53
<u>Section 10.2 Amendment; Waiver</u>	54
<u>Section 10.3 Counterparts; Signatures</u>	54
<u>Section 10.4 Assignment and Binding Effect</u>	54
<u>Section 10.5 Entire Agreement</u>	55
<u>Section 10.6 Severability</u>	55
<u>Section 10.7 Headings</u>	55

<u>Section 10.8 No Third Party Beneficiaries</u>	55
<u>Section 10.9 Governing Law</u>	55
<u>Section 10.10 Expenses</u>	55
<u>Section 10.11 Dispute Resolution</u>	56
<u>Section 10.12 Limited Liability</u>	58
<u>ARTICLE XI DEFINITIONS</u>	58
<u>Section 11.1 Certain Definitions</u>	58
<u>Section 11.2 Terms Defined Elsewhere in this Agreement</u>	71
<u>Section 11.3 Other Definitional and Interpretive Matters</u>	73

Annexes

Annex A – BSS Satellites

Schedules

Schedule 1.2 – Pre-Closing Restructuring
Schedule 1.4(a) – Transferred Assets
Schedule 1.4(b) – Retained Assets
Schedule 1.5(a) – Assumed Liabilities
Schedule 1.5(b) – Excluded Liabilities
Schedule 6.4(d) – Required Governmental Applications and Notices
Schedule 6.12(a) – Intercompany Agreements
Schedule 6.16 – Transfer of Newco Common Stock
Schedule 6.18 – EchoStar Credit Support Obligations
Schedule 7.1(j) – EchoStar XXIII Consents
Schedule 11.1(a) – Owned Sites and Leased Sites
Schedule 11.1(b) – Permitted Liens

Exhibits

Exhibit A – Certificate of Incorporation of the Surviving Corporation
Exhibit B – Employee Matters Agreement
Exhibit C – Tax Matters Agreement

MASTER TRANSACTION AGREEMENT

This MASTER TRANSACTION AGREEMENT (this "Agreement"), dated as of May 19, 2019, is made by and among DISH Network Corporation, a Nevada corporation ("DISH"), BSS Merger Sub Inc., a Delaware corporation and a direct wholly owned Subsidiary of DISH ("Merger Sub"), EchoStar Corporation, a Nevada corporation ("EchoStar"), and EchoStar BSS Corporation, a Delaware corporation and a wholly owned Subsidiary of EchoStar ("Newco") (all such parties, collectively, the "Parties" and each, a "Party").

WITNESSETH:

WHEREAS, the Parties intend to effect a merger of Merger Sub with and into Newco (the "Merger") upon the terms and subject to the conditions of this Agreement such that, upon consummation of the Merger, Merger Sub will cease to exist and Newco will continue as a wholly owned Subsidiary of DISH;

WHEREAS, EchoStar currently indirectly owns 1,000 shares of common stock, par value \$0.001 per share, of Newco (such stock, "Newco Common Stock," and all such shares, the "Newco Shares"), which represent all of the issued and outstanding Newco Shares;

WHEREAS, each holder of Newco Common Stock has the right to receive a number of shares of Class A common stock, par value \$0.01 per share, of DISH (such stock, "DISH Common Stock," and all such shares, the "DISH Shares") as determined by the Exchange Ratio for each Newco Share owned by such holder following the consummation of the Merger, upon the terms and subject to the conditions of this Agreement;

WHEREAS, prior to the consummation of the Merger, the Parties intend for EchoStar to undertake certain restructuring transactions pursuant to which, among other things, (i) the BSS Business will be transferred from EchoStar and its Subsidiaries to Newco and (ii) EchoStar's stockholders will receive a dividend of one (1) Newco Share for every share of EchoStar Common Stock owned on the Distribution Record Date, in each case, in accordance with this Agreement;

WHEREAS, (i) the board of directors of EchoStar has approved this Agreement and declared advisable and in the best interests of its stockholders the transactions contemplated by this Agreement, including the Pre-Closing Restructuring, the Distribution and the Merger, upon the terms and subject to the conditions set forth in this Agreement; (ii) the board of directors of Newco has approved this Agreement and declared advisable and in the best interest of its stockholders the transactions contemplated by this Agreement, including the Pre-Closing Restructuring, the Distribution and the Merger, upon the terms and subject to the conditions set forth in this Agreement, and resolved to recommend that the sole holder of shares of Newco Common Stock adopt this Agreement; (iii) the board of directors of DISH has approved this Agreement and the transactions contemplated by this Agreement, including the Merger and the issuance of DISH Shares as consideration in the Merger, upon the terms and subject to the conditions set forth in this Agreement; and (iv) the board of directors of Merger Sub has approved this Agreement and declared advisable and in the best interest of its sole stockholder the transactions contemplated by this Agreement, including the Merger, upon the terms and subject to the conditions set forth in this Agreement, and

resolved to recommend that the sole holder of shares of Merger Sub Common Stock adopt this Agreement;

WHEREAS, the Parties desire to make certain representations, warranties, covenants and agreements in connection with this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby; and

WHEREAS, the Parties desire to enter into certain other transactions pursuant to this Agreement and the other Transaction Documents.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein and in the other Transaction Documents and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

ECHOSTAR PRE-CLOSING RESTRUCTURING; TRANSFERRED ASSETS AND RETAINED ASSETS; PRE-CLOSING DISTRIBUTION OF NEWCO SHARES

Section 1.1 The EchoStar Pre-Closing Restructuring. Prior to the Closing, the EchoStar Parties shall, and shall cause their respective applicable Subsidiaries to, implement the Pre-Closing Restructuring consistent with the terms set forth in this Agreement. The Parties hereto acknowledge that the Pre-Closing Restructuring is intended to result in (i) Newco, directly or indirectly, owning and operating the BSS Business, owning the Transferred Assets and assuming the Assumed Liabilities and (ii) Newco not, directly or indirectly, owning any of the Retained Assets and not, directly or indirectly, assuming any of the Excluded Liabilities, in each case, as set forth in this Article I. As promptly as practicable after the Pre-Closing Restructuring is completed, and subject to the conditions set forth in Article VII, the Parties hereto shall take, or cause to be taken, all actions that are necessary or appropriate to effectuate the Closing.

Section 1.2 Implementation. The Pre-Closing Restructuring shall be completed in accordance with the agreed general principles, objectives and other provisions set forth in this Article I and shall be implemented in the following manner:

- (a) through the completion of the transactions generally described on Schedule 1.2; and
- (b) through the allocation of Assets and Liabilities as set forth in this Article I.

Section 1.3 Transactions To Be Effected Prior to the Closing. In furtherance of consummating the Merger, the EchoStar Parties agree to take, and to cause their respective applicable Subsidiaries to take, the following actions prior to the Closing in accordance with the steps generally set forth on Schedule 1.2 (together, the “Pre-Closing Restructuring”):

(a) EchoStar shall, and shall cause its applicable Subsidiaries to, cause the Transferred Assets to be contributed, assigned, transferred, conveyed and delivered, directly or indirectly, to Newco or, when contemplated by Schedule 1.2, one of its Subsidiaries and Newco or, when contemplated by Schedule 1.2, one of its Subsidiaries shall accept from EchoStar and its Subsidiaries, all of EchoStar's and its Subsidiaries' rights, title and interest in and to all the Transferred Assets, which will result in Newco owning, directly or indirectly, the BSS Business; and

(b) Newco shall accept, assume and agree to faithfully perform, discharge and fulfill all of the Assumed Liabilities in accordance with their respective terms. Newco shall be responsible for all of the Assumed Liabilities and its obligations under this Section 1.3(b) shall not be subject to offset or reduction, whether by reason of any actual or alleged breach of any representation, warranty or covenant contained in any Transaction Document or any other agreement or document delivered in connection therewith or any right to indemnification hereunder or otherwise.

Section 1.4 Transferred Assets; Retained Assets.

(a) For purposes of this Agreement, "Transferred Assets" shall mean, without duplication, those Assets used, contemplated for use or held for use, in each case, primarily in the ownership, operation or conduct of the BSS Business as currently owned, operated and conducted or relating primarily to the BSS Business as currently owned, operated or conducted, and shall include the following even if the following would otherwise be considered a Retained Asset:

(i) the Assets set forth on Schedule 1.4(a)(i);

(ii) the outstanding capital stock, units or other equity interests of the entities listed on Schedule 1.4(a)(ii) and the Assets owned by such entities as of the Distribution Closing Date;

(iii) if the Distribution Closing Date occurs on or after July 1, 2019, the Ticking Fee Receivable; and

(iv) those Assets not used, contemplated for use or held for use, in each case, primarily in the ownership, operation or conduct of the BSS Business or not relating primarily to the BSS Business as currently owned, operated or conducted that are listed on Schedule 1.4(a)(iv) as Assets to be transferred to Newco;

provided, that any and all other Assets owned or held immediately prior to the Distribution Closing Date by EchoStar or any other member of the EchoStar Group that do not constitute Transferred Assets based on the foregoing shall constitute "Transferred Assets" to the extent that DISH and EchoStar agree in good faith that the Assets would have been deemed "Transferred Assets" if the Parties hereto had given specific consideration to such Asset as of the date hereof. No Asset shall be deemed to be a Transferred Asset solely as a result of the proviso in this Section 1.4(a) if (i) such Asset is within the category or type of Asset expressly covered by the subject matter of a Transaction

Document or (ii) a claim with respect thereto is not made by the DISH Parties on or prior to the second anniversary of the Closing Date.

Notwithstanding anything to the contrary contained in this Section 1.4 or elsewhere in this Agreement, the Transferred Assets shall not in any event include the Retained Assets referred to in Section 1.4(b) below.

(b) The DISH Parties and Newco expressly understand and agree that all Assets of EchoStar or any other member of the EchoStar Group that are not Transferred Assets shall remain the exclusive property of EchoStar or the relevant member of the EchoStar Group (subject to the Intellectual Property and Technology License Agreement) on and after the Closing (the “Retained Assets”), and shall include the following even if the following would otherwise be considered a Transferred Asset:

(i) any Asset expressly identified on Schedule 1.4(b)(i);

(ii) all cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements, including as set forth on Schedule 1.4(b)(ii);

(iii) all books, records, files and papers, whether in hard copy or electronic format, to the extent prepared in connection with this Agreement, any Transaction Document or the transactions contemplated hereby and thereby, and all minute books and corporate records of the EchoStar Group other than all books, records, files and papers, whether in hard copy or electronic format, and all minute books and corporate records of Newco and the entities listed on Schedule 1.4(a)(ii);

(iv) all rights of any member of the EchoStar Group arising under this Agreement or any Transaction Document;

(v) all Assets sold or otherwise disposed of during the period from the date hereof until the Distribution Closing Date in accordance with Section 6.2;

(vi) the personnel records (including all human resources and other records) of the EchoStar Group relating to employees of the EchoStar Group (other than the personnel records relating to the Transferred Employees);

(vii) any and all Third Party Receivables and DISH Receivables to the extent outstanding as of the Distribution Closing Date (subject to Section 6.12(d)); and

(viii) any and all other Assets that are expressly contemplated by this Agreement or any Transaction Document (or the schedules hereto or thereto) as Assets to be retained by EchoStar or any other member of the EchoStar Group.

Section 1.5 Assumed Liabilities; Excluded Liabilities.

(a) For the purposes of this Agreement, “Assumed Liabilities” shall mean (without duplication) any and all Liabilities to the extent primarily arising from or resulting from

the operation of the BSS Business as currently conducted or the ownership of the Transferred Assets, including the following:

- (i) the EMA Assumed Liabilities;
- (ii) any and all indemnification obligations under, or claims for breaches of, Contracts that constitute Transferred Assets;
- (iii) any and all Environmental Liabilities to the extent primarily arising from or resulting from the operation of the BSS Business, or the ownership of the Transferred Assets;
- (iv) any and all Liabilities primarily arising from or resulting from the Transferred Assets or the BSS Business arising out of or in connection with acts or omissions occurring prior to, on or after the Distribution Closing Date; and
- (v) any other Liability which is expressly identified on Schedule 1.5(a)(v).

Notwithstanding anything to the contrary contained in this Section 1.5 or elsewhere in this Agreement, the Assumed Liabilities shall not in any event include the Excluded Liabilities referred to in Section 1.5(b) below.

(b) For the purposes of this Agreement, “Excluded Liabilities” shall mean:

- (i) any and all Indebtedness of the EchoStar Group as of the Distribution Closing Date;
- (ii) the EMA Excluded Liabilities;
- (iii) any and all Liabilities of members of the EchoStar Group arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby, including fees and expenses of counsel, accountants, consultants, advisers and others;
- (iv) any and all Third Party Payables and DISH Payables to the extent outstanding as of the Distribution Closing Date (subject to Section 6.12(c));
- (v) any and all Liabilities to the extent primarily arising from or resulting from the matters set forth on Schedule 1.5(b)(v) (subject to any limitations set forth therein); and
- (vi) any and all Liabilities to the extent relating to, arising out of or resulting from any Retained Assets.

Section 1.6 Assumed and Excluded Liabilities. From and after the Distribution Closing, Newco shall be, or shall cause its Subsidiaries or Affiliates (which, for the avoidance of doubt, will include, after the Closing, DISH and its Subsidiaries) to be, responsible for the Assumed Liabilities regardless of when or where such Liabilities (or the acts or omissions relating thereto) arose or arise, regardless of when or where such Liabilities are asserted or determined and regardless of whether arising or related to or asserted or determined prior to, on or after the Distribution Closing Date. EchoStar shall be, or shall cause its Subsidiaries to be, responsible for the Excluded Liabilities regardless of when or where such Liabilities (or the acts or omissions relating thereto) arose or arise, regardless of when or where such Liabilities are asserted or determined and regardless of whether arising or related to or asserted or determined prior to, on or after the Distribution Closing Date.

Section 1.7 Asset Reallocation or Adjustment.

(a) Misallocated Assets.

(i) If at any time after the Distribution Closing and prior to the Closing, EchoStar or any of its Subsidiaries (not including, after the Distribution Closing, Newco or any of its Subsidiaries) shall receive or otherwise possess any Asset that should belong to Newco or its Subsidiaries pursuant to this Agreement or any other Transaction Document, EchoStar shall, except to the extent the Asset is not transferable as provided in Section 1.8(a), promptly notify and transfer, or cause to be transferred, such asset to Newco or its Subsidiaries.

(ii) If at any time after the Distribution Closing and prior to the Closing, Newco or any of its Subsidiaries shall receive or otherwise possess any Asset that should belong to EchoStar or its Subsidiaries (not including, after the Distribution Closing, Newco or any of its Subsidiaries) pursuant to this Agreement or any other Transaction Document, Newco shall, except to the extent the Asset is not transferable as provided in Section 1.8(a), promptly notify and transfer, or cause to be transferred, such asset to EchoStar or its Subsidiaries.

(iii) If at any time after the Closing, EchoStar or any of its Subsidiaries (not including, after the Distribution Closing, Newco or any of its Subsidiaries) shall receive or otherwise possess any Asset that should belong to DISH, Newco or any of their respective Subsidiaries pursuant to this Agreement or any other Transaction Document, EchoStar shall, except to the extent the Asset is not transferable as provided in Section 1.8(a), promptly notify and transfer, or cause to be transferred, such asset to DISH, Newco or any of their respective Subsidiaries.

(iv) If at any time after the Closing, DISH or any of its Subsidiaries (including, after the Closing, Newco and its Subsidiaries) shall receive or otherwise possess any Asset that should belong to EchoStar or any of its Subsidiaries pursuant to this Agreement or any other Transaction Document, DISH and/or Newco shall, except to the extent the Asset is not transferable as provided in Section 1.8(a), promptly notify and transfer, or cause to be transferred, such asset to EchoStar or its Subsidiaries.

(v) Prior to any such transfer of Assets pursuant to this Section 1.7, the EchoStar Parties and the DISH Parties agree that the Person receiving or possessing such Asset shall hold such Asset in trust for the Person to whom such Asset should rightfully belong pursuant to this Agreement or any other Transaction Document. For the avoidance of doubt, the Parties agree that Assets received or held by such Person in trust shall not be considered to be Assets of such Person for purposes of such Person's Indebtedness (including with respect to any restrictive covenants thereunder) and such Person shall not be deemed to have obtained any legal or equitable title to such Assets for purposes of such Person's Indebtedness (including with respect to any restrictive covenants thereunder).

(vi) Each Party hereto shall cooperate with each other Party hereto and shall set up procedures and notifications as are reasonably necessary or advisable to effectuate the transfers contemplated by this Section 1.7.

(b) Mistaken Assignments and Assumptions. If at any time there exist (i) Assets that any Party discovers were, contrary to the agreements among the Parties, by mistake or unintentional or other omission, transferred to Newco or retained by EchoStar or any member of the EchoStar Group or (ii) Liabilities that any Party discovers were, contrary to the agreements among the Parties, by mistake or unintentional or other omission, assumed by Newco or retained by EchoStar or any member of the EchoStar Group, then the Parties shall cooperate in good faith to effect the transfer or retransfer of misallocated Assets, and/or the assumption or reassumption of misallocated Liabilities, to or by the appropriate Person as promptly as practicable and shall not use the determination that remedial actions need to be taken to alter the original intent of the Parties with respect to the Assets to be transferred to or Liabilities to be assumed by Newco or retained by EchoStar or any member of the EchoStar Group. Each Party shall reimburse any other Party or make other financial adjustments or other adjustments to remedy any mistakes or omissions relating to any of the Assets transferred or any of the Liabilities assumed or retained pursuant to this Section 1.7.

(c) No Additional Consideration. For the avoidance of doubt, the transfer or assumption of any Assets or Liabilities under this Section 1.7 shall be effected without any additional consideration payable by any Party hereto.

Section 1.8 Consents.

(a) Transfers Not Consummated Prior to Distribution Closing Date. Notwithstanding anything to the contrary in this Agreement or any other Transaction Document, neither this Agreement nor any other Transaction Document shall constitute an agreement to sell, assign, transfer, convey, deliver or assume any Asset that would constitute a Transferred Asset if such Asset was not transferable in accordance with Applicable Law or with any other requisite Consent. If the transfer or assignment of any Asset intended to be transferred or assigned hereunder is not consummated prior to or on the Distribution Closing Date, whether as a result of a prohibition on transfer due to a violation or breach of Applicable Law or any other requisite Consent, then the Person retaining such Asset shall thereafter hold such Asset for the use and benefit, insofar as legally permitted and reasonably possible, of the Person entitled thereto until the consummation of the transfer or assignment thereof (or as otherwise mutually determined by DISH and EchoStar). In

addition, the Person retaining such Asset shall take such other actions as may reasonably be requested by the Person to whom such Asset is to be transferred in order to place such Person, insofar as legally permitted and reasonably possible, in the same position as if such Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Asset, are to inure from and after the Distribution Closing Date to the Person to whom such Asset is to be transferred. Notwithstanding the foregoing, any such Asset shall still be considered a Transferred Asset. This provision is intended, among other things, to cause all such Assets that are considered Transferred Assets to be treated for all income tax and accounting purposes as if transferred as contemplated hereby, such that such Assets are and will be, for all income tax and accounting purposes, owned by Newco, and the Parties will so treat such Assets for all income tax and accounting purposes. For the avoidance of doubt, the Parties agree that Assets received or held by such Person in trust shall not be considered to be Assets of such Person for purposes of such Person's Indebtedness (including with respect to any restrictive covenants thereunder) and such Person shall not be deemed to have obtained any legal or equitable title to such Assets for purposes of such Person's Indebtedness (including with respect to any restrictive covenants thereunder).

(b) Expenses. The Person retaining an Asset due to the deferral of the transfer and assignment of such Asset shall not be obligated, in connection with the foregoing, to expend any money or personnel in connection with the maintenance of the Asset unless the necessary funds or expenses or costs associated with such maintenance are advanced by the Person to whom such Asset is to be transferred, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Person to whom such Asset is to be transferred; provided, however, that the Person retaining such Asset shall, as promptly as practicable, provide notice to the Person to whom such Asset is to be transferred of the amount of all such expenses and fees.

(c) No Additional Consideration. For the avoidance of doubt, the transfer of any Assets under this Section 1.8 shall be effected without any additional consideration payable by any Party hereto.

(d) Specific Performance. The Parties hereto agree that irreparable damage would occur in the event any provision of Section 1.7 or Section 1.8 of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity. Nothing contained herein shall be construed as prohibiting a Party from pursuing any other remedy available to it for such breach or threatened breach. No Party shall oppose an action for specific performance on the basis that specific performance should not be an available remedy.

Section 1.9 Distribution of Newco Shares to Existing EchoStar Stockholders.

(a) Distribution Record Date and Distribution Closing Date. The board of directors of EchoStar, in accordance with Applicable Law, shall establish the Distribution Record Date and the Distribution Closing Date and any appropriate procedures in connection with the Distribution, and all Newco Shares held by EchoStar on the Distribution Closing Date shall be distributed as provided in Section 1.9(b); provided that EchoStar shall consult with DISH regarding

the dates selected to be the Distribution Record Date and the Distribution Closing Date before final establishment by the board of directors of EchoStar.

(b) The Distribution.

(i) EchoStar shall appoint the transfer agent for the EchoStar Common Stock (or an Affiliate of such transfer agent) or another bank or trust company reasonably approved by DISH to act as agent in connection with the Distribution as provided in this Section 1.9(b) (the “Agent”) and enter into an agreement with such Agent with respect to the Distribution. DISH shall enter into an agreement with the Agent as exchange agent for the issuance of DISH Shares in the Merger as contemplated by Article IV.

(ii) On the terms and subject to the conditions set forth in this Agreement, (i) on or prior to the Distribution Closing Date, EchoStar shall irrevocably deliver to the Agent, for the benefit of the holders of record on the Distribution Record Date of Class A common stock, par value \$0.001 per share, of EchoStar and Class B common stock, par value \$0.001 per share, of EchoStar (together with the EchoStar Class A common stock, the “EchoStar Common Stock” and, such holders, the “Record Holders”), certificates representing (or authorize the related book-entry transfer, for the benefit of the Record Holders, of) all the Newco Shares outstanding as of the Distribution Closing Date and (ii) on the Distribution Closing Date, EchoStar shall instruct the Agent to distribute to each Record Holder (or such Record Holder’s bank, brokerage firm or other nominee on such Record Holder’s behalf) electronically, by direct registration in book-entry form, one (1) Newco Share for every share of EchoStar Common Stock owned by such Record Holder at the Distribution Record Date (the “Distribution”).

(c) Timing of the Distribution.

(i) Subject to Section 1.9(c)(ii) and Section 1.9(c)(iii) and to EchoStar’s ability to legally declare and pay the dividend represented by the Distribution at such time under Applicable Law, EchoStar shall consummate the Pre-Closing Restructuring and the Distribution as promptly as reasonably practicable after satisfaction (or, to the extent permitted by Applicable Law, waiver by the parties entitled to the benefit thereof) of all the conditions set forth in Article VII (other than conditions that by their nature are to be satisfied as of the Closing Date and shall in fact be satisfied at such time and other than the conditions set forth in Section 7.1(f) and Section 7.1(g)).

(ii) EchoStar may, in its sole discretion, consummate the Pre-Closing Restructuring prior to the satisfaction of the conditions set forth in Article VII.

(iii) Subject to the last clause of Section 1.9(a), EchoStar shall be entitled to delay the Distribution Closing Date until ten (10) days after the date on which the Distribution would otherwise occur pursuant to Section 1.9(c)(i) to the extent necessary to comply with any NASDAQ rules relating to notices of record dates and dividends.

ARTICLE II

THE MERGER

Section 2.1 Closing Date. The closing of the Merger (the “Closing”) shall take place at the offices of DISH Network Corporation, 9601 South Meridian Boulevard, Englewood, Colorado 80112 (or at such other place as the parties may designate in writing), at 6:00 a.m. Colorado time on the date that is three (3) Business Days after the satisfaction or waiver of the last of the conditions set forth in Article VII (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at such time), but no earlier than June 15, 2019, unless another time, date or place is agreed to in writing by the Parties. The date on which the Closing actually occurs is referred to hereinafter as the “Closing Date.”

Section 2.2 The Closing. Upon the terms and subject to the conditions set forth in this Agreement and in accordance with the Delaware General Corporation Law (the “DGCL”), and in reliance on the representations, warranties and covenants made or given in this Agreement and the other Transaction Documents, the Parties hereby agree that, on the Closing Date, Merger Sub shall be merged with and into Newco and the separate corporate existence of Merger Sub shall thereupon cease. Newco shall be the surviving corporation in the Merger under the DGCL (sometimes hereinafter referred to as the “Surviving Corporation”).

Section 2.3 Effective Time. Concurrently with the Closing, Newco and DISH will cause a certificate of merger (the “Certificate of Merger”) to be filed with the Secretary of State of the State of Delaware in such form as required by, and executed in accordance with, the relevant provisions of the DGCL (the date and time of the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, or such later time as is specified in the Certificate of Merger and as is agreed to by the Parties in writing, being the “Effective Time”) and shall make all other filings or recordings required under the DGCL (if any).

Section 2.4 Closing Deliverables. At the Closing, the following deliveries shall be made in the following manner:

- (a) each Party shall cause to be delivered, to each of the other Parties thereto, each Transaction Document (other than this Agreement) to which such Party is a party thereto, duly executed on behalf of such Party;
- (b) EchoStar and its Subsidiaries shall deliver, or cause to be delivered, resignation letters from (x) all members of the board of directors (or board of managers or similar governing body) of Newco and (y) the officers of Newco as of the Closing (other than any such members or officers identified by DISH in writing to EchoStar);
- (c) the DISH Parties shall receive a tax opinion from Sullivan & Cromwell LLP, counsel to the DISH Parties, dated as of the Closing Date, in the form described in the Tax Matters Agreement; and

(d) the EchoStar Parties shall receive a tax opinion from White & Case LLP, counsel to the EchoStar Parties, dated as of the Closing Date, in the form described in the Tax Matters Agreement.

Section 2.5 Tax Consequences. The Parties intend that, for U.S. federal income tax purposes, (a) the Merger shall qualify as a “reorganization” within the meaning of Section 368(a) of the Code and (b) this Agreement, including any amendments thereto, be, and is hereby adopted as, a “plan of reorganization” involving the Merger for purposes of Section 354 and Section 361 of the Code.

ARTICLE III

CERTIFICATE OF INCORPORATION AND BY-LAWS OF THE SURVIVING CORPORATION; DIRECTORS AND OFFICERS OF THE SURVIVING CORPORATION

Section 3.1 Certificate of Incorporation. At the Effective Time, the Certificate of Incorporation of Newco as in effect immediately prior to the Effective Time shall be amended and restated as of the Effective Time to be in the form set forth in Exhibit A to this Agreement and as so amended and restated shall be the certificate of incorporation of the Surviving Corporation (the “Charter”), until thereafter duly amended as provided therein or in accordance with Applicable Law.

Section 3.2 The By-laws. At the Effective Time, the By-laws of Newco shall be amended and restated in their entirety to read the same as the by-laws of Merger Sub immediately prior to the Effective Time, and as so amended and restated shall be the by-laws of the Surviving Corporation (the “By-laws”), until thereafter duly amended as provided therein or in accordance with the Charter and Applicable Law.

Section 3.3 Directors. The directors of Merger Sub immediately prior to the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Charter and the By-laws.

Section 3.4 Officers. The officers of Merger Sub immediately prior to the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Charter and the By-laws.

ARTICLE IV

EFFECT OF THE MERGER ON CAPITAL STOCK

Section 4.1 Effect on Capital Stock of Newco. At the Effective Time, by virtue of the Merger and without any action on the part of the holder of any capital stock of Newco or Merger Sub:

(a) Merger Consideration. Each share of the Newco Common Stock issued and outstanding immediately prior to the Effective Time (other than Newco Shares owned by DISH, Merger Sub or any other direct or indirect wholly owned Subsidiary of DISH and Newco Shares owned by EchoStar or any direct or indirect wholly owned Subsidiary of EchoStar (including Newco), and in each case not held on behalf of third parties (each Newco Share referred to in this parenthetical, an “Excluded Share” and, collectively, “Excluded Shares”)) shall be converted into, and become exchangeable for a number of DISH Shares equal to the quotient of (1) 22,937,188 *divided by* (2) the number of issued and outstanding shares of EchoStar Common Stock as of the Distribution Record Date (such ratio, the “Exchange Ratio,” such consideration, the “Per Share Merger Consideration” and, the aggregate consideration to be issued pursuant to this Section 4.1(a), the “Aggregate Merger Consideration”). At the Effective Time, all of the Newco Shares (other than Excluded Shares) shall cease to be outstanding, shall automatically be cancelled and shall cease to exist, and each certificate formerly representing any of the Newco Shares (a “Certificate”), and each non-certificated Newco Share represented by book entry (each, a “Book Entry Newco Share”) (other than in each case those representing Excluded Shares) shall thereafter represent only the right to receive, without interest, the Per Share Merger Consideration and the right, if any, to receive (A) pursuant to Section 4.2(d), cash in lieu of fractional shares into which such Newco Shares have been converted pursuant to this Section 4.1(a) and (B) any distribution or dividend pursuant to Section 4.2(b).

(b) Treatment of Excluded Shares. Each Excluded Share shall be cancelled and shall cease to exist, with no consideration paid in exchange therefor.

(c) Treatment of Merger Sub Shares. At the Effective Time, each share of common stock, par value \$0.001 per share, of Merger Sub (such stock, “Merger Sub Common Stock,” and all such shares, the “Merger Sub Shares”) issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock, par value \$0.001 per share, of the Surviving Corporation.

Section 4.2 Exchange of Certificates and Book Entry Shares.

(a) Agent; Exchange Procedures. On the Closing Date, immediately prior to the Effective Time, DISH shall deposit, or shall cause to be deposited, with the Agent for the benefit of the holders of Newco Shares (i) certificates, or at DISH’s option, evidence of non-certificated DISH Shares in book-entry form (“Book Entry DISH Shares”), constituting at least the amounts necessary for the Aggregate Merger Consideration and (ii) as necessary from time to time after the Effective Time, if applicable, any cash and dividends or other distributions with respect to the DISH Shares to be issued or to be paid pursuant to Section 4.2(b) and Section 4.2(d), in exchange for Newco Shares outstanding immediately prior to the Effective Time, deliverable upon due surrender of the Certificates (or affidavits of loss in lieu thereof as provided in Section 4.2(f)) or Book Entry Newco Shares pursuant to the provisions of this Article IV (such cash, certificates for DISH Shares and evidence of Book Entry DISH Shares, together with the amount of any dividends or other distributions payable pursuant to this Article IV with respect thereto, being hereinafter referred to as the “Exchange Fund”). The Agent shall also act as the agent for Newco’s stockholders for the purpose of receiving and holding their Certificates and Book Entry Newco Shares and shall obtain

no rights or interests in the Newco Shares represented thereby. As promptly as practicable after the Effective Time, DISH shall cause the Agent to distribute the DISH Shares into which the Newco Shares that were distributed in the Distribution have been converted pursuant to the Merger, which shares shall be distributed on the same basis as the Newco Shares were distributed in the Distribution and to the Persons who received Newco Shares in the Distribution. Each Person entitled to receive Newco Shares in the Distribution shall be entitled to receive in respect of the shares of Newco Shares distributed to such Person certificates for DISH Shares or evidence of Book Entry DISH Shares representing the number of DISH Shares that such holder has the right to receive pursuant to this Section 4.2(a) (and cash in lieu of fractional DISH Shares, as contemplated by Section 4.2(d)) (and any dividends or distributions and other amounts pursuant to Section 4.2(b)).

(b) Distributions with Respect to Unexchanged Newco Shares. All DISH Shares to be issued pursuant to the Merger shall be deemed issued and outstanding as of the Effective Time and whenever a dividend or other distribution is declared by DISH in respect of DISH Shares, the record date for which is at or after the Effective Time, that declaration shall include dividends or other distributions in respect of all Per Share Merger Consideration issuable pursuant to this Agreement. No dividends or other distributions in respect of the DISH Shares shall be paid to any holder of any unsurrendered Certificate or Book Entry Newco Share until such Certificate (or affidavits of loss in lieu of the Certificate as provided in Section 4.2(f)) or Book Entry Newco Share is surrendered for exchange in accordance with this Article IV. Subject to the effect of Applicable Laws, following surrender of any such Certificate (or affidavits of loss in lieu of the Certificate as provided in Section 4.2(f)) or Book Entry Newco Share that has been converted into the right to receive the Per Share Merger Consideration, there shall be issued and/or paid to the holder of the certificates representing whole DISH Shares (or as applicable, Book Entry DISH Shares) issued in exchange therefor, without interest, (A) at the time of such surrender, the dividends or other distributions with a record date after the Effective Time theretofore payable with respect to such whole DISH Shares and not paid and (B) at the appropriate payment date, the dividends or other distributions payable with respect to such whole DISH Shares with a record date after the Effective Time but with a payment date subsequent to surrender.

(c) Transfers. From and after the Effective Time, there shall be no transfers on the stock transfer books of Newco of the Newco Shares that were outstanding immediately prior to the Effective Time. If, after the Effective Time, any Certificate or Book Entry Newco Share is presented to the Surviving Corporation, DISH or the Agent for transfer, it shall be cancelled and exchanged for, with respect to each Newco Share represented thereby, the Per Share Merger Consideration (and to the extent applicable, cash in lieu of fractional shares pursuant to Section 4.2(d)) and/or any dividends or other distributions pursuant to Section 4.2(b)) to which the holder thereof is entitled pursuant to this Article IV.

(d) Fractional Shares. Notwithstanding any other provision of this Agreement, no fractional DISH Shares will be issued and any holder of Newco Shares entitled to receive a fractional DISH Share but for this Section 4.2(d) shall be entitled to receive a cash payment in lieu thereof, without interest, which payment shall be calculated by the Agent and shall be an amount equal to the product of (i) the average of the closing prices per DISH Share on the Nasdaq Stock Market (the "NASDAQ"), as reported in the Wall Street Journal (or if not reported thereby, as

reported in another authoritative source), for the five full trading days ending on the second (2nd) Business Day immediately preceding the date on which the Effective Time occurs *multiplied by* (ii) the fraction of a DISH Share (after taking into account all Newco Shares held by such holder at the Effective Time and rounded to the nearest one thousandth when expressed in decimal form) to which such holder would otherwise be entitled. No such holder shall be entitled to dividends, voting rights or any other rights in respect of any fractional DISH Shares.

(e) Termination of Exchange Fund. Any portion of the Exchange Fund (including DISH Shares) that remains unclaimed by the stockholders of Newco for eighteen (18) months after the Effective Time shall be delivered to DISH. Any holder of Newco Shares (other than Excluded Shares) who has not theretofore complied with this Article IV shall thereafter look only to DISH for delivery of any Per Share Merger Consideration (and to the extent applicable, cash in lieu of fractional shares pursuant to Section 4.2(d), and/or any dividends or other distributions pursuant to Section 4.2(b)), payable and/or issuable pursuant to Section 4.1 and Section 4.2 upon due surrender of their Certificates (or affidavits of loss in lieu of the Certificates as provided in Section 4.2(f)) or Book Entry Newco Shares, in each case, without interest. Notwithstanding the foregoing, none of the Surviving Corporation, DISH, EchoStar, the Agent or any other Person shall be liable to any former holder of Newco Shares for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar Applicable Laws. Any portion of the Exchange Fund which remains undistributed to the holders of Newco Shares immediately prior to the time at which the Exchange Fund would otherwise escheat to, or become property of, any Governmental Authority, shall, to the extent permitted by Applicable Law, become the property of DISH, free and clear of all claims or interest of any Person previously entitled thereto.

(f) Lost, Stolen or Destroyed Certificates. In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by DISH, the posting by such Person of a bond in customary amount and upon such terms as may be required by DISH as indemnity against any claim that may be made against DISH, the Agent or any of DISH's Subsidiaries with respect to such Certificate, the Agent will issue, in exchange for such lost, stolen or destroyed Certificate, the Per Share Merger Consideration, and (to the extent applicable) any cash in lieu of fractional shares pursuant to Section 4.2(d) or unpaid dividends or other distributions pursuant to Section 4.2(b), that would have been payable or deliverable in respect thereof pursuant to this Agreement had such lost, stolen or destroyed Certificate been surrendered.

Section 4.3 Appraisal Rights. In accordance with Section 262 of the DGCL, no appraisal rights shall be available to holders of Newco Shares in connection with the Merger.

Section 4.4 Adjustments. Notwithstanding anything to the contrary in this Agreement, if, between the date of this Agreement and the Effective Time, the issued and outstanding Newco Shares or securities convertible or exchangeable into or exercisable for Newco Shares or the issued and outstanding DISH Shares or securities convertible or exchangeable into or exercisable for DISH Shares, shall have been changed into a different number of shares or a different class by reason of any reclassification, stock split (including a reverse stock split), stock dividend or distribution, extraordinary cash dividend, recapitalization, reorganization, combination, merger,

issuer tender or exchange offer, or other similar transaction (other than, in the case of Newco Shares, to the extent contemplated in connection with the Pre-Closing Restructuring or Distribution), then the Per Share Merger Consideration and the Aggregate Merger Consideration shall be equitably adjusted, without duplication, to proportionally reflect such change and as so adjusted shall, from and after the date of such event, be the Per Share Merger Consideration and the Aggregate Merger Consideration, respectively; provided, that nothing in this Section 4.4 shall be construed to permit EchoStar or Newco to take any of the foregoing actions with respect to its securities to the extent otherwise prohibited by the terms of this Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of the EchoStar Parties. Except as set forth in the EchoStar Reports filed with the SEC on or after December 31, 2016 and prior to the date of this Agreement (excluding, in each case, any disclosures set forth in any risk factor section or in any other section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature) or in the corresponding sections of the disclosure letter delivered to the DISH Parties by EchoStar prior to entering into this Agreement (the “EchoStar Disclosure Letter”) (it being agreed that disclosure of any item in any section or subsection of the EchoStar Disclosure Letter shall be deemed disclosure with respect to any section of this Agreement or any other section or subsection of the EchoStar Disclosure Letter to which the relevance of such disclosure is reasonably apparent on its face and that the mere inclusion of an item in such EchoStar Disclosure Letter as an exception to a representation or warranty shall not be deemed an admission that such item represents a material exception or material fact, event or circumstance or that such item has had, would have or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect), EchoStar represents and warrants to the DISH Parties that:

- (a) Organization and Good Standing. Each EchoStar Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has the full power and authority to enter into each Transaction Document to which it is a party and to perform its obligations thereunder. Each entity set forth on Schedule 1.4(a)(ii) (collectively, the “Relevant EchoStar Subsidiaries”) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Each of the EchoStar Parties and the Relevant EchoStar Subsidiaries (A) has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted and (B) is duly qualified or licensed and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, except where the failure to be so qualified, licensed or in good standing has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.
- (b) Authorization and Execution of Transaction Documents. (i) Other than obtaining the Requisite Stockholder Approval, each EchoStar Party has taken all necessary corporate action to authorize the execution, delivery and performance of its obligations under this Agreement and to consummate the Merger, (ii) as of the Distribution Closing, each EchoStar Party shall have taken, and shall have caused its respective applicable Subsidiaries to have taken, all necessary

corporate action to consummate the Pre-Closing Restructuring and the Distribution and (iii) as of the Closing, each EchoStar Party shall have taken, and shall have caused its respective applicable Subsidiaries to have taken, all necessary corporate action to authorize the execution, delivery and performance of its and their obligations under each of the other Transaction Documents to which it, or they, is, are, or shall be, a party. (1) No other corporate proceedings on the part of any EchoStar Party or any Subsidiary of any EchoStar Party is necessary to approve this Agreement or to consummate the Merger, (2) as of the Distribution Closing, no other corporate proceedings on the part of any EchoStar Party or any Subsidiary of any EchoStar Party will be necessary to consummate the Pre-Closing Restructuring or the Distribution and (3) as of the Closing, no other corporate proceedings on the part of any EchoStar Party (including Newco) or any Subsidiary of any EchoStar Party will be necessary to approve any other Transaction Document to which it is a party. As of the date of this Agreement, the board of directors of EchoStar has approved this Agreement, the other Transaction Documents to which it is a party, the Pre-Closing Restructuring, the Distribution, the Merger and the other transactions contemplated hereby. As of the date of this Agreement, the board of directors of Newco has (a) determined that this Agreement and the transactions contemplated hereby, including the Merger, are fair to and in the best interests of Newco and its stockholders, (b) adopted, approved and declared advisable this Agreement, the Pre-Closing Restructuring, the Distribution and the Merger and the other transactions contemplated by this Agreement, on the terms and subject to the conditions set forth in this Agreement, (c) resolved to recommend that the sole stockholder of Newco approve the Merger and adopt this Agreement and (d) adopted, approved and declared advisable the other Transaction Documents to which it is a party. Other than, with respect to the approval of the Merger and the adoption of this Agreement, the affirmative vote by written consent of the sole holder of all of the issued and outstanding Newco Shares (the "Requisite Stockholder Approval"), no vote or consent of the holders of any class or series of capital stock of any EchoStar Party or any of the Relevant EchoStar Subsidiaries is necessary to approve this Agreement, the other Transaction Documents, the Pre-Closing Restructuring, the Distribution, the Merger and the other transactions contemplated hereby. HSSC has the power and capacity under Applicable Law in its capacity as Newco's sole stockholder to provide the Requisite Stockholder Approval without a vote of its stockholders and without a vote of Newco's stockholders after giving effect to the Distribution. This Agreement has been duly executed and delivered by each EchoStar Party, and each other Transaction Document to which each EchoStar Party or each Subsidiary of any EchoStar Party is a party, when delivered by it in accordance herewith, shall have been duly executed and delivered by such EchoStar Party or Subsidiary thereof.

(c) Enforceability of Transaction Documents. Assuming that this Agreement and each of the Transaction Documents to which any EchoStar Party or any of their respective Subsidiaries is a party is the valid and binding obligation of each DISH Party or other counterpart thereto, this Agreement constitutes, and the other Transaction Documents shall at the Closing constitute, the valid, legal and binding obligation of each EchoStar Party and each of their respective Subsidiaries that is party to each such agreement, enforceable against each such EchoStar Party or Subsidiary in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(d) Non-Contravention. The execution and delivery by any EchoStar Party and any Subsidiary of any EchoStar Party of each of the Transaction Documents to which it is a party and the consummation of the Pre-Closing Restructuring, the Distribution, the Merger and the other transactions contemplated hereby by it pursuant thereto will not, subject to obtaining the Requisite Stockholder Approval: (x) conflict with any requirement of its Corporate Documents; (y) assuming compliance with the matters referred to in Section 5.1(e) of this Agreement, result in a violation or breach of any Applicable Law by which it is bound or to which any of its properties is subject; or (z) with or without notice, lapse of time or both, result in a breach or violation of, a termination (or right of termination) or default under, the creation or acceleration of any obligations under or the creation of a Lien on any of the assets of such EchoStar Party or any of its Subsidiaries pursuant to any Contract binding upon such EchoStar Party or any of its Subsidiaries or result in any change in the rights or obligations of any party under any Contract binding upon such EchoStar Party or any of its Subsidiaries, except, in the case of clauses (y) and (z), as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(e) Consents. No consent, license, approval or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required by or of any EchoStar Party or any Subsidiary of any EchoStar Party in connection with the execution, delivery, performance, validity or enforceability of any Transaction Document to which any such EchoStar Party or Subsidiary is a party or the consummation of the Pre-Closing Restructuring, the Distribution or the Merger and the other transactions contemplated hereby, except (i) any such consent, license, approval, authorization, filing, notice or act that has been obtained, made or taken, (ii) as set forth on Schedule 5.1(e), any such consent, license, approval, authorization, filing, notice or act required to assign or transfer control over, either in the Pre-Closing Restructuring, the Distribution or the Merger, the BSS Satellites, including the Leased Satellites (the "Leased Satellite Consents"), and the Permits required from any Governmental Authority to construct, launch and operate any BSS Satellite, (iii) any other such consent, license, approval, authorization, filing, notice or act as set forth on Schedule 5.1(e), (iv) the filing with the SEC and mailing of the Joint Information Statement/Prospectus (or such other filings as may be necessary under federal securities Applicable Laws) and (v) where the failure to obtain such consent, license, approval or authorization or make such filing or take such act has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(f) Capital Structure.

(i) As of the date of this Agreement, the authorized capital stock of Newco consists of 1,000 shares of Newco Common Stock, all of which are issued and outstanding, and as of the Closing Date, the authorized capital stock of Newco will consist of the number of shares of EchoStar Common Stock outstanding on the Distribution Record Date. All shares of Newco Common Stock are owned by HSSC (all shares of which are owned by EchoStar), and prior to the Distribution Closing will be, owned by EchoStar, and there are no other equity interests authorized, issued or outstanding in Newco. There are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate Newco to issue or sell any shares of capital

stock or other securities of Newco or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of Newco, and no securities or obligations evidencing such rights are authorized, issued or outstanding. All of the Newco Shares have been duly authorized and are validly issued, fully paid and nonassessable. Newco does not have outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the stockholders of Newco on any matter. HSSC has good and valid title to the Newco Shares, free and clear of any Liens.

(ii) There are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate any member of the EchoStar Group to issue or sell any shares of capital stock or other securities of the Relevant EchoStar Subsidiaries or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of the Relevant EchoStar Subsidiaries, and no securities or obligations evidencing such rights are authorized, issued or outstanding. All of the equity interests of the Relevant EchoStar Subsidiaries have been duly authorized and are validly issued, fully paid and nonassessable. None of the Relevant EchoStar Subsidiaries has outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the stockholders of any such entity on any matter.

(iii) Schedule 5.1(f)(iii) sets forth a true and complete list of (A) all Indebtedness and (B) each Contract (1) that is a letter of credit, performance bond, banker's acceptance, corporate guarantee or other similar agreement or credit transaction issued and outstanding in connection with the BSS Business that would be an Assumed Liability, with, in each case, an indication of any amounts drawn thereunder or (2) in respect of any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which are required to be classified and accounted for under GAAP as capital leases in connection with the BSS Business, with, in the case of each of (1) and (2), the value ascribed to such letter of credit, performance bond, banker's acceptance, corporate guarantee or capital lease.

(g) Reports; Financial Statements.

(i) EchoStar has filed or furnished, as applicable, on a timely basis all material forms, statements, reports and documents required to be filed or furnished by it with the SEC pursuant to the Exchange Act or the Securities Act since December 31, 2016 (the "Applicable Date") (such forms, statements, reports and documents filed or furnished since the Applicable Date and those filed or furnished subsequent to the date of this Agreement, including any amendments thereto, the "EchoStar Reports"). Each of the EchoStar Reports, at the time of its filing or being furnished (or, if amended prior to the date

of this Agreement, as of the date of such amendment) complied as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act.

(ii) Each of the consolidated balance sheets included in or incorporated by reference into the EchoStar Reports (including the related notes and schedules), fairly presents the consolidated financial position of EchoStar and its consolidated Subsidiaries as of the dates thereof and each of the consolidated statements of operations and comprehensive income (loss), changes in stockholders' or shareholder's equity and cash flows included in or incorporated by reference into the EchoStar Reports (including any related notes and schedules), fairly presents the results of operations and cash flows of EchoStar and its consolidated Subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to normal year-end adjustments and lack of footnote disclosure), in each case in accordance with GAAP consistently applied during the periods involved, except as may be noted therein or may be permitted by the SEC under the Exchange Act.

(iii) The financial information in the EchoStar Reports with respect to the ESS segment of EchoStar (A) was derived from the books and records of EchoStar and its Subsidiaries; (B) was prepared in good faith in accordance with GAAP consistently applied during the periods involved (except for goodwill and certain other assets and liabilities as may be noted therein); and (C) is materially representative of the historical financial position of the ESS segment, and the management of EchoStar did not knowingly fail to take into account any material information in preparing the financial information in the EchoStar Reports with respect to the ESS segment of EchoStar.

(iv) There are no obligations or liabilities of EchoStar or any of its Subsidiaries primarily arising from or resulting from the operation of the BSS Business or the ownership of the Transferred Assets, whether or not accrued, contingent or otherwise and whether or not required to be disclosed or any other facts or circumstances which could reasonably be expected to result in any claims against, or obligations or liabilities of, the BSS Business, except for (x) future executory liabilities arising under any BSS Business Contract (other than as a result of breach of contract, tort, infringement or violation of Applicable Law) or (y) those that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(h) Absence of Certain Changes. Since December 31, 2018, EchoStar and each of its Subsidiaries have conducted the BSS Business only in accordance with the Ordinary Course of Business, and there has not been, with respect to the BSS Business or any Transferred Asset:

(i) any fact, event, action, change, occurrence, condition or effect which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; or

(ii) any action taken by EchoStar or any of its Subsidiaries that, if taken during the period from the date of this Agreement through the Closing Date, would constitute a violation or breach of or would otherwise require consent under Section 6.2.

(i) Compliance with Laws.

(i) EchoStar and each of its Subsidiaries is in and has, since the Applicable Date, been in compliance in all material respects with Applicable Laws (including the Communications Act but excluding Environmental Laws) and Permits, in each case, to the extent applicable to the BSS Business. Neither EchoStar nor any of its Subsidiaries has received any written notice or confirmation of any material noncompliance with any such Applicable Laws or any such Permits applicable to the BSS Business that has not been cured as of the date of this Agreement.

(ii) EchoStar and its Subsidiaries have, and following the Pre-Closing Restructuring, Newco shall have, all material Permits necessary to own, operate and conduct the BSS Business as currently conducted. All such material Permits are valid, in force and in good standing. There is no default on the part of EchoStar or any of its Subsidiaries, or to the knowledge of the EchoStar Parties, any other party, under any such Permit. Schedule 5.1(i)(ii) sets forth a correct and complete list of each Permit held by EchoStar and its Subsidiaries material to the BSS Business. No notices from a Governmental Authority have been received by EchoStar or any of its Subsidiaries with respect to any material (i) actual or alleged violation of, or failure to comply with, any term or requirement of any such Permit or (ii) threatened or pending sanction, revocation, withdrawal, termination, rescission, suspension, cancellation, modification, corrective action or limitation of, or with respect to, any such Permit.

(iii) Since the Applicable Date, neither the EchoStar Parties nor any of their Subsidiaries, nor, to the knowledge of the EchoStar Parties, any Representative of the EchoStar Parties or of any of their Subsidiaries, has taken any action in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value directly, or indirectly through an intermediary, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) in order to influence official action which would result in a violation by such persons of the FCPA, the UK Bribery Act of 2010 or any other Applicable Law that prohibits corruption, bribery or any of the foregoing actions (collectively, the "Anti-Corruption Laws") in connection with the operation of the BSS Business or ownership of the Transferred Assets. The EchoStar Parties and their Subsidiaries have conducted the BSS Business in compliance with all Anti-Corruption Laws in all material respects and maintain and will continue to maintain policies and procedures that are designed to provide reasonable assurance of compliance with such laws.

(iv) Neither EchoStar nor any of its Subsidiaries, nor, to the knowledge of the EchoStar Parties, any Representative of the EchoStar Parties or any of their Subsidiaries is or is 50% or more owned or controlled by one or more Persons that are: (A) the subject of any sanctions administered by OFAC or the U.S. Department of State,

the United Nations Security Council, the European Union, or other relevant sanctions authority (collectively, “Sanctions”), or (B) located, organized or resident in a country or territory that is the subject of Sanctions (including the Crimea region of Ukraine, Cuba, Iran, North Korea and Syria).

(v) Since the Applicable Date, neither EchoStar nor any of its Subsidiaries has engaged in, directly or indirectly, any dealings or transactions relating to the BSS Business with any Person, or any country or territory that, at the time of the dealing or transaction, is or was the subject of Sanctions, except as otherwise authorized pursuant to Sanctions.

(vi) Since the Applicable Date, EchoStar and its Subsidiaries have been in compliance in all material respects with, and have not been given written notice of any material violation of, any applicable Sanctions or export control laws.

(vii) The EchoStar Parties and each of their Subsidiaries have instituted policies and procedures reasonably designed to ensure the compliance in all material respects of the EchoStar Parties and each of their Subsidiaries with all applicable export controls, Sanctions and Anti-Money Laundering Laws in connection with the operation of the BSS Business or ownership of the Transferred Assets.

(j) Litigation and Other Proceedings. Except as would not have or reasonably be expected to have a Material Adverse Effect, (i) there is no pending or, to the knowledge of the EchoStar Parties, threatened in writing, claim, action, suit, investigation or proceeding relating to or affecting the operation of the BSS Business or the ownership of the Transferred Assets, and (ii) none of EchoStar or any of its Subsidiaries, or any of their respective properties, is subject to any order, injunction, judgment or decree by or before any Governmental Authority concerning the BSS Business or the ownership of the Transferred Assets. There is no claim, action, suit, investigation or proceeding pending or, to the knowledge of the EchoStar Parties, threatened against any member of the EchoStar Group related to the BSS Business, the ownership of the Transferred Assets or any of its properties, including with respect to the release of Hazardous Substances, except for matters that have not, individually or in the aggregate, resulted in and would not reasonably be expected to result in (i) any criminal liability of any member of the EchoStar Group related to the BSS Business or any director, officer or employee of any member of the EchoStar Group related to the BSS Business or (ii) a Material Adverse Effect.

(k) Intellectual Property.

(i) Schedule 5.1(k)(i) sets forth a true and complete list of all Registered Intellectual Property owned or purported to be owned by the EchoStar Parties and included in the Transferred Assets (“Separated Registered IP Assets”), indicating for each Registered item the registration or application number, registration or application date and the applicable filing jurisdiction (or in the case of an Internet domain name, the applicable domain name registrar). There are no inventorship challenges, opposition or nullity proceedings or interferences declared or commenced with respect to any Patents included in the Separated Registered IP Assets or, to the knowledge of the EchoStar Parties, threatened.

(ii) EchoStar or one of its Subsidiaries owns solely and exclusively the Intellectual Property owned or purported to be owned by the EchoStar Parties or their respective Subsidiaries and included in the Transferred Assets (the “Separated IP Assets”), free and clear of all Liens other than Permitted Liens.

(iii) Together with the Intellectual Property licensed under the Intellectual Property and Technology License Agreement, and the Transition Services Agreement(s), if any, and any other Contract, arrangement or understanding remaining in effect following the Closing Date between DISH and its Subsidiaries, on the one hand, and EchoStar and its Subsidiaries, on the other hand, the Transferred Assets and other Intellectual Property possessed by Newco constitute, in all material respects, all the Intellectual Property that is used, contemplated for use or held for use in the ownership, operation and conduct of the BSS Business as currently owned, operated and conducted.

(iv) The Separated IP Assets are subsisting and, to the knowledge of EchoStar, the issued or granted Separated Registered IP Assets included therein are valid and enforceable. The Separated IP Assets are not subject to any outstanding order, judgment, decree or agreement adversely affecting the EchoStar Parties’ use or contemplated use of such Intellectual Property or their rights in or to such Intellectual Property. There has been no material litigation, opposition, cancellation, proceeding or claim pending or, to the knowledge of EchoStar, threatened since the Applicable Date against the EchoStar Parties concerning the ownership, validity, registerability or enforceability of any Separated IP Assets.

(v) To the knowledge of the EchoStar Parties, the conduct of the BSS Business as currently conducted does not infringe, misappropriate or otherwise violate, and has not infringed, misappropriated or otherwise violated during the three (3) year period immediately preceding the date of this Agreement, any Intellectual Property of any third party. There has been no claim, action, suit, proceeding or investigation pending or, to knowledge of the EchoStar Parties, threatened (including “cease and desist” letters and written invitations to take a patent license) against EchoStar or any of its Subsidiaries concerning the BSS Business since the Applicable Date, alleging the same. To the knowledge of the EchoStar Parties, no third party is infringing, misappropriating or violating any material Separated IP Assets.

(vi) EchoStar and each of its Subsidiaries have taken reasonable measures to protect the confidentiality and value of the Trade Secrets included in the Separated IP Assets.

(vii) The IT Assets included in the Transferred Assets (the “Separated IT Assets”) (A) operate and perform in all material respects in accordance with their documentation and functional specifications, (B) have not materially malfunctioned or failed within the past three (3) years in a manner that has had a material impact on the BSS Business, and (C) are free from material bugs or other defects, and do not contain any Malicious Code. To the knowledge of the EchoStar Parties, no Person has gained unauthorized access to the Separated IT Assets during the three (3) year period immediately

preceding the date hereof. Each of EchoStar and its Subsidiaries has implemented reasonable backup and disaster recovery technology processes for the Separated IT Assets.

(viii) EchoStar and each of its Subsidiaries has complied in all material respects with all Applicable Laws and contractual and fiduciary obligations relating to the collection, storage, use, transfer and any other processing of any Personally Identifiable Information collected by or used in the BSS Business. EchoStar and each of its Subsidiaries has at all times taken all steps reasonably necessary (including implementing and monitoring compliance with adequate measures with respect to technical and physical security) to ensure that all such Personally Identifiable Information is protected against loss and against unauthorized access, use, modification or disclosure, and there has been no unauthorized access to or misuse of such Personally Identifiable Information.

(ix) Neither EchoStar nor any of its Subsidiaries has incorporated Technology subject to an Open Source License into, or combined, linked, or distributed any such Technology with, any products or services of the BSS Business, in any manner that creates, or purports to create, obligations for the EchoStar Parties, with respect to any part of such products or services that is not (A) Technology owned by a third party subject to an Open Source License or (B) Technology which is intentionally distributed and licensed to third parties by the EchoStar Parties under an Open Source License. None of the EchoStar Parties is, in any material respect, in violation or breach of any Open Source License.

(l) Material Contracts.

(i) Each Material Contract is valid and binding on EchoStar and each of its Subsidiaries party thereto and, to the knowledge of the EchoStar Parties, any other party thereto, and is in full force and effect, except for such failures to be valid and binding or to be in full force and effect which have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Except which has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, there is no default under any Material Contract by EchoStar or any of its Subsidiaries party thereto or bound thereby and no event has occurred that with the lapse of time or the giving of notice or both would constitute a default thereunder by EchoStar or any of its Subsidiaries party thereto or bound thereby or, to the knowledge of the EchoStar Parties, any other party thereto.

(ii) Schedule 5.1(l)(ii) sets forth a true and correct list of each Material Contract, and a copy of each Material Contract (including schedules and exhibits thereto) has been made available to the DISH Parties.

(m) Employee Benefits and Labor.

(i) Each Benefit Plan has been established, operated and administered in compliance in all material respects with its terms and Applicable Law, including ERISA and the Code, and there are no pending or, to the knowledge of the EchoStar Parties, threatened claims (other than routine claims for benefits) or proceedings by a Governmental

Authority by, on behalf of or against any Benefit Plan or any trust related thereto which could reasonably be expected to result in any material liability which would be an Assumed Liability. Each Benefit Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified under Section 401(a) of the Code and, to the knowledge of the EchoStar Parties, nothing has occurred that would adversely affect the qualification or tax exemption of any such Benefit Plan. To the knowledge of the EchoStar Parties, with respect to any Benefit Plan that is an “employee benefit plan” within the meaning of Section 3(3) of ERISA, none of the EchoStar Parties nor any of their Subsidiaries has engaged in any breach of fiduciary responsibility or any “prohibited transaction” (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) in connection with which the EchoStar Party or Subsidiary reasonably could be subject to either a material civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a material tax imposed pursuant to Section 4975 or 4976 of the Code.

(ii) As of the date hereof, none of the Transferred Employees are covered by any collective bargaining agreement or other agreement with a labor union or like organization, and, to the knowledge of the EchoStar Parties, there are no activities or proceedings by any individual or group of individuals, including representatives of any labor organizations or labor unions, to organize any such employees.

(iii) Except as set forth on Schedule 5.5(m)(iii), there is no claim, action, suit, investigation or proceeding pending or, to the knowledge of the EchoStar Parties, threatened against any member of the EchoStar Group by any Transferred Employee or any former employee of EchoStar or any of its Subsidiaries who was primarily dedicated to providing services to the BSS Business, including any workers compensation claims and charges filed with the U.S. Equal Employment Opportunity Commission, in each case, in the Ordinary Course of Business.

(n) Environmental Matters. Except as set forth on Schedule 5.1(n), (a) the BSS Business has been conducted, since the Applicable Date, in compliance in all material respects with all applicable Environmental Laws, (b) neither EchoStar nor any of its Subsidiaries is conducting or is required to conduct any investigation, remediation or other action pursuant to the requirements of any Environmental Law at any Transferred Site contaminated with any Hazardous Substance or property formerly owned or operated by EchoStar or any of its Subsidiaries (including soils, groundwater, surface water, buildings or other structures at such properties) contaminated with any Hazardous Substance, (c) neither EchoStar nor any of its Subsidiaries is subject to remedial action Liability under applicable Environmental Law for any Hazardous Substance disposal or contamination on any third party property that received Hazardous Substances, (d) neither EchoStar nor any of its Subsidiaries has received any written notice, demand, letter, claim or request for information alleging that EchoStar or any of its Subsidiaries is in violation of or subject to liability under any Environmental Law, (e) neither EchoStar nor any of its Subsidiaries is subject to any written order, decree or injunction with any Governmental Authority relating to any Environmental Liability or relating to Hazardous Substances, in each case of clauses (a) through (e), to the extent primarily relating to the operation of the BSS Business or the ownership of the Transferred Assets and (f) to the knowledge of the EchoStar Parties there are no other circumstances or conditions

involving the BSS Business or the ownership of the Transferred Assets that would reasonably be expected to result in any material claim, Liability, investigation, cost or restriction on the ownership, use or transfer of any property pursuant to any Environmental Law.

(o) Assets.

(i) Except for properties, interests, Assets, services and rights that are the subject of Consents as set forth on Schedule 5.1(e) and which may not be delivered as of the Closing Date (provided that the benefits of such properties, interests, Assets, services and rights is appropriately held on behalf of Newco and its Subsidiaries pursuant to Section 1.8), Newco will have access to and use of as of the Closing Date all Transferred Assets including (A) good and marketable fee simple title to, or a valid and binding leasehold interest in, the real property it owns or leases that is included in the Transferred Assets and (B) good title to the personal tangible property it owns or leases that is included in the Transferred Assets, in each case, free and clear of all Liens, except Permitted Liens.

(ii) Except for Intellectual Property, which is addressed in Section 5.1(k)(iii), immediately following the Closing, the Transferred Assets, together with the Assets or services for which provision for access thereto is otherwise made in the Transaction Documents (taking into account each such Asset only to the extent to which such access is so provided to Newco following the Distribution Closing) remaining in effect following the Closing Date, including those Assets already in possession of Newco or one of its Subsidiaries (and remaining in possession of Newco or one of its Subsidiaries as of the Closing Date), constitute all the Assets necessary to conduct the BSS Business in the same manner as which the BSS Business is being conducted or contemplated to be conducted on the date hereof by EchoStar and its Subsidiaries in all material respects.

(iii) Except as would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (A) the tangible Transferred Assets are in good condition, reasonable wear and tear excepted, and (B) the plants, buildings, structures and other improvements included in the Transferred Assets are structurally sound, free of defects and with no material alterations or repairs required thereto under Applicable Law or insurance company requirements, have access to public roads or valid easements for such ingress and egress and have access to water supply, storm and sanitary sewer facilities, telephone, gas and electrical connections, fire protection and drainage and other similar systems and facilities, in each case, as necessary to permit the use of such plants, buildings and structures in the operation of the BSS Business as conducted on the date hereof.

(iv) Since the Applicable Date, neither EchoStar nor any of its Subsidiaries has: (A) experienced any material interruption in the provision of services to customers at the Data Centers or (B) experienced any material security breaches at any of the Data Centers.

(p) BSS Satellites.

(i) The EchoStar Parties and their Subsidiaries have, and at the Closing, Newco will have, good and marketable title to the BSS Satellites (other than to the Leased Satellites), free and clear of all Liens, except Permitted Liens.

(ii) The EchoStar Parties have made available to DISH information with respect to the orbital location, data transmission capabilities and the remaining useful life of the BSS Satellites, including an estimate of available propellant or bi-propellant for each BSS Satellite and any spacecraft-related incidents or anomalies observed on any BSS Satellite since its launch that DISH does not otherwise have access to, which information, to the knowledge of the EchoStar Parties, is (1) accurate in all material respects and (2) presents a fair depiction of the current health and operational status of each BSS Satellite in all material respects.

(iii) An accurate and complete list of the annual in-orbit incentive payments, including principal and interest, for each of the BSS Satellites has been provided by the EchoStar Parties to DISH.

(q) Real Properties.

(i) Schedule 5.1(q)(i) sets forth a list of all leases, subleases, licenses and occupancy agreements in respect of the Leased Sites (the "Transferred Real Property Leases").

(ii) EchoStar and its Subsidiaries have good and valid leasehold estate in and the right to quiet enjoyment of the Leased Sites pursuant to a legal, valid and binding lease in full force and effect and enforceable in all material respects in accordance with its terms upon EchoStar, its Subsidiaries and, to the knowledge of the EchoStar Parties, each other Person that is a party to such lease. With respect to each of the Transferred Real Property Leases: (A) such Transferred Real Property Lease is valid and binding on EchoStar and each of its Subsidiaries party thereto and, to the knowledge of the EchoStar Parties, any other party thereto, and is in full force and effect, except for such failures to be valid and binding or to be in full force and effect which have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; (B) except which has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, neither EchoStar, its Subsidiaries nor, to the knowledge of the EchoStar Parties, any other party to such Transferred Real Property Lease is in breach or default thereunder, and no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default thereunder; (C) no security deposit or portion thereof deposited with respect to such Transferred Real Property Lease has been applied in respect of a breach or default under such Transferred Real Property Lease which has not been redeposited in full; (D) neither EchoStar nor any of its Subsidiaries owes, nor will owe in the future, any brokerage commissions or finder's fees with respect to such Transferred Real Property Lease; (E) to the knowledge of the EchoStar Parties, the counterparty to such Transferred Real Property

Lease has not subleased, licensed or otherwise granted any Person (other than EchoStar or its Subsidiaries) the right to use or occupy the premises demised thereunder or any portion thereof; (F) to the knowledge of the EchoStar Parties, the counterparty has not collaterally assigned or granted any other security interest in such Transferred Real Property Lease; and (G) to the knowledge of the EchoStar Parties, there are no Liens on the estate or interest created by such Transferred Real Property Lease, other than Permitted Liens.

(iii) EchoStar or any of its Subsidiaries has good and marketable fee simple title to all Owned Sites and such title is not subject to any Liens, other than Permitted Liens. Except as set forth on Schedule 5.1(q)(iii), there are no options, rights of first offer or rights of first refusal to purchase any Owned Site or any material portion thereof.

(iv) No Transferred Site is subject to any Order to be sold or is being condemned, expropriated or otherwise taken by any public authority with or without payment of compensation therefor nor, to the knowledge of the EchoStar Parties, has any condemnation, expropriation or taking been proposed, and there is no pending or, to the knowledge of the EchoStar Parties, threatened legislation introduced to change any zoning classification of any Transferred Site.

(v) As of the date of this Agreement, there are no pending property insurance claims with respect to any interest of EchoStar or any of its Subsidiaries in any Transferred Site or any portion thereof. As of the date of this Agreement, the EchoStar Parties and their Subsidiaries have not received any written notice from any insurance company or any board of fire underwriters (or any entity exercising similar functions) with respect to any Transferred Site or any portion thereof (A) requesting the EchoStar Parties or their Subsidiaries to perform any repairs, alterations, improvements or other work for such Transferred Site which the EchoStar Parties or their Subsidiaries have not completed in all material respects or (B) notifying the EchoStar Parties or their Subsidiaries of any defects or inadequacies in such Transferred Site, or other conditions, which would materially and adversely affect the insurability of such Transferred Site or the premiums for the insurance thereof.

(vi) The use and operation of the Transferred Sites in the conduct or operations of the BSS Business does not violate any material contractual covenant, condition, restriction, easement, license, right of way or agreement. No Transferred Site or any buildings, structures, facilities, fixtures or other improvements thereon or the use thereof contravenes or violates any building, zoning, administrative, occupational safety and health or other Applicable Law in any material respect.

(vii) Except for the Contracts set forth on Schedule 5.1(q)(vii), neither EchoStar nor any of its Subsidiaries has entered into any lease, sublease, license or other occupancy agreement to occupy space of any of the Transferred Sites where EchoStar or any of its Subsidiaries is the lessor or sublessor or is otherwise similarly situated.

(viii) During the past three (3) years, no Transferred Site has suffered any material damage, destruction or other casualty loss, whether or not covered by insurance.

(ix) There is no Indebtedness secured over, relating to or listed on the title record for, any Transferred Site, other than Permitted Liens.

(r) Related Party Transactions. Schedule 5.1(r) contains an accurate and complete list of all material (A) loans, leases and other written and executed Contracts between EchoStar or any of its Subsidiaries (other than Newco or its Subsidiaries) or the directors, officers or employees of such entities (or Affiliates of any such directors, officers or employees), or any immediate family members of the foregoing that are natural persons (each of the foregoing, together with each other Person to the extent such Person is acting for the benefit for the foregoing, a “EchoStar Related Party”), on the one hand, and, after giving effect to the Pre-Closing Restructuring, Newco, on the other hand, (B) written and executed Contracts between an EchoStar Related Party and a third party vendor for the benefit of, after giving effect to the Pre-Closing Restructuring, Newco, (C) written and executed Contracts between, after giving effect to the Pre-Closing Restructuring, Newco and a third party vendor for the benefit of any EchoStar Related Party and (D) any other written and executed BSS Business Contract to which an EchoStar Related Party is a party.

(s) Investment Company Act. Neither EchoStar nor Newco is, or will become after giving effect to the Pre-Closing Restructuring and the Distribution, an “investment company” required to be registered under the Investment Company Act of 1940, as amended.

(t) Takeover Statutes. No “fair price,” “moratorium,” “control share acquisition” or other similar anti-takeover statute or regulation (each, a “Takeover Statute”) or any anti-takeover provision in EchoStar’s, Newco’s or any of the Relevant EchoStar Subsidiaries’ Corporate Documents applies to this Agreement, the Transaction Documents, the Pre-Closing Restructuring, the Distribution, the Merger and the other transactions contemplated hereby.

(u) No Brokers. Except for Deutsche Bank Securities Inc., no agent, broker, investment banker, Person or firm is or will be entitled to any broker’s or finder’s fee or any other commission or similar fee payable by EchoStar or any of its Subsidiaries directly or indirectly in connection with the Pre-Closing Restructuring, the Distribution, the Merger and the other transactions contemplated hereby.

(v) Opinion of Financial Advisor. The board of directors of EchoStar has received an opinion of Deutsche Bank Securities Inc. to the effect that, as of the date of such opinion, and subject to the assumptions, limitations, qualifications and conditions contained therein, the aggregate 22,937,188 DISH Shares to be received by holders of Newco Common Stock in the Merger, was fair to such holders from a financial point of view, in the aggregate, excluding DISH, EchoStar, Charles Ergen and their respective affiliates. EchoStar will make available to DISH an informational copy of such opinion as soon as practicable following the execution of this Agreement.

Section 5.2 Representations and Warranties of the DISH Parties. Except as set forth in the DISH Reports filed with the SEC on or after December 31, 2016 and prior to the date of this Agreement (excluding, in each case, any disclosures set forth in any risk factor section or in any other section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature) or in the corresponding sections of the disclosure letter delivered to the EchoStar Parties by DISH prior to entering into this Agreement (the “DISH Disclosure Letter”) (it

being agreed that disclosure of any item in any section or subsection of the DISH Disclosure Letter shall be deemed disclosure with respect to any section of this Agreement or any other section or subsection of the DISH Disclosure Letter to which the relevance of such disclosure is reasonably apparent on its face and that the mere inclusion of an item in such DISH Disclosure Letter as an exception to a representation or warranty shall not be deemed an admission that such item represents a material exception or material fact, event or circumstance or that such item has had, would have or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect), DISH represents and warrants to the EchoStar Parties that:

(a) Organization; Good Standing; Qualification. Each DISH Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has the full power and authority to enter into each Transaction Document to which it is a party and to perform its obligations thereunder, and (A) has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted and (B) is duly qualified or licensed and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, except where the failure to be so qualified or licensed has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Authorization and Execution of Transaction Documents. (i) Each DISH Party has taken all necessary corporate action to authorize the execution, delivery and performance of its obligations under this Agreement and to consummate the Merger, and (ii) as of the Closing, each DISH Party (not including Newco) shall have taken all necessary corporate action to authorize the execution, delivery and performance of its obligations under each of the other Transaction Documents to which it is, or shall be, a party. As of the date of this Agreement, the board of directors of DISH has approved this Agreement, the other Transaction Documents to which it is a party, the Merger and the issuance of DISH Shares. As of the date of this Agreement, the board of directors of Merger Sub has (a) determined that this Agreement and the transactions contemplated hereby, including the Merger, are fair to and in the best interests of Merger Sub and its stockholders, (b) adopted, approved and declared advisable this Agreement and the Merger, on the terms and subject to the conditions set forth in this Agreement and (c) resolved to recommend that the sole stockholder of Merger Sub approve the Merger and adopt this Agreement. This Agreement has been duly executed and delivered by each DISH Party, and each other Transaction Document to which it is a party, when delivered by it in accordance herewith, shall have been duly executed and delivered by such DISH Party. No vote of the holders of any class of common stock of DISH is required to consummate the Merger or the other transactions contemplated hereby.

(c) Enforceability of Transaction Documents. Assuming that this Agreement and each of the Transaction Documents to which any DISH Party is a party is the valid and binding obligation of each of the EchoStar Parties thereto, this Agreement constitutes, and each other Transaction Document shall, as of the Closing, constitute, the valid, legal and binding obligation of such DISH Party, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(d) Non-Contravention. The execution and delivery by any DISH Party of each of the Transaction Documents to which it is a party and the consummation of the Merger or the issuance of DISH Shares by it pursuant thereto will not: (i) conflict with any requirement of its Corporate Documents; (ii) assuming compliance with the matters referred to in Section 5.2(e) of this Agreement, result in a violation or breach of any Applicable Law by which it is bound or to which any of its properties is subject; or (iii) with or without notice, lapse of time or both, result in a breach or violation of, a termination (or right of termination) or default under, the creation or acceleration of any obligations under or the creation of a Lien on any of the assets of such DISH Party or its Subsidiaries pursuant to any Contract binding upon such DISH Party or its Subsidiaries or result in any change in the rights or obligations of any party under any Contract binding upon such DISH Party or its Subsidiaries, except, in the case of clauses (ii) and (iii), as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(e) Consents. No consent, license, approval or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required by or of such DISH Party in connection with the execution, delivery, performance, validity or enforceability of any Transaction Document to which such DISH Party is a party or the consummation of the Merger and the issuance of DISH Shares, except for (i) the filing with the SEC and effectiveness of the S-4 Registration Statement, (ii) any filings required to be made with NASDAQ for the listing of DISH Shares, (iii) any such consent, license, approval, authorization, filing, notice or act that has been obtained, made or taken, and (iv) where the failure to obtain such consent, license, approval or authorization or make such filing or take such act as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(f) Merger Sub. The authorized capital stock of Merger Sub consists of 1,000 shares of Merger Sub Common Stock, all of which are validly issued and outstanding. All of the Merger Sub Common Stock is, and at the Effective Time will be, owned by DISH or an Affiliate of DISH. Merger Sub has not conducted any business prior to the date of this Agreement and has no, and prior to the Effective Time will have no, assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement, the Merger and the other transactions contemplated hereby.

(g) Reports; Financial Statements.

(i) DISH has filed or furnished, as applicable, on a timely basis all material forms, statements, reports and documents required to be filed or furnished by it with the SEC pursuant to the Exchange Act or the Securities Act since the Applicable Date (such forms, statements, reports and documents filed or furnished since the Applicable Date and those filed or furnished subsequent to the date of this Agreement, including any amendments thereto, the "DISH Reports"). Each of the DISH Reports, at the time of its filing or being furnished (or, if amended prior to the date of this Agreement, as of the date of such amendment) complied as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act.

(ii) Each of the consolidated balance sheets included in or incorporated by reference into the DISH Reports (including the related notes and schedules), fairly presents the consolidated financial position of DISH and its consolidated Subsidiaries as of the dates thereof and each of the consolidated statements of operations and comprehensive income (loss), changes in stockholders' or shareholder's equity and cash flows included in or incorporated by reference into the DISH Reports (including any related notes and schedules), fairly presents the results of operations and cash flows of DISH and its consolidated Subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to normal year-end adjustments and lack of footnote disclosure), in each case in accordance with GAAP consistently applied during the periods involved, except as may be noted therein or may be permitted by the SEC under the Exchange Act.

(iii) There are no obligations or liabilities of DISH or any of its Subsidiaries, whether or not accrued, contingent or otherwise and whether or not required to be disclosed or any other facts or circumstances which could reasonably be expected to result in any claims against, or obligations or liabilities of, DISH or its Subsidiaries except for (x) those liabilities set forth in the consolidated balance sheets included in or incorporated by reference into the DISH Reports, (y) future executory liabilities arising under any Contract binding upon DISH or any of its Subsidiaries (other than as a result of breach of contract, tort, infringement or violation of Applicable Law) or (z) those that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(h) Litigation and Other Proceedings. Except as would not have or reasonably be expected to have a Material Adverse Effect, (i) there is no claim, action, suit, investigation or proceeding pending or, to the knowledge of the DISH Parties, threatened in writing against DISH or any of its Subsidiaries by or before any Governmental Authority and (ii) none of the DISH Parties or any of their respective Subsidiaries nor any of their respective properties is or are subject to any judgment, order, injunction, rule or decree of, by or before any Governmental Authority, in each case of clauses (i) and (ii), (1) that are reasonably likely to prohibit or restrain the ability of the DISH Parties to enter into this Agreement or any other Transaction Document or consummate the Merger or the issuance of DISH Shares, or (2) challenging or seeking to make illegal or otherwise restrain, enjoin or prohibit the consummation of the Merger or the issuance of DISH Shares. There is no claim, action, suit, investigation or proceeding pending or, to the knowledge of the DISH Parties, threatened in writing against DISH or any of its Subsidiaries relating to the Merger or the issuance of DISH Shares, in each case, except for matters that have not resulted in, and would not reasonably be expected to result in, (i) any criminal liability of DISH or any of its Subsidiaries or any director, officer or employee of DISH or any of its Subsidiaries or (ii) a Material Adverse Effect.

(i) Investment Company Act. Neither DISH nor Merger Sub is, or will become after giving effect to the Merger and issuance of DISH Shares, an "investment company" required to be registered under the Investment Company Act of 1940, as amended.

(j) No Brokers. Except for BofA Securities, Inc., no agent, broker, investment banker, Person or firm is or will be entitled to any broker's or finder's fee or any other commission

or similar fee payable by DISH, the DISH Parties or any of their Subsidiaries directly or indirectly in connection with the Merger or the issuance of DISH Shares.

(k) Opinion of Financial Advisor. The board of directors of DISH has received an opinion (which, if initially rendered orally, has been or will be confirmed by a written opinion, dated as of the same date) of BofA Securities, Inc., as financial advisor to DISH solely to render an opinion to the board of directors of DISH, to the effect that, as of the date of such opinion, and based on and subject to the various assumptions and limitations set forth therein, the Exchange Ratio provided for in this Agreement is fair to DISH from a financial point of view. DISH will make available to EchoStar an informational copy of such opinion as soon as practicable following the execution of this Agreement.

(l) Absence of Certain Changes. Since December 31, 2018, DISH and each of its Subsidiaries have conducted their respective businesses only in accordance with the Ordinary Course of Business, and there has not been:

(i) any fact, event, action, change, occurrence, condition or effect which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; or

(ii) any action taken by DISH or any of its Subsidiaries that, if taken during the period from the date of this Agreement through the Closing Date, would constitute a violation or breach of or would otherwise require consent under Section 6.3.

ARTICLE VI

COVENANTS

Section 6.1 Access to Information.

(a) Prior to the Closing, each of the DISH Parties and their Affiliates shall be entitled, through their directors, officers, employees, consultants, agents, accountants, attorneys and other representatives (including their legal and financial advisors) (together, such Party's "Representatives"), to make such investigation of the properties, businesses and operations to the extent related to the BSS Business and such examination of the books and records to the extent related to the BSS Business, and to receive such information, including financial information, as it reasonably requests and to make extracts and copies of such books and records, including access to customary supporting information, data and documentation utilized in or necessary for the preparation of the DISH Reports. Any such investigation and examination shall be conducted under reasonable circumstances and shall be subject to any restrictions under Applicable Law. The EchoStar Parties shall cause the Representatives of the BSS Business, respectively, to promptly cooperate with the DISH Parties and their Representatives in connection with such investigation and examination, and the DISH Parties and their Representatives shall promptly cooperate with the respective Representatives of the BSS Business and shall use their reasonable efforts to minimize any disruption to the business.

(b) Following the Closing, the DISH Parties will give the EchoStar Parties reasonable access during the DISH Parties' regular business hours upon reasonable advance notice and subject to restrictions under Applicable Law to books and records transferred to the DISH Parties to the extent necessary for the preparation of financial statements or regulatory filings of the EchoStar Parties or their Affiliates in respect of periods ending on or prior to the Closing, or in connection with any Legal Proceedings. The EchoStar Parties shall be entitled, at their sole cost and expense, to make copies of the books and records to which they are entitled to access pursuant to this Section 6.1(b).

(c) Following the Closing, the EchoStar Parties will give, or cause to be given, the DISH Parties and their Affiliates reasonable access during the EchoStar Parties' regular business hours upon reasonable advance notice and subject to restrictions under Applicable Law to their respective books and records to the extent relating to the BSS Business to the extent necessary for the preparation of financial statements or regulatory filings of DISH and Newco in respect of periods ending on or prior to the Closing, in connection with any Legal Proceedings, or to the extent reasonably necessary or advisable to operate the BSS Business after the Closing, and such information will not be unreasonably withheld or delayed by EchoStar or any of its Subsidiaries. DISH, the DISH Parties and their Affiliates shall be entitled, at their sole cost and expense, to make copies of the books and records to which they are entitled to access pursuant to this Section 6.1(c).

(d) No investigation pursuant to this Section 6.1 or otherwise shall affect or be deemed to modify any representation, warranty, covenant or agreement made by the EchoStar Parties or the DISH Parties or to modify any condition set forth in this Agreement.

Section 6.2 Conduct of the BSS Business Pending the Closing.

(a) Prior to the Closing, except (I) as permitted by Schedule 6.2, (II) as required by Applicable Law, (III) as otherwise expressly required or expressly contemplated by this Agreement or any other Transaction Document, (IV) with the prior written consent of DISH (such consent not to be unreasonably withheld, conditioned or delayed), or (V) to the extent contemplated by, or reasonably necessary in connection with, the Pre-Closing Restructuring and the Distribution, EchoStar (or, as applicable, Newco) shall, and shall cause its Subsidiaries to, (i) conduct the BSS Business only in the Ordinary Course of Business; and (ii) use its commercially reasonable efforts to (A) preserve the present business operations of, Assets primarily related to, and organization and goodwill of, in each case, the BSS Business, (B) preserve the present relationships with customers, licensors, vendors, distributors and suppliers to the extent primarily related to the BSS Business and other third parties having a business relationship with the BSS Business, (C) preserve the BSS Business and its business organization intact and retain the respective Permits to the extent related to the BSS Business and (D) keep available the services of the employees of the BSS Business, in the case of (A) through (D), in all material respects.

(b) Without limiting the generality of Section 6.2(a), and in furtherance of Section 6.2(a), except (I) as expressly permitted by Schedule 6.2, (II) as otherwise expressly required or contemplated by this Agreement or any other Transaction Document, (III) with the prior written consent of DISH (such consent not to be unreasonably withheld, conditioned or delayed), (IV) as required by Applicable Law, or (V) to the extent contemplated by, or reasonably necessary

in connection with, the Pre-Closing Restructuring and the Distribution, each EchoStar Party shall not, and shall cause each of their Subsidiaries not to:

- (i) incur, assume or guarantee any Indebtedness that will, at the Closing, constitute Assumed Liabilities;
- (ii) make any loan, advance or capital contribution to or investment in any Person that would constitute Transferred Assets;
- (iii) change any method of accounting or accounting practice, in each case, which materially affects or relates to the BSS Business, except for any such changes required by Applicable Law or under GAAP;
- (iv) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of the Newco Shares or shares of the Relevant EchoStar Subsidiaries or enter into any agreement with respect to the voting of the Newco Shares or shares of the Relevant EchoStar Subsidiaries;
- (v) transfer, issue, encumber, sell or dispose of any equity or membership interests in, or other securities of, Newco or of the Relevant EchoStar Subsidiaries or grant options, warrants, calls or other rights to purchase or otherwise acquire equity or membership interests in, or other securities of, Newco or of the Relevant EchoStar Subsidiaries;
- (vi) effect any recapitalization, reclassification or like change in the capitalization of Newco or the Relevant EchoStar Subsidiaries;
- (vii) amend or propose any change to the Corporate Documents of Newco or the Relevant EchoStar Subsidiaries;
- (viii) other than as required by Applicable Law, any existing Benefit Plan or Material Contract or any of the Transaction Documents (including the Employee Matters Agreement), (A) increase the annual level of compensation of any Transferred Employee or consultant primarily related to the BSS Business, except for (1) increases in annual salary, wage rate or base compensation in the Ordinary Course of Business and after prior consultation with DISH and (2) the payment of annual bonuses to Transferred Employees for completed periods, (B) grant or increase any bonus or incentive opportunity or other direct or indirect compensation to any Transferred Employee other than in the Ordinary Course of Business, (C) establish, adopt or amend or otherwise materially increase the coverage or benefits available under any (or create any new) Benefit Plan, (D) take any action to accelerate the vesting or payment, or fund or in any other way to secure the payment, of compensation or benefits under any Benefit Plan with respect to any Transferred Employee, to the extent not already provided in any such Benefit Plan for Transferred Employees, (E) materially change any actuarial or other assumptions used to calculate funding obligations with respect to any Benefit Plan or to change the manner in which contributions to such plans are made or the basis on which such contributions are determined, except as may be required by GAAP, (F) establish, adopt, amend or terminate any

employment, deferred compensation, severance, consulting, non-competition or similar agreement to which any Transferred Employee is a party, (G) become a party to, establish, adopt, amend, commence participation in or terminate any collective bargaining agreement or other agreement with a labor union, works council or similar organization, in each case, with respect to any Transferred Employee, (H) hire any employee at or above the level of senior vice president who, if so employed as of the date hereof would be a Transferred Employee or (I) terminate the employment of any Transferred Employee at or above the level of senior vice president other than for cause;

(ix) subject to any Lien (other than any Permitted Lien), any Transferred Assets;

(x) except for acquisitions and sales of parts and inventory in the Ordinary Course of Business, (A) acquire any properties or assets that would constitute Transferred Assets with a value or purchase price in the aggregate in excess of \$1,000,000 or (B) sell, assign, license, transfer, convey, lease, let lapse, abandon or otherwise dispose of any of the properties or Assets that would otherwise constitute Transferred Assets with a value or purchase price in the aggregate in excess of \$1,000,000;

(xi) cancel or compromise any material debt or claim or waive or release any material right related to the BSS Business;

(xii) enter into any commitment for capital expenditures primarily related to the BSS Business in excess of \$1,000,000 for any individual commitment and \$2,500,000 for all commitments in the aggregate;

(xiii) permit Newco or any of the Relevant EchoStar Subsidiaries to enter into any merger or consolidation with any Person;

(xiv) except in the Ordinary Course of Business, enter into, renew, terminate, modify in any material respect or waive any material right under or with respect to, a Contract that is, or would be if entered into after the date hereof, a Material Contract;

(xv) transfer, sell, license, encumber, divest, abandon, cancel, fail to renew, permit to lapse or fail to defend any challenge (other than a frivolous challenge), or otherwise dispose of rights to any Separated IP Assets, except for granting non-exclusive licenses to the Separated IP Assets in the Ordinary Course of Business and the abandonment or failure to renew any item included within the Separated IP Assets where such decision was made prior to the date of this Agreement or otherwise in the Ordinary Course of Business;

(xvi) except (A) in the Ordinary Course of Business with respect to immaterial proceedings or (B) with respect to any Excluded Liability (so long as any such settlement does not admit any wrongdoing by, or place any restrictions on, the BSS Business), initiate or settle any Legal Proceedings related to the BSS Business;

(xvii) (A) make or rescind any material Tax election or change any material Tax accounting method, (B) agree to a waiver or an extension of a statute of limitations with respect to the assessment or determination of Taxes or (C) compromise or settle any material Tax dispute, in each case, related to and which materially affects the BSS Business;

(xviii) fail to (A) maintain and continue regular purchase order activity in the Ordinary Course of Business or (B) conduct capital expenditures in the Ordinary Course of Business and consistent with the capital expenditure plan for the BSS Business;

(xix) except in the Ordinary Course of Business, engage in any practice which would have the effect of (A) postponing payments payable, including Third Party Payables and DISH Payables, or the payment of any other operating expenses in connection with the operation or conduct of the BSS Business' operations (including prepayments) or (B) accelerating collections of accounts receivable, including Third Party Receivables and DISH Receivables, or any other payments owed to the BSS Business;

(xx) take any action that would constitute a breach of the first two sentences of Section 5.1(i)(ii); or

(xxi) agree, authorize or consent to do any of the foregoing.

Section 6.3 Conduct of DISH Pending the Closing

(a) Prior to the Closing, except (I) as permitted by Schedule 6.3, (II) as required by Applicable Law, (III) in the Ordinary Course of Business, (III) as otherwise expressly required or expressly contemplated by this Agreement or any other Transaction Document, or (IV) with the prior written consent of EchoStar (such consent not to be unreasonably withheld, conditioned or delayed), DISH (or, as applicable, Merger Sub) shall, and shall cause its Subsidiaries to, use its commercially reasonable efforts to (A) preserve the present business operations of, Assets primarily related to, and organization and goodwill of, in each case, its and its Subsidiaries' business, taken as a whole, and (B) preserve its business organization intact and retain its and its Subsidiaries' respective Permits, in the case of (A) and (B)), in all material respects.

(b) Without limiting the generality of Section 6.3(a), prior to the Closing, except (I) as expressly permitted by Schedule 6.3, (II) as otherwise expressly required or contemplated by this Agreement or any other Transaction Document, (III) with the prior written consent of EchoStar (such consent not to be unreasonably withheld, conditioned or delayed) or (IV) as required by Applicable Law, each DISH Party shall not, and shall cause each of their Subsidiaries not to:

(i) materially change any method of accounting or accounting practice, except for any such changes required by Applicable Law or under GAAP;

(ii) (1) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to (A) any of the DISH Shares or (B) any of the Merger Sub Shares or (2) enter into any agreement with respect to the voting of the Merger Sub Shares;

(iii) effect any recapitalization, reclassification or like change in the capitalization of (A) DISH in any manner that would reasonably be expected to materially and adversely affect the value of the DISH Common Stock or prevent or materially delay the consummation of the Merger or (B) Merger Sub;

(iv) amend or propose any change to the Corporate Documents of (A) DISH in any manner that would reasonably be expected to materially and adversely affect the value of the DISH Common Stock or prevent or materially delay the consummation of the Merger or (B) Merger Sub;

(v) merge or consolidate with any other Person or restructure, reorganize or completely or partially liquidate, reclassify, split, combine or subdivide the shares of DISH Common Stock or permit Merger Sub to enter into any merger or consolidation with any Person;

(vi) take any action, or fail to take any action to prevent any fact, event, change, occurrence, condition or effect, in either case, that would reasonably be expected to prevent or materially delay the consummation of the Merger; or

(vii) agree, authorize or consent to do any of the foregoing.

Section 6.4 Third Party Consents; Government Actions and Authorizations.

(a) Cooperation. Subject to the terms and conditions set forth in this Agreement, the DISH Parties and the EchoStar Parties shall cooperate with each other and use (and shall cause their respective Subsidiaries to use) their respective commercially reasonable efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under this Agreement and Applicable Law to consummate and make effective the Merger and the other transactions contemplated hereby as soon as practicable, including preparing and filing as promptly as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all Consents, registrations, approvals and Permits necessary or advisable to be obtained from any third party and/or any Governmental Authority in order to consummate the Merger and the other transactions contemplated hereby; provided that the Parties will not be required to take such actions or cause to be taken such actions that would result in any condition or requirement that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or a Satellite Material Adverse Effect. Subject to Applicable Law relating to the exchange of information, the DISH Parties and the EchoStar Parties shall consult with one another and jointly direct all matters with any Governmental Authority consistent with its obligations hereunder; provided, that the Parties shall have the right to review in advance and, to the extent practicable, each will consult with the other on and consider in good faith the views of the other in connection with, all of the information relating to the DISH Parties or the EchoStar Parties, as the case may be, and any of their respective Subsidiaries, that appears in any filing made with, written materials submitted to, or oral conversations had with, any third party and/or any Governmental Authority in connection with the Merger and the other transactions contemplated hereby. In exercising the foregoing rights, each of the DISH Parties and the EchoStar Parties shall act reasonably and as promptly as practicable. Notwithstanding the foregoing and subject to the

terms and conditions set forth in this Agreement, the DISH Parties and the EchoStar Parties shall cooperate with each other and use (and shall cause their respective Subsidiaries to use) their respective reasonable best efforts and to, on a prompt basis, take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under this Agreement and Applicable Law to obtain the Leased Satellite Consents and the approvals requested by the Required Governmental Applications, either in the Pre-Closing Restructuring, the Distribution or the Merger; provided that the Parties will not be required to take such actions or cause to be taken such actions that would result in any condition or requirement that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or a Satellite Material Adverse Effect; provided, further, that neither the DISH Parties nor the EchoStar Parties shall be obligated, in connection with this Section 6.4(a), to expend money other than reasonable out-of-pocket expenses, attorneys' fees and recording, filing or similar fees, unless mutually agreed by the Parties.

(b) Information. The DISH Parties and the EchoStar Parties each shall, upon request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers and stockholders and such other matters as may reasonably be necessary or advisable in connection with any statement, filing, notice or application made by or on behalf of the DISH Parties, the EchoStar Parties or any of their respective Subsidiaries to any third party and/or any Governmental Authority in connection with the Merger and the other transactions contemplated hereby.

(c) Status. Subject to Applicable Law and as required by any Governmental Authority, the DISH Parties and the EchoStar Parties each shall keep the other promptly apprised of the status of matters relating to completion of the Merger and the other transactions contemplated hereby, including promptly furnishing the other with copies of notices or other communications received by the EchoStar Parties or the DISH Parties, as the case may be, or any of their Subsidiaries, from any third party and/or any Governmental Authority with respect to the Merger and the other transactions contemplated hereby. Each of EchoStar and DISH shall give prompt notice to the other upon learning of any change, fact or condition that is reasonably expected to result in a Material Adverse Effect or of any failure of any condition to any of the Parties' obligations to effect the Merger and the other transactions contemplated hereby. Neither the DISH Parties nor the EchoStar Parties shall permit any of their Representatives to participate in any substantive meeting with any Governmental Authority in respect of any filing, investigation or other inquiry relating to the Merger and the other transactions contemplated hereby unless it consults with the EchoStar Parties or the DISH Parties, as the case may be, in advance and, to the extent permitted by such Governmental Authority, gives the other Party a reasonable opportunity to attend and participate thereat. In the case where a Governmental Authority contacts one Party directly, that Party shall give the other Party a reasonable opportunity to attend and participate before beginning any substantive discussions. To the extent the second Party does not participate in such discussions with a Governmental Authority, the first Party will give prompt notice of the discussions to the second Party.

(d) Without limiting the generality of Section 6.4(a), the DISH Parties and the EchoStar Parties shall make (and shall cause their respective Subsidiaries to make), in connection

with the consummation of the Merger and the other transactions contemplated hereby, the governmental application filings set forth on Schedule 6.4(d)(i) seeking approval to transfer ownership of, or control over, the BSS Satellites, to transfer the Permits required from any Governmental Authority to construct, launch and operate any BSS Satellite, including the EchoStar XXIII satellite, and to obtain certain export control authorizations in connection with any BSS Satellite (the “Required Governmental Applications”), and the governmental notices set forth on Schedule 6.4(d)(ii) (the “Required Governmental Notices”). The Parties agree that each of the Required Governmental Applications and the Required Governmental Notices required to be delivered prior to the Closing shall be filed concurrently with other Required Governmental Applications or Required Governmental Notices for the same Asset to the extent practicable.

(e) The DISH Parties and the EchoStar Parties shall make (and shall cause their respective Subsidiaries and any other required Person to make), in connection with the consummation of the Merger and the other transactions contemplated hereby, and in order for the EchoStar Parties lawfully, prior to the Closing Date, and for the DISH Parties lawfully on and after the Closing Date, to register, own, control, operate, and conduct any other ordinary activities involving, the Transferred Assets, any filings to a Governmental Authority that may be required under U.S. and any other applicable export control laws, including in order to transfer any applicable export control authorizations to the DISH Parties, to request any new such authorizations that may be required, to notify any Governmental Authority with responsibility for applicable export controls about the Merger and the other transactions contemplated hereby, or to modify any relevant portions of required export control authorizations and/or registrations, including to add to any relevant export control authorizations any new DISH Parties, EchoStar Parties or any other required Persons as may be required under applicable export control laws. Furthermore, the DISH Parties and the EchoStar Parties shall use reasonable best efforts to execute, modify, amend, and/or transfer (and shall use reasonable best efforts to cause their respective Subsidiaries and any other required Persons to execute, modify, amend, and/or transfer), in connection with the consummation of the Merger and the other transactions contemplated hereby, and in order for the EchoStar Parties lawfully, prior to the Closing Date, and for the DISH Parties lawfully on and after the Closing Date, to register, own, control, operate, and conduct any other ordinary activities involving, the Transferred Assets, any applicable technical assistance agreement or other agreement, or document that may be required under applicable export control laws. Without limiting the generality of the foregoing, the DISH Parties and the EchoStar Parties shall execute (and shall use reasonable best efforts to cause their respective Subsidiaries and any other required Persons to execute) any and all prior consignee statements that will be required under U.S. License Exception Strategic Trade Authorization, 15 C.F.R. § 740.20, in order to transfer ownership, registration, or control of any BSS Satellite in connection with the consummation of the Merger and the other transactions contemplated hereby. In addition, the DISH Parties and the EchoStar Parties shall cooperate (and shall cause their respective Subsidiaries and shall use their reasonable best efforts to cause any other required Persons to cooperate) in identifying any additional steps that may be required to ensure compliance by all such Persons with applicable export controls.

(f) The Parties shall use their respective commercially reasonable efforts to ensure that EchoStar and/or its Affiliates can fulfill their responsibilities as an FCC licensee for the

radio service authorizations to be retained by EchoStar but that relate to the BSS Business, including ensuring compliance with all applicable communications laws and FCC rules, orders, and policies.

Section 6.5 Information Statement; Registration Statement.

(a) DISH shall as promptly as reasonably practicable prepare and file with the SEC, to the extent such filings are required by Applicable Law in connection with the transactions contemplated hereby, a Registration Statement on Form S-4 to be filed with the SEC by DISH in connection with the issuance of DISH Shares in the Merger (the "S-4 Registration Statement"). The Parties shall as promptly as reasonably practicable prepare and file with the SEC, as may be required under federal securities Applicable Laws, a joint information statement/prospectus, substantially in the form contained in the S-4 Registration Statement (the "Joint Information Statement/Prospectus"). Each of the Parties shall use its reasonable best efforts to (i) have the S-4 Registration Statement declared effective under the Securities Act as promptly as practicable after its filing, (ii) clear the Joint Information Statement/Prospectus with the SEC as promptly as practicable after its filing, (iii) disseminate the Joint Information Statement/Prospectus to the stockholders of EchoStar and (iv) maintain the effectiveness of the S-4 Registration Statement for as long as necessary to consummate the transactions contemplated by this Agreement. Each of the Parties shall promptly furnish to the other all non-privileged information concerning such Party that is required by Applicable Law to be included in the Joint Information Statement/Prospectus so as to enable the Parties to file the S-4 Registration Statement. The Parties shall cooperate in preparing and filing with the SEC the Joint Information Statement/Prospectus and any necessary amendments or supplements thereto (or such other filings as may be necessary under federal securities Applicable Laws). DISH and Merger Sub shall furnish all information concerning DISH and the DISH Parties, and EchoStar and Newco shall furnish all information concerning EchoStar, Newco and the BSS Business, as may be reasonably requested by the other Parties or required by Applicable Law in connection with the preparation and filing of the Joint Information Statement/Prospectus and any necessary amendments or supplements thereto (or such other filings as may be necessary under federal securities Applicable Laws). Each of EchoStar, DISH, Merger Sub and Newco shall promptly correct any information provided by it or any of its Representatives for use in the Joint Information Statement/Prospectus if and to the extent that such information is discovered by EchoStar, DISH, Merger Sub or Newco, as applicable, to be or to have become false or misleading in any material respect. Each of EchoStar and DISH shall, as promptly as practicable after the receipt thereof, provide the other Party with copies of any written comments and advise the other Party of any oral comments with respect to the Joint Information Statement/Prospectus or the S-4 Registration Statement received by such Party from the SEC, including any request from the SEC for amendments or supplements thereto (or such other filings as may be necessary under federal securities Applicable Laws), and shall provide the other with copies of all other material or substantive correspondence between it and its Representatives, on the one hand, and the SEC, on the other hand. Notwithstanding the foregoing, prior to filing the Joint Information Statement/Prospectus and S-4 Registration Statement or responding to any comments of the SEC with respect thereto, each of EchoStar and DISH shall provide the other Party and its counsel a reasonable opportunity to review such document or response (including the proposed final version of such document or response) and consider in good faith the comments of the other Party in connection with any such document or response. None of EchoStar, DISH or their respective Representatives

shall agree to participate in any material or substantive meeting or conference (including by telephone) with the SEC, or any member of the staff thereof, in respect of the Joint Information Statement/Prospectus and S-4 Registration Statement unless it consults with the other Party in advance and, to the extent permitted by the SEC, allows the other Party to participate. DISH shall advise EchoStar, promptly after receipt of notice thereof, of the time of effectiveness of the S-4 Registration Statement and the issuance of any stop order relating thereto or the suspension of the qualification of DISH Shares for offering or sale in any jurisdiction, and each of EchoStar and DISH shall use its reasonable best efforts to have any such stop order or suspension lifted, reversed or otherwise terminated. EchoStar shall advise DISH, promptly after receipt of notice thereof, of the time of clearance of the Joint Information Statement/Prospectus and any order relating thereto, and each of EchoStar and DISH shall use its reasonable best efforts to have any such stop order or suspension lifted, reversed or otherwise terminated.

(b) EchoStar and DISH each agrees, as to itself and its Subsidiaries, that none of the information supplied or to be supplied by it or its Subsidiaries for inclusion or incorporation by reference in the S-4 Registration Statement will, at the time the S-4 Registration Statement becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. EchoStar and DISH each agrees, as to itself and its Subsidiaries, that none of the information supplied or to be supplied by it or its Subsidiaries for inclusion or incorporation by reference in the Joint Information Statement/Prospectus will, as of the date of the Joint Information Statement/Prospectus, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. EchoStar and DISH will cause the Joint Information Statement/Prospectus, and DISH will cause the S-4 Registration Statement to comply as to form in all material respects with the applicable provisions of the Securities Act or the Exchange Act, as applicable, and the rules and regulations thereunder.

(c) If, at any time prior to the S-4 Registration Statement being declared effective, or the dissemination of the Joint Information Statement/Prospectus, any information relating to EchoStar, Newco or DISH, or any of their respective Affiliates, officers or directors, should be discovered by EchoStar or DISH that should be set forth in an amendment or supplement to (i) the Joint Information Statement/Prospectus so that such document would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (ii) the S-4 Registration Statement so that such document would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, the Party that discovers such information shall promptly notify the other Party and an appropriate amendment or supplement describing such information shall promptly be prepared and filed with the SEC.

(d) Each of EchoStar and DISH shall, upon request, furnish to the other all information concerning itself, its Subsidiaries, directors, officers and (to the extent reasonably available to the applicable Party) stockholders and such other matters as may be reasonably necessary or advisable in connection with any statement, filing, notice or application made by or on behalf of EchoStar, DISH or any of their respective Subsidiaries, to the SEC or the NASDAQ, including in

connection with the S-4 Registration Statement or Joint Information Statement/Prospectus (or such other filings as may be necessary under federal securities Applicable Laws).

(e) In connection with the filing of the Joint Information Statement/Prospectus and S-4 Registration Statement and any other SEC filings contemplated hereby, each of EchoStar and DISH shall use its reasonable best efforts to, to the extent required by Applicable Law or U.S. GAAP, (i) cooperate with the other Party to prepare pro forma financial statements that comply with the rules and regulations of the SEC to the extent required for such SEC filings, including the requirements of Regulation S-X; and (ii) provide and make reasonably available upon reasonable notice its and its Subsidiaries' senior management employees to the other Party to discuss the materials prepared and delivered pursuant to this Section 6.5(e).

Section 6.6 Newco Stockholder Written Consent. Concurrently with the execution of this Agreement, Newco shall obtain from HSSC, as the sole stockholder of Newco, the Requisite Stockholder Approval pursuant to a unanimous written consent of Newco stockholders, in form and substance reasonably acceptable to DISH.

Section 6.7 Stock Exchange Listing. DISH shall use its reasonable best efforts to cause the DISH Shares to be issued to Newco stockholders in the Merger to be approved for listing on the NASDAQ prior to the Closing Date.

Section 6.8 Further Assurances.

(a) Each of the DISH Parties and the EchoStar Parties agree to (1) take all actions necessary or appropriate to consummate the Merger and the other transactions contemplated hereby, (2) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the Merger and the other transactions contemplated hereby, and (3) from and after the Closing, take such actions and execute such documents as are reasonably necessary to make effective and carry out the intent of the Merger and the other transactions contemplated hereby, including taking any actions necessary and advisable pursuant to Section 1.7 and Section 1.8 hereof.

(b) Neither the DISH Parties nor the EchoStar Parties shall be obligated, in connection with this Section 6.8, to expend money other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, unless reimbursed by the EchoStar Parties or the DISH Parties, as the case may be.

(c) From the date of this Agreement until the Closing Date, EchoStar and DISH shall cooperate in good faith to identify any and all additional services (i) related to the operation of the BSS Business that are not included in the Transferred Assets and that are reasonably necessary or advisable to operate the BSS Business following the Closing and (ii) included in the Transferred Assets and that are reasonably necessary or advisable for the BSS Business to provide to the EchoStar Group following the Closing, including but not limited to telemetry, tracking, and command services. EchoStar and DISH shall cooperate in good faith to (1) add the provision by the EchoStar Group or DISH and its applicable Subsidiaries, as applicable, of any services identified pursuant to this Section 6.8(c) that either DISH or EchoStar, as applicable, reasonably requests to the scope of

services provided under the Amended and Restated Professional Services Agreement, dated February 28, 2017, between EchoStar and DISH (as amended to include such additional services, the "Amended Professional Services Agreement") and/or any transition services agreement between DISH or any of its Subsidiaries (including Newco) and one or more members of the EchoStar Group (the "Transition Services Agreement" or "Transition Services Agreements," as the case may be), and (2) enter into a telemetry, tracking, and command agreement between DISH or any of its Subsidiaries (including Newco) and one or more members of the EchoStar Group (the "TT&C Agreement" or "TT&C Agreements," as the case may be) and/or a Transition Services Agreement on terms mutually agreeable to the parties thereto to provide any services identified pursuant to this Section 6.8(c) that either DISH or EchoStar, as applicable, reasonably requests, and, in each case, such services shall be provided in the manner customarily used by DISH and its Subsidiaries and the EchoStar Group to provide services to each other in the past. Notwithstanding the foregoing, neither the EchoStar Group nor DISH or any of its Subsidiaries shall be obligated to provide any service the provision of which would violate Applicable Law or any Contract to which any such party is a member; provided, that in the event that any service contemplated by this Section 6.8(c) is not provided due to this sentence, members of the EchoStar Group and DISH and its applicable Subsidiaries, as applicable, shall take such other actions as may reasonably be requested by the other party in order to place such party, insofar as legally permitted and reasonably possible, in the same position as if such service had been provided to such party.

(d) From the date of this Agreement through the Closing Date and subject to any applicable legal restrictions, prior to making any material communications to the Transferred Employees pertaining to compensation or benefit matters that are affected by the transactions contemplated by this Agreement and not in the Ordinary Course of Business, DISH and EchoStar each shall provide the other with a copy of the intended communication and such other Party shall have a reasonable period of time (to the extent practicable) to review and comment on the communication.

Section 6.9 Confidentiality.

(a) The terms of the Confidentiality Agreement, dated as of February 20, 2019, between DISH and EchoStar, as amended on May 14, 2019 (the "Confidentiality Agreement"), shall continue in full force and effect until the Closing, at which time the Confidentiality Agreement shall terminate. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms.

(b) Each of the EchoStar Parties hereby agrees with DISH that such Party will not, and that such Party will cause its Affiliates and Representatives not to, at any time on or after the Closing Date, directly or indirectly, without the prior written consent of DISH, disclose or use any confidential or proprietary information involving or relating to any of the BSS Business (collectively, the "Confidential Information"); provided, however, that Confidential Information will not include any information generally available to, or known by, the public (other than as a result of disclosure in violation hereof); provided, further, that the provisions of this Section 6.9(b) will not prohibit any retention of copies of records or disclosure (i) required by Applicable Law so long as, to the extent practicable, reasonable prior notice is given of such disclosure and a reasonable

opportunity is afforded to contest the same or (ii) in connection with the enforcement of any right or remedy relating to this Agreement or any other Transaction Document. Each of the EchoStar Parties agrees that such Party will be responsible for any breach or violation of the provisions of this Section 6.9(b) by any of such Party's Affiliates and Representatives.

Section 6.10 Preservation of Records. The EchoStar Parties and the DISH Parties agree that each of them (i) shall preserve and keep the records held by them or their Affiliates relating to the BSS Business for a period of seven (7) years from the Closing Date (or such longer period as required by Applicable Law), other than records (x) in the case of the EchoStar Parties, that are actually delivered to DISH pursuant to Section 6.13, (y) and in the case of the DISH Parties, a copy of which is retained by the EchoStar Parties and (ii) shall make such records and personnel available to the other as may reasonably be required by such party in connection with, among other things, any insurance claims by, Legal Proceedings against or governmental investigations of the EchoStar Parties or the DISH Parties or any of their Affiliates or in order to enable the EchoStar Parties and the DISH Parties to comply with their respective obligations under this Agreement and each other agreement, document or instrument contemplated hereby or thereby. In the event any of the EchoStar Parties or any of the DISH Parties wishes to destroy such records after that time, such Party shall first give ninety (90) days' prior written notice to, in the case of any EchoStar Party, DISH, and in the case of any DISH Party, EchoStar, and DISH or EchoStar, respectively, shall have the right at its option and expense, upon prior written notice given to such Party within that ninety (90) day period, to take possession of the records within one-hundred eighty (180) days after the date of such notice.

Section 6.11 Publicity. None of the Parties shall issue any press release or public announcement concerning this Agreement, the Merger and the other transactions contemplated hereby without obtaining the prior written approval of the other applicable Parties hereto, which approval will not be unreasonably withheld, conditioned or delayed, unless, in the sole judgment of DISH or EchoStar, as applicable, disclosure is otherwise required by Applicable Law or by the applicable rules of any stock exchange on which DISH or EchoStar lists securities, provided, that, to the extent permitted by Applicable Law, the Party intending to make such release shall use its commercially reasonable efforts consistent with such Applicable Law to consult with the other Parties with respect to the timing and content thereof.

Section 6.12 Intercompany Arrangements; Payables and Receivables.

(a) Except as set forth on Schedule 6.12(a), as such schedule may be supplemented by the mutual written agreement of the parties between the date of this Agreement and the Closing Date, EchoStar shall procure that as of the Closing there shall be no outstanding material Liabilities, obligations, Contracts or agreements between or among any member of the EchoStar Group, on the one hand, and Newco, on the other hand.

(b) The provisions of Section 6.12(a) shall not apply to this Agreement, any other Transaction Document and each other Contract or amendment expressly contemplated by this Agreement or other Transaction Document to be entered into or continued by any of the Parties or any of their respective Affiliates.

(c) On the Business Day immediately preceding the Distribution Closing Date, the EchoStar Group shall pay, or cause to be paid, all DISH Payables to the extent outstanding as of such date in a manner to be mutually agreed by EchoStar and DISH, other than the Ticking Fee Receivable.

(d) On the Business Day immediately preceding the Distribution Closing Date, DISH shall pay, or cause to be paid, all DISH Receivables to the extent outstanding as of such date in a manner to be mutually agreed by EchoStar and DISH.

Section 6.13 Books and Records. As soon as practicable following the Closing Date, the EchoStar Parties shall deliver, or cause to be delivered, to DISH originals or copies of all books, records, files and papers, whether in hard copy or electronic format, primarily relating to the BSS Business and its assets, properties and operations, including all books, records, files and papers, whether in hard copy or electronic format, and all minute books and corporate records of Newco and the Relevant EchoStar Subsidiaries

Section 6.14 Notice of Developments. Prior to the Closing, the EchoStar Parties shall notify DISH in writing reasonably promptly after becoming aware of (a) any event, circumstance, fact or occurrence arising subsequent to the date of this Agreement which would result in any material breach of any representation, warranty or covenant of the EchoStar Parties in this Agreement or which could have the effect of making any representation or warranty of the EchoStar Parties in this Agreement untrue or incorrect in any material respect, (b) any other material development affecting the assets, liabilities, business, properties, financial condition, results of operation or employee relations of Newco or the Relevant EchoStar Subsidiaries (or any EchoStar Party, to the extent such development affects the BSS Business) and (c) any action or investigation in which any EchoStar Party is a party and which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or which relates to the Pre-Closing Restructuring, the Distribution, the Merger and the other transactions contemplated hereby. Prior to the Closing, the DISH Parties shall promptly notify EchoStar in writing upon becoming aware of (i) any event, circumstance, fact or occurrence arising subsequent to the date of this Agreement which would result in any material breach of any representation, warranty or covenant of the DISH Parties in this Agreement or which could have the effect of making any representation or warranty of the DISH Parties in this Agreement untrue or incorrect in any material respect and (ii) any action or investigation in which any DISH Party is a party and which has or would reasonably be expected to prevent, materially delay or materially impair the performance by such DISH Party of its obligations under this Agreement or any other Transaction Document to which it is a party or the consummation of the Merger or the issuance of DISH Shares.

Section 6.15 Completion of the Pre-Closing Restructuring and Distribution. The EchoStar Parties shall keep the DISH Parties reasonably apprised as to the status of the completion of the Pre-Closing Restructuring and Distribution and any material deviations from the steps outlined on Schedule 1.2 and shall provide the DISH Parties with copies of proposed drafts of all documents effecting the Pre-Closing Restructuring and Distribution as promptly as practicable. EchoStar shall consider in good faith all reasonable comments thereto proposed by the DISH Parties, and the prior written consent of DISH to the form and contents of each document shall be required prior to

completing the Pre-Closing Restructuring and Distribution (such consent not to be unreasonably withheld, conditioned or delayed).

Section 6.16 Transfer of Newco Common Stock. Except as set forth on Schedule 6.16, no EchoStar Party shall transfer, issue, encumber, sell, assign or otherwise dispose of any Newco Shares other than to effectuate the Pre-Closing Restructuring and Distribution pursuant to Article I.

Section 6.17 Tax Matters. Notwithstanding anything to the contrary in this Agreement, except as provided in Section 6.2(b), (i) all Tax matters, including the preservation of Tax records and access to Tax information, and any Liability for Taxes shall be handled exclusively in accordance with the provisions of the Tax Matters Agreement, and (ii) the representations and warranties in respect of Taxes contained in the Tax Matters Agreement are the exclusive representations or warranties in respect of Taxes in any Transaction Document. For the avoidance of doubt, no Party may recover Losses under both this Agreement and the Tax Matters Agreement for the same indemnification claim.

Section 6.18 EchoStar Credit Support Obligations. DISH shall use its commercially reasonable efforts to cause the EchoStar Parties and their respective Affiliates to be relieved reasonably promptly following the Closing of all Assumed Liabilities arising out of the letters of credit, performance bonds, banker's acceptance, corporate guarantees and other similar items issued and outstanding in connection with the BSS Business that constitute Assumed Liabilities and are set forth on Schedule 6.19 (together, the "EchoStar Credit Support Obligations"). DISH agrees to continue to use its commercially reasonable efforts after the Closing to relieve the EchoStar Parties and their respective Affiliates of all such EchoStar Credit Support Obligations. If such release cannot be effected in accordance with this Section 6.18 prior to the Closing, the EchoStar Parties and their respective Affiliates will not terminate such Liabilities without the written consent of DISH (such consent not to be unreasonably withheld, conditioned or delayed); provided, however, that the DISH Parties and the EchoStar Parties will cooperate in good faith to enter into separate arrangements with the EchoStar Parties and their respective Affiliates, as applicable, to guarantee the performance of the obligations of the relevant Person pursuant to the EchoStar Credit Support Obligations.

ARTICLE VII

CONDITIONS TO CLOSING

Section 7.1 Mutual Conditions to Closing. The respective obligations of each Party hereto to consummate the Merger are subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived in whole or in part by all of the Parties hereto to the extent permitted by Applicable Law):

(a) the Requisite Stockholder Approval shall have been obtained in accordance with Applicable Law and the Corporate Documents of Newco;

- (b) all approvals requested by the Required Governmental Applications shall have been granted and be in full force and effect, provided that, with respect to Required Governmental Applications filed with the FCC, this condition will be satisfied by the approval of the full FCC, a bureau of the FCC or division or subdivision thereof taken under delegated authority, which approval is in full force and effect, is not subject to reconsideration, has not been stayed by a bureau of the FCC, division or subdivision thereof, the FCC or a court of competent jurisdiction, and is not subject to any condition or requirement that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or Satellite Material Adverse Effect;
- (c) any Required Governmental Notices that must be submitted prior to Closing have been so submitted;
- (d) there shall not be pending any Action or proceeding by any Governmental Authority (i) challenging or seeking to make illegal or otherwise, directly or indirectly, restrain, enjoin or prohibit the consummation of the Merger and the other transactions contemplated hereby, or (ii) directly involving EchoStar, Newco or the DISH Parties or any of their Affiliates that would reasonably be expected to materially impair the DISH Parties' ability to own or operate the BSS Business and conduct the businesses as currently conducted;
- (e) no court or other Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Applicable Law (whether temporary, preliminary or permanent) or Order that is in effect and restrains, enjoins or otherwise prohibits consummation of the Merger or any other transactions contemplated by this Agreement;
- (f) the Pre-Closing Restructuring shall have been completed in accordance with Article I and Section 6.15;
- (g) the Distribution shall have been completed in accordance with Article I and Section 6.15;
- (h) (i) the S-4 Registration Statement shall have become effective under the Securities Act. No stop order suspending the effectiveness of the S-4 Registration Statement shall have been issued (and not rescinded), and no proceedings for that purpose shall be pending before the SEC; and (ii) the Joint Information Statement/Prospectus (or such other filings as may be necessary under federal securities Applicable Laws) shall have been disseminated to all EchoStar stockholders in accordance with Applicable Law;
- (i) DISH shall have filed with the NASDAQ a notification form for the listing of all DISH Shares to be issued to Newco stockholders in the Merger, and the NASDAQ shall not have objected to the listing of such DISH Shares; and
- (j) the Consents required to operate the EchoStar XXIII satellite, each as identified on Schedule 7.1(j) shall have been granted.

Section 7.2 Conditions Precedent to Obligations of the DISH Parties. The obligations of the DISH Parties to consummate the Merger are further subject to the fulfillment, on

or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by the DISH Parties in whole or in part to the extent permitted by Applicable Law):

(a) (i) each of the representations and warranties of the EchoStar Parties set forth in this Agreement (other than EchoStar Fundamental Representations) shall be true and correct (without regard to “materiality”, “Material Adverse Effect” and similar qualifiers contained in such representations and warranties) as of the date of this Agreement and as of the Closing Date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), other than for failures of such representations and warranties of the EchoStar Parties to be so true and correct which do not have or are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect or a Satellite Material Adverse Effect; (ii) the EchoStar Fundamental Representations (other than the first sentence of Section 5.1(f)(i) (*Capital Structure*)) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date); and (iii) the representations and warranties of the EchoStar Parties set forth in the first sentence of Section 5.1(f)(i) (*Capital Structure*) shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct in all respects as of such earlier date) other than any *de minimis* inaccuracies.

(b) each of the EchoStar Parties shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date;

(c) since the date of this Agreement, there shall not have occurred any event, change, occurrence, condition or effect which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; and

(d) DISH shall have received at the Closing a certificate signed on behalf of the EchoStar Parties by an executive officer of EchoStar to the effect that such executive officer has read Section 7.2(a), Section 7.2(b) and Section 7.2(c) and the conditions set forth in Section 7.2(a), Section 7.2(b) and Section 7.2(c) have been satisfied; and

(e) the DISH Parties shall have received each of the deliveries set forth in Section 2.4 required to be delivered to any of the DISH Parties.

Section 7.3 Conditions Precedent to Obligations of the EchoStar Parties. The obligations of the EchoStar Parties to consummate the Merger are further subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions (any or all of which may be waived by the EchoStar Parties in whole or in part to the extent permitted by Applicable Law):

(a) (i) each of the representations and warranties of the DISH Parties set forth in this Agreement (other than the DISH Fundamental Representations) shall be true and correct

(without regard to “materiality”, “Material Adverse Effect” and similar qualifiers contained in such representations and warranties) as of the date of this Agreement and as of the Closing Date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), other than for failures of such representations and warranties of the DISH Parties to be so true and correct which do not have or are not reasonably likely to have, individually or in the aggregate, a Material Adverse Effect; (ii) the DISH Fundamental Representations (other than Section 5.2(f) (*Merger Sub*)) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date); and (iii) Section 5.2(f) (*Merger Sub*) shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date and time.

(b) each of the DISH Parties shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date;

(c) EchoStar shall have received at the Closing a certificate signed on behalf of the DISH Parties by an executive officer of DISH to the effect that such executive officer has read Section 7.3(a) and Section 7.3(b) and the conditions set forth in Section 7.3(a) and Section 7.3(b) have been satisfied; and

(d) EchoStar shall have received each of the deliveries set forth in Section 2.4 required to be delivered to it or to any of the EchoStar Parties.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Indemnification Obligations of EchoStar. Subject to the limitations set forth in this Article VIII, EchoStar shall indemnify DISH and its Affiliates and its and their Representatives (the “DISH Indemnified Persons”) against and hold them harmless from any and all damages, losses, charges, liabilities, claims, demands, actions, suits, proceedings, payments, judgments, settlements, assessments, deficiencies, taxes, interest, penalties, diminution in value and costs and expenses but excluding punitive, exemplary and special damages (unless a third party is entitled to such damages pursuant to a third party claim (a “Third Party Claim”) and such damages are actually paid to such third party) (collectively, “Losses”) imposed on, sustained, incurred or suffered by, or asserted against, any of the DISH Indemnified Persons, whether in respect of Third Party Claims, claims between the Parties, or otherwise, relating to, arising out of or resulting from (a) any breach of any of the EchoStar Fundamental Representations of any EchoStar Party contained in this Agreement, (b) any breach or nonperformance of any covenant or agreement made by any EchoStar Party contained in this Agreement or the Employee Matters Agreement to be performed subsequent to the Effective Time, or (c) any of the Excluded Liabilities. Notwithstanding the foregoing, Losses suffered by DISH Indemnified Persons shall not constitute Losses under this Section 8.1 to the extent EchoStar or any of its Subsidiaries (including, for the avoidance of doubt,

Newco) would actually be entitled to indemnification or reimbursement in respect of such Loss from DISH or any of its Subsidiaries under any BSS Business Contract as in effect as of the Closing Date.

Section 8.2 Indemnification Obligations of DISH. Subject to the limitations set forth in this Article VIII, the DISH Parties shall indemnify EchoStar and its Affiliates and its and their Representatives (the "EchoStar Indemnified Persons") against and hold them harmless from any and all Losses imposed on, sustained, incurred or suffered by, or asserted against, any of the EchoStar Indemnified Persons, whether in respect of Third Party Claims, claims between the Parties, or otherwise, relating to, arising out of or resulting from (a) any breach of any of the DISH Fundamental Representations of any DISH Party contained in this Agreement, (b) any breach or nonperformance of any covenant or agreement made by any DISH Party contained in this Agreement or the Employee Matters Agreement to be performed subsequent to the Effective Time or (c) any of the Assumed Liabilities.

Section 8.3 Limitations on Indemnity. In no event shall (x) the aggregate indemnification actually paid by the EchoStar Parties pursuant to Section 8.1, taken together with all other indemnification actually paid by the EchoStar Parties pursuant to Section 8.1, or (y) the aggregate indemnification actually paid by the DISH Parties pursuant to Section 8.2, taken together with all other indemnification actually paid by the DISH Parties pursuant to Section 8.2, in the case of each of (x) and (y), in respect of breaches of any representations or warranties, exceed \$797,000,000. Payments by an EchoStar Party or a DISH Party pursuant to Section 8.1 or Section 8.2 in respect of any Loss shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by the EchoStar Indemnified Persons or the DISH Indemnified Persons, as applicable, in respect of any such claim. The EchoStar Indemnified Persons or the DISH Indemnified Persons, as applicable, shall take, and cause its Affiliates to take, all commercially reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss; provided, that nothing herein shall require any EchoStar Indemnified Person or DISH Indemnified Person to file any claim under any insurance policy.

Section 8.4 Method of Asserting Claims. All claims for indemnification by any DISH Indemnified Person or EchoStar Indemnified Person (each, an "Indemnified Party") shall be asserted and resolved as set forth in this Section 8.4. Any Indemnified Party seeking indemnity pursuant to Section 8.1 or Section 8.2 shall notify in writing the Party from whom indemnification is sought (the "Indemnifying Party") of such demand for indemnification. The Indemnifying Party shall have thirty (30) days from the personal delivery or mailing of such notice (the "Notice Period") to notify the Indemnified Party whether or not it desires to defend the Indemnified Party against such claim or demand with respect to a claim or demand based on a Third Party Claim. In the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that, with respect to a Third Party Claim, it desires to defend the Indemnified Party against such Third Party Claim, the Indemnifying Party shall have the right to defend the Indemnified Party at the Indemnifying Party's sole cost and expense and with counsel (plus local counsel if appropriate) reasonably satisfactory

to the Indemnified Party. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, compromise or consent to entry of any judgment or enter into any settlement agreement with respect to any action or proceeding in respect of which indemnification is sought under Section 8.1 or Section 8.2 (whether or not the Indemnified Party is an actual or potential party thereto), unless such compromise, consent or settlement involves only the payment of money damages for which the Indemnifying Party will indemnify the Indemnified Party hereunder. If the right to assume and control the defense is exercised, the Indemnified Party shall have the right to participate in, but not control, such defense at its own expense and the Indemnifying Party's indemnity obligations shall be deemed not to include attorneys' fees and litigation expenses incurred in such participation by the Indemnified Party after the assumption of the defense by the Indemnifying Party in accordance with the terms of this Agreement; provided, however, that the Indemnified Parties collectively shall be entitled to employ one firm or separate counsel (plus local counsel if appropriate) to represent the Indemnified Parties if, in the opinion of counsel to each Indemnified Party seeking to employ such separate counsel, a conflict of interest between such Indemnified Party or Parties and the Indemnifying Party exists in respect of such claim and in each such event, the fees, costs and expenses of one such firm or separate counsel (plus one local counsel per jurisdiction if appropriate) shall be paid in full by the Indemnifying Party. If the Indemnifying Party has not elected to assume the defense of a Third Party Claim within the Notice Period, the Indemnified Party may defend and settle the claim for the account and cost of the Indemnifying Party; provided, that the Indemnified Party will not settle the Third Party Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld. The Indemnified Party shall cooperate with the Indemnifying Party and, subject to obtaining proper assurances of confidentiality and privilege, shall make available to the Indemnifying Party all pertinent information under the control of the Indemnified Party.

Section 8.5 Exclusive Remedy; Survival.

- (a) Except as set forth in Section 1.7 and Section 1.8, from and after the Closing, the indemnity provided herein shall be the sole and exclusive remedy with respect to any and all claims for Losses sustained or incurred arising out of this Agreement, including the allocation of Assumed Liabilities and Excluded Liabilities, except in the case of any claim based on fraud.
- (b) All representations and warranties contained in this Agreement and all claims with respect thereto shall terminate at the Effective Time or upon the earlier termination of this Agreement pursuant to Section 9.1, as the case may be, except that the Fundamental Representations and all claims with respect thereto shall survive forever. It is the intention of the Parties that the termination date set forth in this Section 8.5(b) supersede a statute of limitation applicable to such representations and warranties or claim with respect thereof other than in the case of fraud. No Indemnified Party shall be required to show reliance on any representation, warranty, certificate or other agreement in order for such Indemnified Party to be entitled to indemnification, compensation or reimbursement hereunder.
- (c) The covenants and agreements of the Parties contained in this Agreement and all claims with respect thereto shall terminate at the Effective Time or upon the earlier termination of this Agreement pursuant to Section 9.1, as the case may be, except for those covenants and

agreements contained in this Agreement that by their terms are to be performed in whole or in part after the Effective Time (or survive termination of this Agreement, as applicable, pursuant to Section 9.3(a)).

ARTICLE IX

TERMINATION

Section 9.1 Termination of Agreement. This Agreement may be terminated prior to the Closing as follows:

(a) by mutual written consent of DISH and EchoStar;

(b) by either DISH or EchoStar, by giving written notice of such termination to the other Party, if (i) the Closing shall not have occurred on or prior to the close of business on February 19, 2020 (the "Termination Date"), or (ii) any of the conditions set forth in Section 7.1 (*Mutual Conditions to Closing*) shall have become incapable of satisfaction, provided, that the right to terminate this Agreement pursuant to this Section 9.1(b) shall not be available to any Party that has breached in any material respect its obligations under this Agreement in any manner that shall have proximately caused or resulted in the failure of a condition to the consummation of the Merger or the other transactions contemplated hereby;

(c) by EchoStar if there has been a breach of any representation, warranty, covenant or agreement made by any of the DISH Parties in this Agreement, or any such representation and warranty shall have become untrue after the date hereof, such that Section 7.3(a) (*Representations and Warranties of the DISH Parties*) or Section 7.3(b) (*Performance of Obligations and Agreements by the DISH Parties*) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within the earlier of (i) thirty (30) days after written notice thereof is given by EchoStar to DISH and (ii) the Termination Date;

(d) by DISH if there has been a breach of any representation, warranty, covenant or agreement made by any of the EchoStar Parties in this Agreement, or any such representation and warranty shall have become untrue after the date hereof, such that Section 7.2(a) (*Representations and Warranties of the EchoStar Parties*) or Section 7.2(b) (*Performance of Obligations and Agreements by the EchoStar Parties*) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within the earlier of (i) thirty (30) days after written notice thereof is given by DISH to EchoStar and (ii) the Termination Date;

Section 9.2 Procedure Upon Termination. In the event of termination by DISH or EchoStar, or both, pursuant to Section 9.1, written notice thereof shall forthwith be given to the other Party, and this Agreement shall terminate, and each of the Pre-Closing Restructuring, the Distribution and the Merger shall be abandoned, without further action by DISH or EchoStar.

Section 9.3 Effect of Termination.

(a) In the event that this Agreement is validly terminated in accordance with Sections 9.1 and 9.2, then each of the Parties shall be relieved of their duties and obligations arising under this Agreement after the date of such termination and such termination shall be without liability to the other Parties, and each Transaction Document shall be deemed null and void *ab initio*; provided, that the obligations of the Parties set forth in this Section 9.3, Section 6.9 (Confidentiality), Section 6.11 (Publicity) and Article X (Miscellaneous) hereof shall survive any such termination and shall be enforceable hereunder.

(b) Nothing in this Section 9.3 shall relieve any of the Parties of any liability for a material breach of any of its covenants or agreements or material breach of its representations and warranties contained in this Agreement or any Transaction Document executed prior to or on the date hereof prior to the date of termination. The damages recoverable by the non-breaching Party shall include all attorneys' fees reasonably incurred by such Party in connection with the Merger.

ARTICLE X

MISCELLANEOUS

Section 10.1 Notices. All notices required or permitted to be given hereunder shall be in writing and shall be sent by facsimile transmission, or by first class certified mail, postage prepaid, or by overnight courier service, charges prepaid, to the Party to be notified, addressed to such Party at the address set forth below, or sent by facsimile to the fax number set forth below, or such other address(es) or fax number(s) as such Party may have substituted by written notice to the other Parties. The sending of such notice with confirmation of receipt thereof (in the case of facsimile transmission) or receipt of such notice (in the case of delivery by mail or by overnight courier service) shall constitute the giving thereof.

If to any EchoStar Parties or, prior to the Closing, to Newco:

EchoStar Corporation
100 Inverness Terrace East
Englewood, Colorado 80112
Attention: General Counsel
Fax number: (303) 728-5048

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

White & Case LLP
1221 Avenue of the Americas
New York, New York 10020-1095
Attention: Daniel G. Dufner, Jr.; Michael A. Deyong
Fax number: (212) 354-8113

If to DISH, or, following the Closing, to Newco:

DISH Network L.L.C.
9601 South Meridian Blvd.
Englewood, Colorado 80112
Attention: Executive Vice President and General Counsel
Fax number: (303) 723-1699

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

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
Attention: Scott D. Miller
Fax number: (212) 558-3358

or to such other address or facsimile number as the addressee may have specified in a notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered.

Section 10.2 Amendment; Waiver.

- (a) This Agreement shall not be amended or modified except by written instrument duly executed by each of the Parties.
- (b) No waiver of any term or provision of this Agreement shall be effective unless in writing, signed by the Party against whom enforcement of the same is sought. The grant of a waiver in one instance does not constitute a continuing waiver in any other instances. No failure by any Party to exercise, and no delay by any Party in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof.

Section 10.3 Counterparts; Signatures. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties. Each Party acknowledges that it and the other Parties may execute this Agreement by facsimile, stamp or pdf signature. Each Party expressly adopts and confirms each such facsimile, stamp or pdf signature made in its respective name as if it were a manual signature, agrees that it will not assert that any such signature is not adequate to bind such Party to the same extent as if it were signed manually and agrees that at the reasonable request of the other Parties at any time it will as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof).

Section 10.4 Assignment and Binding Effect. No Party may assign, delegate or otherwise transfer this Agreement or any of its rights or obligations hereunder, by operation of law or otherwise, without the prior written consent of the other Parties, and any such attempted assignment, delegation or transfer shall be void. Subject to the preceding sentence, this Agreement will be binding upon and inure to the benefit of the Parties and their respective successors, permitted transferees and permitted assigns.

Section 10.5 Entire Agreement. This Agreement, the other Transaction Documents, the Confidentiality Agreement and the schedules and exhibits hereto and thereto constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all previous agreements, negotiations, discussions, understandings, writings, commitments and conversations between the Parties with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein or therein.

Section 10.6 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby or thereby, as the case may be, is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties. In the event the Parties are not able to agree, such provision shall be construed by limiting and reducing it so that such provision is valid, legal, and fully 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.

Section 10.7 Headings. The heading references herein and the table of contents hereof are for convenience purposes only, and shall not be deemed to limit or affect any of the provisions hereof.

Section 10.8 No Third Party Beneficiaries. Except as provided in Section 8.4 of this Agreement, (a) the provisions of this Agreement and the other Transaction Documents are solely for the benefit of the Parties and their respective successors and permitted assigns and are not intended to confer upon any Person, except the Parties and their respective successors and permitted assigns, any rights or remedies hereunder and (b) there are no third party beneficiaries of this Agreement or the other Transaction Documents, and this Agreement and the other Transaction Documents shall not provide any third party with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 10.9 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW THEREOF.

Section 10.10 Expenses. Except as otherwise expressly provided in the Transaction Documents, each Party shall bear its own costs and expenses in connection with the preparation, negotiation and execution, amendment or modification of this Agreement and the other Transaction Documents and the consummation of the Merger and the other transactions contemplated hereby.

Section 10.11 Dispute Resolution.

(a) Agreement to Resolve Disputes. Except as otherwise specifically provided in this Agreement or in another Transaction Document, the procedures for discussion, negotiation and dispute resolution set forth in this Section 10.11 shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with this Agreement, the Pre-Closing Restructuring, the Distribution and the Merger (including all actions taken in furtherance of the Pre-Closing Restructuring, the Distribution or the Merger on or prior to the date hereof). Each Party agrees that the procedures set forth in this Section 10.11 shall be the sole and exclusive remedy in connection with any dispute, controversy or claim relating to any of the foregoing matters and irrevocably waives any right to commence any action or proceeding in or before any Governmental Authority, except as otherwise required by Applicable Law.

(b) Dispute Resolution; Mediation.

(i) Any Party may commence the dispute resolution process of this Section 10.11(b) by giving the applicable Party written notice (a "Dispute Notice") of any controversy, claim or dispute of whatever nature arising out of or relating to this Agreement or the breach, termination, enforceability or validity thereof (a "Dispute") which has not been resolved in the normal course of business. The Parties shall attempt in good faith to resolve any Dispute by negotiation between executives of each Party ("Senior Party Representatives") who have authority to settle the Dispute and who are at a higher level of management than the persons who have direct responsibility for the administration of this Agreement. Within fifteen (15) days after delivery of the Dispute Notice, the receiving Party shall submit to the delivering Party a written response (the "Response"). The Dispute Notice and the Response shall include (A) a statement setting forth the position of the Party giving such notice and a summary of arguments supporting such position and (B) the name and title of such Party's Senior Party Representative and any other persons who will accompany the Senior Party Representative at the meeting at which the Parties will attempt to settle the Dispute. Within thirty (30) days after the delivery of the Dispute Notice, the Senior Party Representatives of the applicable Parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the Dispute. The Parties shall cooperate in good faith with respect to any reasonable requests for exchanges of information regarding the Dispute or a Response thereto.

(ii) If the Dispute has not been resolved within sixty (60) days after delivery of the Dispute Notice, or if the Parties fail to meet within thirty (30) days after delivery of the Dispute Notice as hereinabove provided, the Parties shall make a good faith attempt to settle the Dispute by mediation pursuant to the provisions of this Section 10.11(b) before resorting to arbitration contemplated by Section 10.11(c) or any other dispute resolution procedure that may be agreed by the Parties.

(iii) All negotiations, conferences and discussions pursuant to this Section 10.11(b) shall be confidential and shall be treated as compromise and settlement negotiations. Nothing said or disclosed, nor any document produced, in the course of such

negotiations, conferences and discussions that is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration.

(iv) Unless the Parties agree otherwise, the mediation shall be conducted in accordance with the CPR Institute for Dispute Resolution Model Procedure for Mediation of Business Disputes in effect on the date of this Agreement by a mediator mutually selected by the Parties.

(v) Within thirty (30) days after the mediator has been selected as provided above, the Parties and their respective attorneys shall meet with the mediator for one mediation session, it being agreed that each Party representative attending such mediation session shall be a Senior Party Representative with authority to settle the Dispute. If the Dispute cannot be settled at such mediation session or at any mutually agreed continuation thereof, the DISH Parties or the EchoStar Parties, as the case may be, may give the other and the mediator a written notice declaring the mediation process at an end.

(vi) Costs of the mediation shall be borne equally by the Parties involved in the matter, except that each Party shall be responsible for its own expenses.

(c) Arbitration.

(i) Subject to Section 10.11(c)(ii), if the Dispute has not been resolved by the dispute resolution process described in Section 10.11(b), the Parties agree that any such Dispute shall be settled by binding arbitration before the American Arbitration Association (“AAA”) in Denver, Colorado pursuant to the Commercial Rules of the AAA. Any arbitrator(s) selected to resolve the Dispute shall be bound exclusively by the laws of the State of New York without regard to its choice of law rules. Any decisions of award of the arbitrator(s) will be final and binding upon the Parties and may be entered as a judgment by the Parties. Any rights to appeal or review such award by any court or tribunal are hereby waived to the extent permitted by Applicable Law.

(ii) Any Dispute regarding the following is not required to be negotiated or mediated prior to seeking relief from an arbitrator: (i) breach of any obligation of confidentiality; and (ii) any other claim where interim relief from the arbitrator is sought to prevent serious and irreparable injury to one of the Parties. However, the Parties to the Dispute shall make a good faith effort to negotiate and mediate such Dispute, according to the above procedures, while such arbitration is pending.

(iii) Costs of the arbitration shall be borne equally by the Parties involved in the matter, except that each Party shall be responsible for its own expenses.

(d) Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties will continue to honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of this Section 10.11 with respect to all matters not subject to such Dispute.

Section 10.12 Limited Liability. Notwithstanding any other provision of this Agreement, no Person who is a stockholder or Representative of DISH or EchoStar or any of their Affiliates, in his or her capacity as such, shall have any liability in respect of or relating to the covenants or obligations of such Party under this Agreement and, to the fullest extent legally permissible, each of DISH and EchoStar, for itself and its respective stockholders, Affiliates and Representatives waives and agrees not to seek to assert or enforce any such liability that any such Person might otherwise have pursuant to Applicable Law; provided, however, that nothing in this Section 10.12 shall limit any liability of the Parties for breaches of the terms and conditions of this Agreement.

ARTICLE XI

DEFINITIONS

Section 11.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 11.1:

“Action” means any demand, action, suit, counter suit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“Affiliate” means, with respect to any Person, another Person directly or indirectly controlling, controlled by, or under common control with that Person; it being understood that for purposes of the Transaction Documents (except as provided in Section 8.1 (*Indemnification Obligations of EchoStar*) of this Agreement), none of DISH, the DISH Parties or any other Subsidiaries of DISH will be considered an Affiliate of any EchoStar Party or any other Subsidiaries of EchoStar, and (except as provided in Section 8.2 (*Indemnification Obligations of DISH*) of this Agreement) none of the EchoStar Parties or any other Subsidiaries of EchoStar will be considered an Affiliate of DISH, any DISH Party or any other Subsidiaries of DISH.

“Anti-Money Laundering Laws” means all applicable anti-money laundering laws, rules and regulations, including the Bank Secrecy Act, as amended by the USA PATRIOT Act.

“Applicable Law” means any applicable federal, state, local or foreign law, rule, regulation, ordinance, code, directive, order, writ, injunction, decree, judgment, award, determination, direction or demand, authorization or treaty of any Governmental Authority and any relevant final administrative or judicial precedent interpreting or applying the foregoing.

“Assets” means assets, properties and rights (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following:

- (i) all accounting and other books, records, systems and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form or medium;

(ii) all IT Assets, fixtures, machinery, equipment, furniture, office equipment, motor vehicles and other transportation equipment, special and general tools, prototypes and models and other tangible personal property, wherever located that are owned or leased by the Person, together with any express or implied warranty by the manufacturers, sellers or lessors of any item or component part thereof;

(iii) all inventories, wherever located, including all finished goods, (whether or not held at any location or facility or in transit), work in process, raw materials, spare parts and all other materials and supplies to be used or consumed in the production of finished goods;

(iv) all interests in any land and improvements and all appurtenances thereto;

(v) all interests in any capital stock or other equity interests of any Subsidiary or any other Person; all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person; all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person; and all other investments in securities of any Person;

(vi) all license agreements, leases of personal property, including satellites, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other contracts, agreements or commitments;

(vii) all deposits, escrow accounts and prepaid expenses, letters of credit and performance and surety bonds, claims for refunds and rights of set-off in respect thereof;

(viii) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals, and materials and analyses, whether prepared by Affiliates, by consultants or other third parties;

(ix) all Intellectual Property;

(x) all licenses, covenants not to sue and other rights to any third party Intellectual Property;

(xi) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product literature, artwork, design, development and manufacturing files, vendor and customer drawings, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(xii) all trade accounts and notes receivable and other rights to payment from customers and (a) all security for such accounts or rights to payment, including all trade accounts receivable representing amounts receivable in respect of goods shipped or products sold or otherwise disposed of or services rendered to customers, (b) all other accounts and notes receivable and all security for such accounts or notes and (c) any claim, remedy or other right relating to any of the foregoing;

(xiii) all rights under contracts or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

(xiv) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution, including insurance proceeds; and

(xv) all Permits.

“Benefit Plan” means any benefit or compensation plan, program, policy, practice, agreement, contract, arrangement or other obligation, whether or not in writing and whether or not funded, in each case, which covers (and only to the extent of such coverage) any Transferred Employee. Benefit Plans include, but are not limited to, ERISA Plans, employment, consulting, retirement, severance, termination or change in control agreements, deferred compensation, equity-based, incentive, bonus, supplemental retirement, profit sharing, insurance, medical, welfare, fringe or other benefits or remuneration of any kind.

“BSS Business” means (i) the portion of the business of EchoStar that manages, markets and provides (A) broadcasting satellite services to DISH and its Subsidiaries, and Dish Mexico, S. de R.L. de C.V. and its Subsidiaries; and (B) telemetry, tracking and control services to satellites owned by DISH and a portion of EchoStar’s other businesses; and (ii) the products, assets, licenses and technology, and the business operations, revenues, billings and operating activities primarily related to the foregoing.

“BSS Business Contracts” means the written Contracts to which EchoStar or any member of the EchoStar Group is a party or by which it or any of the Transferred Assets is bound which constitute Contracts that are: (i) used, contemplated for use or held for use, in each case, primarily in the ownership, operation or conduct of the BSS Business as currently owned, operated and conducted or relating primarily to the BSS Business as currently owned, operated or conducted or (ii) otherwise expressly contemplated pursuant to this Agreement or any of the Transaction Documents to be assigned to Newco.

“BSS Satellites” means the satellites referred to as EchoStar VII, EchoStar X, EchoStar XI, EchoStar XII, EchoStar XIV, EchoStar XVI, EchoStar XXIII, and the Leased Satellites, as listed on Annex A.

“Business Day” means any day other than a Saturday, a Sunday, a legal holiday in New York, New York, or any other day on which commercial banks in that location are authorized by Applicable Law or governmental decree to close.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Communications Act” means the Communications Act of 1934 and the Telecommunications Act of 1996, in each case as amended from time to time, and all rules and regulations promulgated thereunder.

“Consents” means any consents, waivers, approvals, or notification requirements, including those in connection with the Required Governmental Applications.

“Contract” means any agreement, lease, license, contract, note, bond, mortgage, indenture or other instrument or obligation, in each case whether written or oral.

“Control” (and its correlative meanings “controlling” and “controlled”) means the possession, direct or indirect, or the power to direct or cause the direction of, the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Corporate Documents” means, with respect to any entity, such entity’s articles or certificate of incorporation, by-laws, memorandum and articles of association, limited liability company agreement or partnership agreement, as applicable, and any other organizational documents of such entity.

“Data Centers” means, collectively, the data centers situated on the Owned Sites and the Leased Sites.

“DISH Fundamental Representations” means the representations and warranties of the DISH Parties set forth in Section 5.2(a) (*Organization; Good Standing; Qualification*), Section 5.2(b) (*Authorization and Execution of Transaction Documents*), Section 5.2(c) (*Enforceability of Transaction Documents*), Section 5.2(f) (*Merger Sub*), Section 5.2(j) (*No Brokers*) and Section 5.2(k) (*Opinion of Financial Advisor*).

“DISH Parties” means DISH, Merger Sub and, after the Closing, Newco.

“DISH Payables” means any and all amounts payable in respect of the BSS Business to DISH and its Subsidiaries.

“DISH Receivables” means any and all amounts owed by DISH or any of its Subsidiaries and payable to EchoStar or any of its Subsidiaries in respect of the BSS Business.

“Distribution Closing” means the closing of the Distribution.

“Distribution Closing Date” means the date of the Distribution Closing.

“Distribution Record Date” means the record date for the Distribution Closing.

“EchoStar Fundamental Representations” means Section 5.1(a) (*Organization and Good Standing*), Section 5.1(b) (*Authorization and Execution of Transaction Documents*), Section 5.1(c) (*Enforceability of Transaction Documents*), Section 5.1(f) (i) and 5.1(f)(ii) (*Capital Structure*), Section 5.1(t) (*Takeover Statutes*), Section 5.1(u) (*No Brokers*) and Section 5.1(v) (*Opinion of Financial Advisor*).

“EchoStar Group” means EchoStar and each Subsidiary of EchoStar immediately after the consummation of the Pre-Closing Restructuring (other than Newco).

“EchoStar Parties” means EchoStar and, prior to the Closing, Newco.

“EMA Assumed Liabilities” means the employee-related Liabilities with respect to the BSS Business (or the ownership of the Transferred Assets) to be assumed by DISH pursuant to the Employee Matters Agreement.

“EMA Excluded Liabilities” means the employee-related Liabilities with respect to the BSS Business to be retained by EchoStar pursuant to the Employee Matters Agreement.

“Employee Matters Agreement” means the Employee Matters Agreement substantially in the form attached hereto as Exhibit B.

“Environmental Law” means any federal, state, local or foreign statute, law, regulation, order, decree, Permit or requirement of any relevant Governmental Authority relating to: (A) the protection, investigation or restoration of the environment, health (to the extent health relates to exposure to Hazardous Substances), safety (to the extent safety relates to exposure to Hazardous Substances), or natural resources; (B) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance; or (C) indoor air, employee exposure to Hazardous Substances, wetlands, pollution, contamination or any injury or threat of injury to persons or property relating to any Hazardous Substance.

“Environmental Liabilities” means all Liabilities under (1) any applicable Environmental Law or (2) any applicable Contract relating to environmental matters (including all removal, remediation or cleanup costs, investigatory costs, governmental response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any product take back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations, in each case, related to such Liabilities described in (1) and (2) above) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Plan” means any “employee benefit plan” within the meaning of Section 3(3) of ERISA.

“Exchange Act” means the Securities Exchange Act of 1934, or any successor federal statute, and the rules and regulations promulgated thereunder, all as amended, and as the same may be in effect from time to time.

“FCC” means the United States Federal Communications Commission or any bureau or subdivision thereof acting under delegated authority.

“FCPA” means the Foreign Corrupt Practices Act of 1977, as amended.

“Fundamental Representations” shall mean (i) the EchoStar Fundamental Representations and (ii) the DISH Fundamental Representations.

“GAAP” means generally accepted accounting principles in the United States.

“Governmental Authority” means any foreign or domestic federal, state, local, municipal or other governmental or quasi-governmental authority or self-regulatory organization of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers) or exercising, or entitled to exercise, any administrative, executive, judicial, legislative, enforcement, regulatory or taxing authority or power.

“Hazardous Substance” means any substance that is: (A) listed, classified or regulated pursuant to any Environmental Law; and (B) any petroleum product or by-product, asbestos-containing material, lead-containing paint or plumbing, polychlorinated biphenyls, toxic mold, radioactive material or radon.

“HSSC” means Hughes Satellite Systems Corporation, a Colorado corporation and wholly owned Subsidiary of EchoStar.

“Indebtedness” of any Person means, without duplication, (i) the principal of and, accreted value and accrued and unpaid interest in respect of (A) all Liabilities of such Person for money borrowed, whether current or funded, secured or unsecured, and (B) all Liabilities evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all Liabilities of such Person in respect of mandatorily redeemable or purchasable capital stock or securities convertible into capital stock; (iii) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable and other accrued current Liabilities); (iv) all Liabilities for the reimbursement of any obligor under any drawn letter of credit or performance bond that is subject to an actual demand, or other similar agreement or credit transaction securing obligations of a type described in clauses (i) through (iii) above to the extent of the obligation secured; (v) all obligations of the type referred to in clauses (i) through (iv) of any Persons the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise; and (vi) all obligations of the type referred to in clauses (i) through (iv) above of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

“Intellectual Property” means all intellectual property or proprietary rights arising from or in respect of the following in any jurisdiction in the world: (i) all patents and utility models of any kind, patent applications, including provisional applications, statutory invention registrations and invention disclosures, and all related continuations, continuation-in-part, divisions, reissues, re-examinations, substitutions, and extensions thereof (collectively, “Patents”); (ii) all trademarks, service marks, trade names, service names, brand names, trade dress, logos, Internet domain names, uniform resource locators, and corporate names, in each case whether or not Registered, and together with the common law rights and goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof; (iii) copyrights in and to published and unpublished works of authorship, in each case whether or not Registered or sought to be Registered, together with all common law rights and moral rights therein, and any applications and registrations therefor,

including extensions, renewals, restorations, derivatives, and reversions; (iv) rights in trade secrets and other legally recognized rights in and to confidential information, proprietary information, inventions, discoveries, and know-how (collectively, “Trade Secrets”); (v) mask work rights; (vi) any of the foregoing rights in Technology; and (vi) other similar types of proprietary or intellectual property rights recognized under Applicable Law.

“Intellectual Property and Technology License Agreement” means the Intellectual Property and Technology License Agreement substantially in a form to be agreed upon by the Parties before the Distribution Closing Date.

“IT Assets” means computers, Software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, and all other information technology equipment, and all associated documentation.

“Leased Satellites” means the Nimiq 5 and QuetzSat-1 satellites, as listed on Annex A.

“Leased Sites” means the leased real property primarily related to the BSS Business listed on Schedule 11.1(a) (and any rights associated therewith), including any fixtures attached to such real property and all structures, facilities and improvements located thereon, or attached or appurtenant thereto with respect to which EchoStar or any of its Subsidiaries has a leasehold interest.

“Legal Proceeding” means any judicial, administrative or arbitral action, suit, proceeding (public or private) or investigation by or before a Governmental Authority.

“Liability” means, with respect to any Person, any and all losses, claims, charges, debts, demands, actions, causes of action, suits, damages, obligations, payments, costs and expenses, sums of money, accounts, reckonings, bonds, specialties, indemnities and similar obligations, exoneration covenants, Contracts, controversies, doings, omissions, variances, guarantees, make whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, joint or several, whenever arising, and including those arising under any Applicable Law, Action, threatened or contemplated Action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys’ fees and any and all costs and expenses, whatsoever reasonably incurred in investigating, preparing or defending against any such Actions or threatened or contemplated Actions) or order of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any Contract, in each case, whether or not recorded or reflected or otherwise disclosed or required to be recorded or reflected or otherwise disclosed, on the books and records or financial statements of any Person.

“Lien” means any mortgage, pledge, hypothecation, security interest, lien, license, covenant not to sue, charge, option, assignment or encumbrance of any kind or any arrangement to provide priority or preference, including any easement, right-of-way, restriction (whether on voting, sale, transfer, disposition, use or otherwise), right, lease and other encumbrance on title to real or

personal property (whether or not of record), whether voluntary or imposed by Applicable Law, and any agreement to give any of the foregoing.

“Malicious Code” means any “back door,” “drop dead device,” “time bomb,” “Trojan horse,” “virus,” “worm,” “spyware” (as such terms are commonly understood in the software industry) or any other code designed to have any of the following functions: (i) disrupting, disabling or harming the operation of, or providing unauthorized access to, a computer system or network or other device on which such code is stored or installed or (ii) compromising the privacy or data security of a user or damaging or destroying any data or file, in each case, without authorization and without the applicable user’s consent; provided, that “Malicious Code” excludes code that enables or provides security, support and maintenance functionality.

“Material Adverse Effect” means any fact, event, change, occurrence, condition or effect that (a) is materially adverse to the business, financial condition, assets, properties or results of operations of (x) with respect to the EchoStar Parties, (1) EchoStar and its Subsidiaries taken as a whole or (2) the BSS Business taken as a whole and (y) with respect to DISH, DISH and its Subsidiaries taken as a whole or (b) would prevent, materially delay or materially impair the consummation of, with respect to the EchoStar Parties, the Pre-Closing Restructuring, the Distribution, the Merger or any other transactions contemplated hereby and, with respect to DISH, the Merger or the issuance of DISH Shares, except, in the case of clause (a), any such event, change, occurrence, condition or effect to the extent resulting from, arising out of or relating to:

(i) general changes or developments in any of the industries in which EchoStar and its Subsidiaries or DISH and its Subsidiaries, as applicable, operate;

(ii) changes in global, national or regional political conditions (including the outbreak or escalation of war (whether or not declared) or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial markets;

(iii) any failure by EchoStar or by DISH, as applicable, to meet any published analyst estimates or expectations of its overall or segment or other subgroup revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by EchoStar or by DISH, as applicable, to meet its overall or segment or other subgroup internal or published projections, budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, for any period ending on or after the date of this Agreement, in and of itself (provided, that the facts or occurrences giving rise to or contributing to such failure that are not otherwise excluded from the definition of “Material Adverse Effect” shall not be excluded in determining whether there has been a Material Adverse Effect);

(iv) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates;

(v) any decline in the market price or trading volume of the EchoStar Common Stock or the DISH Common Stock, as applicable (provided, that the facts or occurrences giving rise to or contributing to such decline that are not otherwise excluded from the definition of “Material Adverse Effect” shall not be excluded in determining whether there has been a Material Adverse Effect);

(vi) any change or announcement of a potential change in the credit rating of EchoStar or any of its Subsidiaries or of DISH or any of its Subsidiaries (provided, that the facts or occurrences giving rise to or contributing to such change or potential change that are not otherwise excluded from the definition of “Material Adverse Effect” shall not be excluded in determining whether there has been a Material Adverse Effect);

(vii) any action expressly required or expressly permitted by this Agreement or any other Transaction Document (other than the Pre-Closing Restructuring or the obligations set forth in Section 6.2(a) (*Conduct of the Business Pending Closing*));

(viii) any changes in Applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof;

(ix) the announcement, pendency or completion of the transactions contemplated by this Agreement, any other Transaction Document or in connection with the Pre-Closing Restructuring, including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with the BSS Business or the EchoStar Group (provided, that the exception in this clause (ix) shall not apply to Section 5.1(d) (*Non-Contravention*), Section 5.1(e) (*Consents*) or Section 5.1(l) (*Material Contracts*)) or with DISH and its Subsidiaries (provided, that the exception in this clause (ix) shall not apply to Section 5.2(d) (*Non-Contravention*) or Section 5.2(e) (*Consents*)); or

(x) any natural or man-made disaster or acts of God;

provided, further, however that, with respect to clauses (i), (ii), (iv), (viii) and (x) such change, event, circumstance or development does not disproportionately adversely affect EchoStar and its Subsidiaries or DISH and its Subsidiaries, as applicable, compared to other companies operating in the industries in which EchoStar and its Subsidiaries or DISH and its Subsidiaries, as applicable, operate.

“Material Contract” means any BSS Business Contract:

(i) that is with any Governmental Authority;

(ii) involving future payments, performance or services or delivery of goods or materials to or by EchoStar or any of its Subsidiaries of any amount or value reasonably expected to exceed \$1,500,000 in any future twelve (12) month period;

(iii) for the sale of any Assets other than that would not (1) constitute Transferred Assets or (2) purport to bind or give rise to any obligations of DISH or any of its Affiliates (including Newco) after the Closing Date;

(iv) relating to any acquisition to be made by EchoStar or any of its Subsidiaries of any operating business or the capital stock of any other Person;

(v) relating to (A) the incurrence of any material Indebtedness or (B) the making of any material loans by any member of the EchoStar Group;

(vi) providing for severance, retention, change in control or other similar payments by any of EchoStar or any of its Subsidiaries;

(vii) relating to the engagement, retention or employment of any Person as a consultant, contractor or in a similar role and providing for annual or annualized payments in excess of \$250,000;

(viii) that purport to bind DISH or any of its Affiliates (other than Newco) after the Closing Date or that would give rise to any rights or obligations of Newco or any third party by virtue of the identity of DISH or any of its Affiliates as the acquiror of Newco;

(ix) relating to any lease of real or personal property involving future payments to or by EchoStar or any of its Subsidiaries of any amount or value reasonably expected to exceed \$500,000 in any future twelve (12) month period;

(x) (A) granting to EchoStar or any of its Subsidiaries a license, covenant not to sue or other right under any Intellectual Property (excluding Contracts for commercial off-the-shelf computer software that are both (i) generally available on non-discriminatory pricing terms which have an aggregate acquisition cost of \$25,000 or less and (ii) not material to the operation, tracking, control and/or use of satellites, and/or the processing of telemetry data) or (B) granting to any third party a license, covenant not to sue or other right under any Separated IP Assets;

(xi) evidencing any agreement for indemnification (other than standard form indemnification provisions);

(xii) evidencing any partnership, operating, joint venture, profit sharing, collaboration or other similar contract or arrangement;

(xiii) containing non-competition or exclusivity covenants, or any other covenants limiting the freedom of EchoStar or any of its Subsidiaries to compete in any line of business or in any geographic area, or to provide any product or service, or that otherwise restricts EchoStar's or any of its Subsidiaries' (or, after the Closing, DISH's or its Affiliates') ability to compete, to solicit, hire or solicit business from any Person, and any Contract that could require the disposition of any material assets or line of business (or, after the Closing, DISH or its Affiliates);

(xiv) containing a put, call, right of first refusal, right of first offer or comparable right pursuant to which EchoStar or any of its Subsidiaries could be required to purchase or sell, as applicable, any equity interests in or assets (in the case of assets, having a purchase price in excess of \$500,000) of any Person, or a standstill or comparable agreement pursuant to which a Person has agreed not to acquire assets or securities of another Person;

(xv) containing a “most favored nation” provision or a limitation on price increases or granting any third party the exclusive right to develop, market, sell or distribute any of EchoStar’s or any of its Subsidiaries products or services or to provide any products or services to EchoStar or any of its Subsidiaries, in each case only to the extent that any of the foregoing relate primarily to the ownership, operation or conduct of the BSS Business; or

(xvi) evidencing any agreement for settlement pursuant to which Newco is, or after the Pre-Closing Restructuring would be, obligated to (A) pay any amounts after the date of this Agreement, (B) provide any injunctive relief, (C) take any action or refrain from taking any action after the date of this Agreement or (D) admit liability, fault or negligence.

“OFAC” means the United States Department of Treasury’s Office of Foreign Assets Control.

“Open Source License” means any license identified as an open source license by the Open Source Initiative (www.opensource.org/) that conditions the distribution of certain Software on (i) the disclosure, licensing or distribution of any source code for any portion of such Software, or (ii) the granting to licensees of the right to make derivative works or other modifications to such Software, (iii) the licensing under terms that allow the Software or portions thereof or interfaces therefor to be reverse engineered, reverse assembled or disassembled (other than by operation of law), or (iv) redistribution of such Software at no license fee.

“Order” means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award (in each case, whether temporary, preliminary or permanent) of a Governmental Authority.

“Ordinary Course of Business” means the ordinary and usual course of normal day-to-day operations consistent with past practice.

“Owned Sites” means the owned real property primarily related to the BSS Business listed on Schedule 11.1(a), including any fixtures attached to such real property and all structures, facilities and improvements located thereon, or attached or appurtenant thereto.

“Permits” means any franchise, license (including radio and similar licenses), authorization, consent, permit, certificate, waiver, approval, qualification or registration of, with or from any Governmental Authority, including the FCC, and including all authorizations required to construct, launch and operate the BSS Satellites.

“Permitted Liens” means (i) Liens for Taxes that are not yet due and payable, and Liens for current Taxes that are being contested in good faith by appropriate proceedings, (ii) non-exclusive licenses of Intellectual Property granted prior to the Closing and in the Ordinary Course of Business, including as set forth in the Material Contracts, (iii) Liens of landlords, lessors, carriers, warehousemen, employees, mechanics and materialmen and other like Liens arising in the Ordinary Course of Business of EchoStar and its Subsidiaries (or Liens against any landlord’s or lessor’s interest in any Leased Site that do not affect the operations of the BSS Business), (iv) any conditions that may be shown by a current, accurate survey or physical inspection of any real property made prior to the Closing, (v) easements, rights of way, restrictive covenants, encroachments, zoning, building code or planning ordinances or regulations, and other similar encumbrances affecting real property, (vi) other imperfections of title or Liens that, in the case of clauses (ii) through (vi), individually or in the aggregate, do not, and would not reasonably be expected to, materially detract from the value or use of any of the properties or Assets of EchoStar and its Subsidiaries and (vii) Liens set forth on Schedule 11.1(b).

“Person” means any natural person, corporation, general partnership, limited partnership, limited liability company, joint venture, trust, proprietorship, Governmental Authority or other entity, association or organization of any nature, however and wherever organized or constituted (whether or not having a separate legal personality).

“Personally Identifiable Information” means any information that alone or in combination with other information held by EchoStar or any of its Subsidiaries can be used to specifically identify an individual person and any individually identifiable health information.

“Registered” means issued by, registered with or the subject of a pending application before any Governmental Authority or Internet domain name registrar.

“Satellite Material Adverse Effect” means any event, change, occurrence, condition or effect that would be reasonably likely to have a material adverse effect on the value of any BSS Satellite (other than EchoStar VII or EchoStar XII).

“SEC” means the United States Securities and Exchange Commission, or any successor agency of the federal government.

“Securities Act” means the United States Securities Act of 1933, or any successor federal statute, and the rules and regulations promulgated thereunder, all as amended, and as the same may be in effect from time to time.

“Software” means any and all (i) computer applications, programs and other software, including any and all operating software, network software, firmware, software implementations of algorithms, middleware, design software, models and methodologies, whether in source code or object code, systems and networks; (ii) Internet sites, databases and compilations, including any and all data and collections of data, whether machine readable or otherwise; (iii) screens, user interfaces, command structures, report formats, templates, menus, buttons and icons; (iv) descriptions, flow-charts, architectures, design tools, development tools, and other

materials used to design, plan, organize and develop any of the foregoing; and (v) all documentation and media relating thereto.

“Subsidiary” means, with respect to any Person, any other Person more than fifty percent (50%) of the shares of the voting stock or other voting interests of which are owned or controlled, or the ability to select or elect more than fifty percent (50%) of the directors or similar managers is held, directly or indirectly, by such first Person or one or more of its Subsidiaries or by such first Person and one or more of its Subsidiaries.

“Tax” or “Taxes” shall have the meaning ascribed to it in the Tax Matters Agreement.

“Tax Matters Agreement” means the Tax Matters Agreement substantially in the form attached hereto as Exhibit C.

“Technology” means, collectively, all Software, information, designs, formulae, algorithms, procedures, methods, techniques, technical data, specifications, processes, apparatuses, improvements, and other similar materials, and all recordings, graphs, drawings, reports, analyses, and other writings, and other tangible embodiments of the foregoing, in any form whether or not specifically listed herein.

“Third Party Payables” means any and all amounts payable in respect of the BSS Business to third parties and processed for payment through the EchoStar payables system (excluding all accrued and unbilled amounts), excluding those amounts owed by DISH or any of its Subsidiaries.

“Third Party Receivables” means any and all amounts owed by third parties and payable to EchoStar or any of its Subsidiaries in respect of the BSS Business, excluding those amounts owed by DISH or any of its Subsidiaries.

“Ticking Fee” means an amount to be agreed by DISH and EchoStar prior to July 1, 2019 representing the estimated periodic net cash flow of the BSS Business from and after July 1, 2019.

“Ticking Fee Receivable” means the aggregate Ticking Fee accrued during the period beginning on July 1, 2019 and ending on the Distribution Closing Date.

“Transaction Documents” means the following documents:

- (i) this Agreement;
- (ii) the Intellectual Property and Technology License Agreement;
- (iii) the Employee Matters Agreement;
- (iv) the Tax Matters Agreement;

(v) the Amended Professional Services Agreement, if amended pursuant to this Agreement;

(vi) the TT&C Agreement(s), substantially in a form to be agreed upon by the Parties before the Distribution Closing Date; and

(vii) the Transition Services Agreement(s), substantially in a form to be agreed upon by the Parties before the Distribution Closing Date, if any.

“Transferred Employees” shall have the meaning ascribed to it in the Employee Matters Agreement.

“Transferred Sites” means the Leased Sites and the Owned Sites.

Section 11.2 Terms Defined Elsewhere in this Agreement. For purposes of this Agreement, the following terms have meanings set forth in the sections indicated:

<u>Term</u>	<u>Section</u>
AAA	Section 10.11(c)(i)
Agent	Section 1.9(b)(i)
Aggregate Merger Consideration	Section 4.1(a)
Agreement	Preamble
Amended Professional Services Agreement	Section 6.8(c)
Anti-Corruption Laws	Section 5.1(i)(iii)
Applicable Date	Section 5.1(g)(i)
Assumed Liabilities	Section 1.5(a)
Book Entry DISH Shares	Section 4.2(a)
Book Entry Newco Shares	Section 4.1(a)
By-laws	Section 3.2
Certificate	Section 4.1(a)
Certificate of Merger	Section 2.3
Charter	Section 3.1
Closing	Section 2.1
Closing Date	Section 2.1
Confidential Information	Section 6.9(b)
Confidentiality Agreement	Section 6.9(a)
DGCL	Section 2.2
DISH	Preamble
DISH Common Stock	Recitals
DISH Disclosure Letter	Section 5.2
DISH Indemnified Persons	Section 8.1
DISH Reports	Section 5.2(g)
DISH Shares	Recitals

<u>Term</u>	<u>Section</u>
Dispute	Section 10.11(b)(i)
Dispute Notice	Section 10.11(b)(i)
Distribution	Section 1.9(b)(ii)
EchoStar	Preamble
EchoStar Common Stock	Section 1.9(b)(ii)
EchoStar Credit Support Obligations	Section 6.18
EchoStar Disclosure Letter	Section 5.1
EchoStar Indemnified Persons	Section 8.2
EchoStar Related Party	Section 5.1(r)
EchoStar Reports	Section 5.1(g)(i)
Effective Time	Section 2.3
Exchange Fund	Section 4.2(a)
Exchange Ratio	Section 4.1(a)
Excluded Liabilities	Section 1.5(b)
Excluded Shares	Section 4.1(a)
Indemnified Party	Section 8.4
Indemnifying Party	Section 8.4
Joint Information Statement/Prospectus	Section 6.5(a)
Leased Satellite Consents	Section 5.1(e)
Losses	Section 8.1
Merger	Recitals
Merger Sub	Preamble
Merger Sub Common Stock	Section 4.1(c)
Merger Sub Shares	Section 4.1(c)
NASDAQ	Section 4.2(d)
Newco	Preamble
Newco Common Stock	Recitals
Newco Shares	Recitals
Notice Period	Section 8.4
Party, Parties	Preamble
Patents	Section 11.1 (in Intellectual Property definition)
Per Share Merger Consideration	Section 4.1(a)
Pre-Closing Restructuring	Section 1.3
Record Holders	Section 1.9(b)(ii)
Relevant EchoStar Subsidiaries	Section 5.1(a)
Representative	Section 6.1(a)
Required Governmental Applications	Section 6.4(c)
Required Governmental Notices	Section 6.4(c)
Requisite Stockholder Approval	Section 5.1(b)
Response	Section 10.11(b)(i)
Retained Assets	Section 1.4(b)

<u>Term</u>	<u>Section</u>
S-4 Registration Statement	Section 6.5(a)
Sanctions	Section 5.1(i)(iv)
Senior Party Representatives	Section 10.11(b)(i)
Separated IP Assets	Section 5.1(k)(ii)
Separated IT Assets	Section 5.1(k)(vii)
Separated Registered IP Assets	Section 5.1(k)(i)
Surviving Corporation	Section 2.2
Takeover Statute	Section 5.1(t)
Termination Date	Section 9.1(b)
Third Party Claim	Section 8.1
Trade Secrets	Section 11.1 (in Intellectual Property definition)
Transferred Assets	Section 1.4(a)
Transferred Real Property Leases	Section 5.1(q)(i)
Transition Services Agreement(s)	Section 6.8(c)
TT&C Agreement(s)	Section 6.8(c)

Section 11.3 Other Definitional and Interpretive Matters. For all purposes of this Agreement, except as otherwise expressly provided:

- (a) Words importing the singular number or plural number include the plural number and singular number respectively;
- (b) Words importing the masculine gender include the feminine and neuter genders and vice versa;
- (c) All references to a given agreement, instrument or other document are references to that agreement, instrument or other document as modified, amended, supplemented and restated from time to time (but only if such modification, amendment, supplement or restatement is permitted pursuant hereto or pursuant to such agreement, instrument or other document);
- (d) Any reference to a statute includes, and is deemed to be, a reference to such statute and to the rules, regulations, ordinances, interpretations, policies and guidance made pursuant thereto, and all amendments made to such statute and other such implementing provisions and enforced from time to time, and to any statute or other implementing provisions subsequently passed or adopted having the effect of supplementing or replacing such statute or such other implementing provisions;
- (e) References herein to “primarily” shall include “primarily” as well as any other standard that reflects a majority or more of the matter addressed, including “exclusively” or any similar term.
- (f) References herein to “include,” “includes” and “including” will be deemed to be followed by the phrase “without limitation;”

- (g) References herein to “\$,” “USD” or “dollars” means lawful currency of the United States of America;
- (h) Reference in this Agreement to “herein,” “hereby,” “hereof” or “hereunder,” or any similar formulation, will be deemed to refer to this Agreement;
- (i) Unless otherwise indicated, all references to time of day refer to Eastern Standard Time or Eastern Daylight Savings Time, as in effect in New York, New York on such day. For purposes of the computation of a period of time under this Agreement, (i) the word “from” means “from and including” and the words “to” and “until” each means “to but excluding” and (ii)(A) the day of the act, event or default from which the designated period of time begins to run will be included, unless such period of time is denominated in Business Days and the day of the act, event or default is not a Business Day, in which event the period will begin on the next day that is a Business Day, and (B) the last day of the period so computed will not be included;
- (j) Subject to any applicable restrictions on assignment or other transfer in a Transaction Document, any references to a Person in such Transaction Document shall be deemed to be references to such Person’s successors, permitted transferees and permitted assigns from and after the effective date of the relevant succession, transfer or assignment;
- (k) The use of the term “shall,” “will” or “must” indicates a mandatory action and the use of the term “may” indicates a permissive action;
- (l) In the event of any conflict between the general terms and conditions of this Agreement and the specific terms and conditions which have been mutually agreed to by the parties in a Transaction Document, the terms and conditions contained in the Transaction Document shall prevail; and
- (m) The Parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

[Signature pages follow]

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

DISH NETWORK CORPORATION

By: /s/ W. ERIK CARLSON

Name: W. Erik Carlson

Title: *President and Chief Executive Officer*

BSS MERGER SUB INC.

By: /s/ TIMOTHY A. MESSNER

Name: Timothy A. Messner

Title: *Executive Vice President and General Counsel*

[Signature Page to Master Transaction Agreement]

JOINDER AGREEMENT

EHOSTAR BSS CORPORATION
100 Inverness Terrace East
Englewood, Colorado 80112

EHOSTAR FSS L.L.C.
100 Inverness Terrace East
Englewood, Colorado 80112

June 12, 2019

Wells Fargo Bank, National Association
150 E. 42nd Street, 40th Floor
New York, New York 10017
Attention: Corporate Trust Services

Ladies and Gentlemen:

Reference is made to the Security Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement"; capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of June 8, 2011, made by EH HOLDING CORPORATION, a Colorado corporation (the "Issuer"), and Wells Fargo Bank, National Association, as collateral agent (in such capacity and together with any successors in such capacity, the "Collateral Agent").

This Joinder Agreement supplements the Security Agreement and is delivered by the undersigned, EchoStar BSS Corporation and EchoStar FSS L.L.C., (each, a "New Pledgor" and collectively, the "New Pledgors"), pursuant to Section 3.6 of the Security Agreement. Each New Pledgor hereby agrees to be bound as a Pledgor party to the Security Agreement by all of the terms, covenants and conditions set forth in the Security Agreement to the same extent that it would have been bound if it had been a signatory to the Security Agreement on the date of the Security Agreement. Each New Pledgor also hereby agrees to be bound as a party by all of the terms, covenants and conditions applicable to it set forth in the Security Agreement to the same extent that it would have been bound if it had been a signatory to the Security Agreement on the execution date of the Security Agreement. Without limiting the generality of the foregoing, each New Pledgor hereby grants and pledges to the Collateral Agent, as collateral security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, a Lien on and security interest in, all of its right, title and interest in, to and under the Collateral and expressly assumes all obligations and liabilities of a Pledgor thereunder. Each New Pledgor hereby makes each of the representations and warranties and agrees to each of the covenants applicable to the Pledgors contained in the Security Agreement.

This Joinder Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate

counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

THIS JOINDER AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

[Signature Pages Follow]

IN WITNESS WHEREOF, each New Pledgor has caused this Joinder Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

ECHOSTAR BSS CORPORATION

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: President, Secretary and Treasurer

ECHOSTAR FSS L.L.C.

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Executive Vice President,
General Counsel and Secretary

[Signature Page to Joinder Agreement]

AGREED TO AND ACCEPTED:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Collateral Agent

By: /s/ Alexander Pabon

Name: Alexander Pabon

Title: Assistant Vice President

[Signature Page to Joinder Agreement]

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE (this “Third Supplemental Indenture”), entered into as of June 12, 2019, by and among Hughes Satellite Systems Corporation (formerly known as EH Holding Corporation), a Colorado corporation (the “Company”), the guarantors listed on the signature pages to the Secured Indenture (the “Guarantors”), EchoStar BSS Corporation, a Delaware corporation (“BSS”), EchoStar FSS L.L.C., a Delaware limited liability company (“FSS”, and together with BSS, the “Supplemental Guarantors” and each, a “Supplemental Guarantor”), U.S. Bank National Association, as trustee (the “Trustee”) and Wells Fargo Bank, National Association, as collateral agent (the “Collateral Agent”). Capitalized terms used herein and not otherwise defined herein are used as defined in the Secured Indenture referred to below.

RECITALS

WHEREAS, the Company, the guarantors listed on the signature pages thereto, the Trustee and the Collateral Agent entered into that certain Secured Indenture, dated as of July 27, 2016, relating to the 5¼% Senior Secured Notes due 2026 of the Company in original principal amount of \$750,000,000 (the “Secured Notes”), as supplemented by a Supplemental Indenture, dated as of March 22, 2017 and a Second Supplemental Indenture, dated as of August 10, 2017, each by and among the Company, the guarantors listed on the signature pages thereto, the Trustee and the Collateral Agent (as so supplemented, the “Secured Indenture”);

WHEREAS, the Company has formed new Wholly Owned Subsidiaries, each a Supplemental Guarantor;

WHEREAS, on the date hereof, the Acquisition has been consummated and each of the Supplemental Guarantors is a Restricted Subsidiary of the Company; and

WHEREAS, pursuant to Section 4.13 of the Secured Indenture, each Supplemental Guarantor is required to become a Guarantor under the Secured Indenture; and

AGREEMENT

NOW, THEREFORE, the parties to this Supplemental Indenture hereby agree as follows:

Section 1. Each Supplemental Guarantor shall be a Guarantor under the Secured Indenture and be bound by the terms thereof applicable to Guarantors and shall deliver an executed Guarantee pursuant to Section 11.02.

Section 2. This Supplemental Indenture is an amendment supplemental to the Secured Indenture, and the Secured Indenture and this Supplemental Indenture will henceforth be read together.

Section 3. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 4. This Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument.

The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

[Signature pages follow]

HUGHES SATELLITE SYSTEMS CORPORATION

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Executive Vice President, General Counsel & Secretary

EHOSTAR 77 CORPORATION
EHOSTAR SATELLITE SERVICES L.L.C.
EHOSTAR ORBITAL L.L.C.
EHOSTAR GOVERNMENT SERVICES L.L.C.
EHOSTAR SATELLITE OPERATING CORPORATION,
HUGHES COMMUNICATIONS, INC.,
HUGHES NETWORK SYSTEMS, LLC,
HUGHES NETWORK SYSTEMS INTERNATIONAL SERVICE
COMPANY,
HNS-INDIA VSAT, INC.,
HNS REAL ESTATE, LLC,
HNS LICENSE SUB, LLC,
EHOSTAR XI HOLDING L.L.C.,
EHOSTAR XIV HOLDING L.L.C.,
as Guarantors

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Executive Vice President, General Counsel & Secretary

CHEYENNE DATA CENTER L.L.C., as a Guarantor

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Secretary

HNS AMERICAS, L.L.C., as a Guarantor

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Vice President, General Counsel & Secretary

HNS AMERICAS II, L.L.C., as a Guarantor

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Vice President, General Counsel & Secretary

EHOSTAR BSS CORPORATION,
as a Supplemental Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: President, Secretary and Treasurer

EHOSTAR FSS L.L.C.,
as a Supplemental Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel & Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Richard Prokosch

Name: Richard Prokosch

Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Collateral Agent

By: /s/ Alexander Pabon

Name: Alexander Pabon

Title: Assistant Vice President

[Signature Page to Supplemental Indenture - 2016 Secured Indenture]

THIRD SUPPLEMENTAL INDENTURE

THIS THIRD SUPPLEMENTAL INDENTURE (this "Third Supplemental Indenture"), entered into as of June 12, 2019, by and among Hughes Satellite Systems Corporation (formerly known as EH Holding Corporation), a Colorado corporation (the "Company"), the guarantors listed on the signature pages to the Unsecured Indenture (the "Guarantors"), EchoStar BSS Corporation, a Delaware corporation ("BSS"), EchoStar FSS L.L.C., a Delaware limited liability company ("FSS"), and together with BSS, the "Supplemental Guarantors" and each, a "Supplemental Guarantor") and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms used herein and not otherwise defined herein are used as defined in the Unsecured Indenture referred to below.

RECITALS

WHEREAS, the Company, the guarantors listed on the signature pages thereto and the Trustee entered into that certain Unsecured Indenture, dated as of July 27, 2016, relating to the 6 $\frac{5}{8}$ % Senior Unsecured Notes due 2026 of the Company in original principal amount of \$750,000,000 (the "Unsecured Notes") as supplemented by a Supplemental Indenture, dated as of March 22, 2017 and a Second Supplemental Indenture, dated as of August 10, 2017, each by and among the Company, the guarantors listed on the signature pages thereto and the Trustee (as so supplemented, the "Unsecured Indenture");

WHEREAS, the Company has formed new Wholly Owned Subsidiaries, each a Supplemental Guarantor;

WHEREAS, on the date hereof, the Acquisition has been consummated and each of the Supplemental Guarantors is a Restricted Subsidiary of the Company; and

WHEREAS, pursuant to Section 4.13 of the Unsecured Indenture, each Supplemental Guarantor is required to become a Guarantor under the Unsecured Indenture; and

AGREEMENT

NOW, THEREFORE, the parties to this Supplemental Indenture hereby agree as follows:

Section 1. Each Supplemental Guarantor shall be a Guarantor under the Unsecured Indenture and be bound by the terms thereof applicable to Guarantors and shall deliver an executed Guarantee pursuant to Section 10.02.

Section 2. This Supplemental Indenture is an amendment supplemental to the Unsecured Indenture, and the Unsecured Indenture and this Supplemental Indenture will henceforth be read together.

Section 3. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 4. This Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument.

The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

[Signature pages follow]

HUGHES SATELLITE SYSTEMS CORPORATION

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Executive Vice President, General Counsel & Secretary

EHOSTAR 77 CORPORATION
EHOSTAR SATELLITE SERVICES L.L.C.
EHOSTAR ORBITAL L.L.C.
EHOSTAR GOVERNMENT SERVICES L.L.C.
EHOSTAR SATELLITE OPERATING CORPORATION,
HUGHES COMMUNICATIONS, INC.,
HUGHES NETWORK SYSTEMS, LLC,
HUGHES NETWORK SYSTEMS INTERNATIONAL SERVICE
COMPANY,
HNS-INDIA VSAT, INC.,
HNS REAL ESTATE, LLC,
HNS LICENSE SUB, LLC,
EHOSTAR XI HOLDING L.L.C.,
EHOSTAR XIV HOLDING L.L.C.,
as Guarantors

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Executive Vice President, General Counsel & Secretary

CHEYENNE DATA CENTER L.L.C., as a Guarantor

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Secretary

HNS AMERICAS, L.L.C., as a Guarantor

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Vice President, General Counsel & Secretary

HNS AMERICAS II, L.L.C., as a Guarantor

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Vice President, General Counsel & Secretary

ECHOSTAR BSS CORPORATION,
as a Supplemental Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: President, Secretary and Treasurer

ECHOSTAR FSS L.L.C.,
as a Supplemental Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel &
Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Richard Prokosch

Name: Richard Prokosch

Title: Vice President

[Signature Page to Supplemental Indenture - 2016 Unsecured Indenture]

FIFTH SUPPLEMENTAL INDENTURE

THIS FIFTH SUPPLEMENTAL INDENTURE (this “Fifth Supplemental Indenture”), entered into as of June 12, 2019, by and among Hughes Satellite Systems Corporation (formerly known as EH Holding Corporation), a Colorado corporation (the “Company”), the guarantors listed on the signature pages to the Unsecured Indenture (the “Guarantors”), EchoStar BSS Corporation, a Delaware corporation (“BSS”), EchoStar FSS L.L.C., a Delaware limited liability company, (“FSS”, and together with BSS, the “Supplemental Guarantors” and each, a “Supplemental Guarantor”), and Wells Fargo Bank, National Association., as trustee (the “Trustee”). Capitalized terms used herein and not otherwise defined herein are used as defined in the Unsecured Indenture referred to below.

RECITALS

WHEREAS, the Company, the guarantors listed on the signature pages thereto and the Trustee entered into that certain Unsecured Indenture, dated as of June 1, 2011, relating to the 7⁵/₈% Senior Unsecured Notes due 2021 of the Company in original principal amount of \$900,000,000 (the “Unsecured Notes”), as supplemented by a Supplemental Indenture, dated as of June 8, 2011, the Second Supplemental Indenture, dated as of March 28, 2014, the Third Supplemental Indenture, dated as of March 23, 2017 and the Fourth Supplemental Indenture, dated August 10, 2017, each by and among the Company, the guarantors listed on the signature pages thereto and the Trustee (as so supplemented, the “Unsecured Indenture”);

WHEREAS, the Company has formed new Wholly Owned Subsidiaries, each a Supplemental Guarantor;

WHEREAS, on the date hereof, the Acquisition has been consummated and each of the Supplemental Guarantors is a Restricted Subsidiary of the Company; and

WHEREAS, pursuant to Section 4.13 of the Unsecured Indenture, each Supplemental Guarantor is required to become a Guarantor under the Unsecured Indenture; and

AGREEMENT

NOW, THEREFORE, the parties to this Supplemental Indenture hereby agree as follows:

Section 1. Each Supplemental Guarantor shall be a Guarantor under the Unsecured Indenture and be bound by the terms thereof applicable to Guarantors and each shall deliver an executed Guarantee pursuant to Section 10.02.

Section 2. This Supplemental Indenture is an amendment supplemental to the Unsecured Indenture, and the Unsecured Indenture and this Supplemental Indenture will henceforth be read together.

Section 3. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 4. This Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument.

The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

[Signature pages follow]

HUGHES SATELLITE SYSTEMS CORPORATION

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Executive Vice President, General Counsel & Secretary

EHOSTAR 77 CORPORATION
EHOSTAR SATELLITE SERVICES L.L.C.
EHOSTAR ORBITAL L.L.C.
EHOSTAR GOVERNMENT SERVICES L.L.C.
EHOSTAR SATELLITE OPERATING CORPORATION,
HUGHES COMMUNICATIONS, INC.,
HUGHES NETWORK SYSTEMS, LLC,
HUGHES NETWORK SYSTEMS INTERNATIONAL SERVICE
COMPANY,
HNS-INDIA VSAT, INC.,
HNS REAL ESTATE, LLC,
HNS LICENSE SUB, LLC,
EHOSTAR XI HOLDING L.L.C.,
EHOSTAR XIV HOLDING L.L.C.,
as Guarantors

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Executive Vice President, General Counsel & Secretary

CHEYENNE DATA CENTER L.L.C., as a Guarantor

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Secretary

HNS AMERICAS, L.L.C., as a Guarantor

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Vice President, General Counsel & Secretary

HNS AMERICAS II, L.L.C., as a Guarantor

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Vice President, General Counsel & Secretary

EHOSTAR BSS CORPORATION,
as a Supplemental Guarantor

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: President, Secretary and Treasurer

EHOSTAR FSS L.L.C.,
as a Supplemental Guarantor

By: /s/ Dean A. Manson

Name: Dean A. Manson

Title: Executive Vice President, General Counsel & Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: /s/ Alexander Pabon

Name: Alexander Pabon

Title: Assistant Vice President

[Signature Page to Supplemental Indenture – 2011 Unsecured Indenture]

ECHOSTAR CORPORATION

AMENDED AND RESTATED EXECUTIVE OFFICER BONUS INCENTIVE PLAN

Purpose

This EchoStar Corporation Amended and Restated Executive Officer Bonus Incentive Plan (“the Plan”) is intended to promote the success of EchoStar Corporation (together with its subsidiaries, the “Company”) by providing performance-oriented incentives to motivate the Company’s executive officers whose decisions and performance have significant impact on the success of the Company and reward them for superior managerial performance and successful growth of the Company.

Definitions

For purposes of this Plan:

“Award” means a cash bonus payable pursuant to the terms of this Plan.

“Committee” means the Executive Compensation Committee of the Board of Directors of the Company.

“Participants” means those executive officers of the Company or any of its subsidiaries who are subject to Section 16 of the Securities Exchange Act of 1934, as amended, as the Committee may determine and designate from time to time to be eligible for Awards under this Plan.

“Payout Target” shall mean a target Award amount denominated in dollars, established and determined by the Committee for each Participant for each Plan Year pursuant to this Plan.

“Performance Metric(s)” shall mean one or a combination of more than one of the operational, financial and/or strategic performance criteria set forth on Exhibit A to this Plan, in all cases as determined and established by the Committee for the Company and/or one or more of the Company’s business segments for each Participant and each Plan Year.

“Plan Year” means each then applicable fiscal year of the Company beginning with and including fiscal year 2016.

Participants

For each Plan Year, the Committee shall designate and determine the Participants eligible to receive Awards under this Plan for such Plan Year.

Performance Metrics

The Committee shall determine and establish the applicable Payout Target and Performance Metrics for determining and earning Awards under this Plan for each Participant for each Plan Year. The Payout Targets and Performance Metrics for each Plan Year shall be determined by the Committee and communicated to each Participant after the annual budgeting process for such Plan Year is complete. The Committee hereby authorizes the Company’s Chief Executive Officer in his sole discretion to adjust the Payout Target for any Participant (other than the Chief Executive Officer or the Chairman of the Company, if such persons are Participants) in any Plan Year by up to 20% (either up or down) from the Payout Target established and determined by the Committee; provided, however, this shall not otherwise affect or override the authority

of the Committee to determine Performance Metric(s), determine whether and to what extent each Performance Metric for each Plan Year has or has not been met and to make and determine actual Awards under this Plan.

For each Participant for each Plan Year, at least twenty-five percent (25%) of the Payout Target shall be based on achievement by the Company and/or one or more of the Company's business segment(s) or unit(s) of the applicable Company and/or business segment(s) or unit(s) Performance Metric(s) for such Plan Year, and the remaining amount, if any, shall be based on achievement by such Participant of the applicable individual Performance Metric(s) for such Plan Year, all as established and determined by the Committee. Performance Metrics for any Participant for any Plan Year may be adjusted at the discretion of the Committee from time to time.

The Committee shall determine whether and to what extent each Performance Metric for each Plan Year has or has not been met.

Payment of Awards

Awards under this Plan shall be determined by the Committee based on achievement of the applicable Performance Metrics using a sliding scale with different payout percentages based on different levels of achievement of the applicable Performance Metrics for each Participant and each Plan Year. Individual Awards may range between zero and such amount equal to or exceeding 100% of a Participant's Payout Target as determined by the Committee for each Participant for each Plan Year.

Payments of Awards under this Plan will be made 100% in cash in U.S. dollars less any applicable tax withholdings. It is the Company's intention to pay Awards under this Plan for each Plan Year as soon as reasonably practicable after filing of the Company's audited financial statements for the applicable Plan Year with the Securities and Exchange Commission.

Limitations

Notwithstanding any other provision of this Plan or the achievement of any Payout Target or Performance Metric(s), the payment of any Award under this Plan will be subject to (i) the Company's performance, liquidity, available cash and/or future cash needs as determined by the Committee; (ii) the discretion of the Committee regarding establishment, measurement, interpretation and/or achievement of Performance Metrics and Payout Targets; and (iii) approval by the Committee.

All determinations, designations, decisions or interpretations of or pursuant to this Plan shall be made by the Committee in its sole discretion and shall be binding on the Company and Participants.

Notwithstanding anything in this Plan to the contrary or otherwise, any Award paid or payable pursuant to this Plan to any Participant which is subject to recovery under any law, government regulation, order or stock exchange listing requirement, shall be subject to such deductions, clawback and/or recovery, including by means of repayment by the applicable Participant and/or withholding of future wages, as may be required to be made pursuant to law, government regulation, order, stock exchange listing requirement or any policy of the Company adopted pursuant to any such law, government regulation, order or stock exchange listing requirement.

Eligibility and Forfeiture of Awards

A Participant must be employed by the Company or its subsidiaries (i) for at least six months during the applicable Plan Year for each Award, and (ii) on the date the Award is paid under this Plan. Any Participant not meeting either of these criteria for any reason (e.g., separation of service for any reason) forfeits any and

all rights to any Awards earned or otherwise due under this Plan without further action and without payment of consideration therefor. Notwithstanding any other provision of this Plan, if a Participant dies or becomes disabled as determined under the Company's applicable long term disability plan, any Awards under this Plan for the Plan Year for such Participant that would have been payable had such Participant not died or become disabled shall not be subject to forfeiture and shall become payable on a prorated basis on the normal schedule to the Participant or Participants' beneficiaries.

No Employment Rights

Nothing contained in this Plan shall be construed as a contract of employment or compensation between the Company or any of its subsidiaries or affiliates and any Participant, as a right of any Participant to receive any Award under this Plan or to be continued in the employment of the Company or any of its subsidiaries or affiliates, or as a limitation of the right of the Company or any of its subsidiaries or affiliates to discharge, terminate, suspend or otherwise discipline any Participant or any of its other employees, with or without cause, reason or notice at any time.

In the event of any conflict between this Plan and the terms of any employment agreement between any Participant and the Company or any of its subsidiaries, the terms of such employment agreement shall govern.

Effective Date

The Committee approved and adopted the original Plan effective as of May 4, 2016 (the "Original Plan"), and the Committee approved this EchoStar Corporation Amended and Restated Executive Officer Bonus Incentive Plan effective as of April 30, 2019. This EchoStar Corporation Amended and Restated Executive Officer Bonus Incentive Plan replaces in its entirety the Original Plan.

EXHIBIT A
PERFORMANCE CRITERIA

Subscribers, subscriber service and subscriber satisfaction: customers; subscribers; total subscribers; gross subscriber additions; net subscriber additions; subscriber quality; churn subscribers; average subscriber life; ratings; retention; churn rate; viewership; or similar criteria.

Employees and employment activities: attrition; retention; satisfaction; ethics compliance; management effectiveness; workforce diversity; individual executive performance; or similar criteria.

Revenues, expenses and earnings: revenues; sales; net revenues; operating costs and expenses; overhead costs; costs of revenues; costs of sales; broadcast programming and other costs; subscriber service expenses; broadcast operations expense; selling, general and administrative expense; subscriber acquisition costs; upgrade and retention costs; general and administrative expenses; depreciation and amortization; operating profit; operating results; operating income; adjusted operating income; operating earnings; operating profit before depreciation and amortization; interest income; interest expense; other income and expense; other net income from continuing operations; earnings from continuing operations; income from continuing operations before income taxes and minority interests; income tax expense; minority interests in net earnings of subsidiaries; income from continuing operations before cumulative effect of accounting changes; income from discontinued operations; cumulative effect of accounting changes; net income; adjusted net income; basic or diluted earnings or loss per common share for income or loss from continuing operations before cumulative effect of accounting changes, for income or loss from discontinued operations (net of taxes), for cumulative effect of accounting changes (net of taxes), or for net income or loss; dividends paid; EBITDA; adjusted EBITDA; or similar criteria.

Financial metrics: cash; cash on hand; cash balance; cash equivalents; cash and cash equivalents; cash and short-term investments; cash flow; operating cash flows; adjusted operating cash flows; cash from operations; investing cash flows; financing cash flows; free cash flow; free cash flow before net cash paid for interest and taxes; cash flow before or after operating activities, investing activities, financing activities or discontinued operations; capital expenditures; cash paid for property, equipment, satellites and/or leased set top receivers; proceeds from dispositions of businesses, assets or other investments; average revenue per unit (ARPU); unit acquisition costs (SAC) per gross unit addition; average cost per unit (ACPU); average margin per unit (AMPU); pre-SAC margin; operating profit margin; operating margin; profit margin; net income margin; equipment margin, bad debt percentage; earnings per share; adjusted earnings per share; return on assets; adjusted return on assets; return on average assets; return in excess of cost of capital; return on equity; return on net assets; return on investment; return on net investment; return on average equity; adjusted return on equity; cash flow return on investment (discounted or otherwise); cash flow return on capital; cash flow in excess of cost of capital; cash flow return on tangible capital; contribution margin; debt to capital ratio; debt to equity ratio; net present value; internal rate of return; profit in excess of cost of capital; return on capital; return on net or average assets, equity or capital; return on shareholders' equity; return on invested capital; return on investors' capital; return on operating revenue; return on total capital; risk-adjusted return on capital; total equity ratio; total shareholder return; cost of goods sold; accounts receivable; unit sales; or similar criteria.

Stock price: share price; share price growth or appreciation; share price growth or appreciation in comparison with industry or market indices; shareholder value; shareholder value growth or appreciation; total market capitalization; total market capitalization growth or appreciation; total market value; total market value growth or appreciation; or similar criteria.

Other performance measures: acquisitions or divestitures of subsidiaries, affiliates and joint ventures; control of expenses; corporate values; economic value added (EVA); environment; facilities utilization; implementation or completion of critical projects; installations; market expansion; market penetration; market share; number of channels broadcast in standard and/or high definition on a national and/or local basis; network upgrades; operating performance; penetration rates; installation and service work order completion; closed, rescheduled or similar performance or productivity rates; number of service calls; availability rates; hardware recovery; hardware refurbishment or redeployment; hardware performance; average subscriber service phone call times; number of subscriber service phone calls received; service level; performance relative to budget, forecast or market expectations; performance standards relevant to our business, product or service; regulatory compliance; safety; shareholder value added; strategic business criteria based on meeting specified product development, strategic partnering, research and development, market penetration or geographic business expansion goals; value added; website visits; website advertising; intellectual property (e.g., patents); satellite utilization; licensing objectives; satellite readiness; satellite launch; operational readiness; uplink time; other business segment measures or activities; or similar criteria.

EchoStar Announces Financial Results for Three and Six Months Ended June 30, 2019

Englewood, CO, August 8, 2019—EchoStar Corporation (NASDAQ: SATS) today announced its financial results for the three and six months ended June 30, 2019.

Three Months Ended June 30, 2019 Financial Highlights:

- Consolidated revenues of \$537 million.
- Consolidated net loss of \$5 million, consolidated net loss attributable to EchoStar common stock of \$6 million, and diluted loss per share of \$0.06.
- Consolidated Adjusted EBITDA of \$199 million (see discussion and the reconciliation of GAAP to this non-GAAP measure below).

Six Months Ended June 30, 2019 Financial Highlights:

- Consolidated revenues of \$1,068 million.
- Consolidated net income of \$10 million, consolidated net income attributable to EchoStar common stock of \$9 million, and diluted earnings per share of \$0.09.
- Consolidated Adjusted EBITDA of \$404 million (see discussion and the reconciliation of GAAP to this non-GAAP measure below).

Additional Highlights:

- Approximately 1,415,000 total Hughes broadband subscribers as of June 30, 2019 including approximately 169,000 subscribers in Central and South America.
- Cash, cash equivalents and current marketable investment securities of \$2.5 billion as of June 30, 2019.

Set forth below is a table highlighting certain of EchoStar's segment results for the three and six months ended June 30, 2019 and 2018 (amounts in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Revenue				
Hughes	\$ 451,847	\$ 426,306	\$ 897,184	\$ 827,124
EchoStar Satellite Services	80,961	95,425	162,220	192,178
Corporate & Other	4,316	4,226	8,802	8,447
Total	\$ 537,124	\$ 525,957	\$ 1,068,206	\$ 1,027,749
Adjusted EBITDA				
Hughes	\$ 156,298	\$ 151,628	\$ 318,161	\$ 288,737
EchoStar Satellite Services	68,174	82,483	136,891	166,633
Corporate & Other:				
Corporate overhead, operating and other	(22,336)	(21,266)	(42,968)	(39,137)
Equity in earnings (losses) of unconsolidated affiliates, net	(2,898)	(2,058)	(7,725)	(3,067)
Sub-total	(25,234)	(23,324)	(50,693)	(42,204)
Total	\$ 199,238	\$ 210,787	\$ 404,359	\$ 413,166
Net income (loss)	\$ (5,060)	\$ 77,684	\$ 9,948	\$ 56,513
Expenditures for property and equipment	\$ 107,478	\$ 119,592	\$ 219,440	\$ 170,574

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

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ (5,060)	\$ 77,684	\$ 9,948	\$ 56,513
Interest income and expense, net	36,950	42,281	72,403	89,397
Income tax provision, net	922	17,802	9,102	12,399
Depreciation and amortization	155,410	148,449	309,631	294,003
Net income attributable to noncontrolling interests	(632)	(462)	(1,438)	(842)
EBITDA	187,590	285,754	399,646	451,470
(Gains) losses on investments, net	(12,856)	(65,396)	(19,791)	(28,733)
Litigation expense	24,504	—	24,504	—
Vendor settlement	—	(9,571)	—	(9,571)
Adjusted EBITDA	\$ 199,238	\$ 210,787	\$ 404,359	\$ 413,166

Note on Use of Non-GAAP Financial Measures

Adjusted EBITDA is defined as “Net income (loss)” excluding “Interest income and expense, net,” “Income tax provision (benefit), net,” “Depreciation and amortization,” “Net income (loss) attributable to noncontrolling interests,” “Gains and losses on investments, net,” and other non-recurring or non-operational items. Adjusted EBITDA is not a measure determined in accordance with US GAAP. Adjusted EBITDA is reconciled to “Net income (loss)” in the table above and should not be considered in isolation or as a substitute for operating income, net income or any other measure determined in accordance with US GAAP. Our management uses this non-GAAP measure as a measure of our operating efficiency and overall financial performance for benchmarking against our peers and competitors. Management believes that this non-GAAP measure provides meaningful supplemental information regarding the underlying operating performance of our business and is appropriate to enhance an overall understanding of our financial performance. Management also believes that Adjusted 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.

The consolidated financial statements of EchoStar for the periods ended June 30, 2019 and 2018 are attached to this press release. Detailed financial data and other information are available in EchoStar’s Quarterly Report on Form 10-Q for the period ended June 30, 2019 filed today with the Securities and Exchange Commission.

EchoStar will host its earnings conference call on Thursday, August 8, 2019 at 11:00 a.m. Eastern Time. The call-in numbers are (877) 815-1625 (toll-free) and (716) 247-5178 (international), Conference ID 6673307.

About EchoStar Corporation

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

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

This press release may contain statements that are forward looking, as that term is defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management’s beliefs, as well as assumptions made by, and information currently available to, management. When used in this release, the words “believe,” “anticipate,” “estimate,” “expect,” “intend,” “project,” “plans,” and similar expressions and the use of future dates are intended to identify forward-looking statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. We assume no responsibility for the accuracy of forward-looking statements or information or for updating forward-looking information or statements. These statements are subject to certain risks, uncertainties, and assumptions. See “Risk Factors” in EchoStar’s Annual Report on Form 10-K for the period ended December 31, 2018 and Quarterly Report on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission and in the other documents EchoStar files with the Securities and Exchange Commission from time to time.

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

Assets	As of	
	June 30, 2019	December 31, 2018
	(Unaudited)	(Audited)
Current assets:		
Cash and cash equivalents	\$ 1,298,005	\$ 928,306
Marketable investment securities, at fair value	1,203,308	2,282,152
Trade accounts receivable and contract assets, net (Note 3)	201,561	201,096
Trade accounts receivable - DISH Network	13,943	14,200
Inventory	73,345	75,379
Prepays and deposits	65,589	61,177
Other current assets	19,857	18,539
Total current assets	2,875,608	3,580,849
Noncurrent assets:		
Property and equipment, net	3,329,794	3,414,908
Operating lease right-of-use assets	113,643	—
Goodwill	504,173	504,173
Regulatory authorizations, net	493,661	495,654
Other intangible assets, net	36,869	44,231
Investments in unconsolidated entities	225,582	262,473
Other receivables - DISH Network	96,733	95,114
Other noncurrent assets, net	274,028	263,892
Total noncurrent assets	5,074,483	5,080,445
Total assets	\$ 7,950,091	\$ 8,661,294
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	\$ 105,929	\$ 121,437
Trade accounts payable - DISH Network	1,113	1,698
Current portion of long-term debt and finance lease obligations	42,682	959,577
Contract liabilities	106,308	72,284
Accrued interest	42,835	47,416
Accrued compensation	44,829	54,242
Accrued taxes	16,221	16,013
Accrued expenses and other	111,745	72,470
Total current liabilities	471,662	1,345,137
Noncurrent liabilities:		
Long-term debt and finance lease obligations, net	2,553,352	2,573,204
Deferred tax liabilities, net	472,872	465,933
Operating lease liabilities	94,979	—
Other noncurrent liabilities	114,275	121,546
Total noncurrent liabilities	3,235,478	3,160,683
Total liabilities	3,707,140	4,505,820
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 20,000,000 shares authorized, none issued and outstanding at each of June 30, 2019 and December 31, 2018	—	—
Common stock, \$0.001 par value, 4,000,000,000 shares authorized:		
Class A common stock, \$0.001 par value, 1,600,000,000 shares authorized, 56,189,672 shares issued and 49,704,751 shares outstanding at June 30, 2019 and 54,142,566 shares issued and 47,657,645 shares outstanding at December 31, 2018	56	54
Class B convertible common stock, \$0.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding at each of June 30, 2019 and December 31, 2018	48	48
Class C convertible common stock, \$0.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of June 30, 2019 and December 31, 2018	—	—
Class D common stock, \$0.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of June 30, 2019 and December 31, 2018	—	—
Additional paid-in capital	3,777,499	3,702,522
Accumulated other comprehensive loss	(119,500)	(125,100)
Accumulated earnings	704,236	694,129
Treasury stock, at cost	(131,454)	(131,454)
Total EchoStar Corporation stockholders' equity	4,230,885	4,140,199
Noncontrolling interests	12,066	15,275
Total stockholders' equity	4,242,951	4,155,474

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

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Revenue:				
Services and other revenue - DISH Network	\$ 85,057	\$ 100,171	\$ 170,945	\$ 203,976
Services and other revenue - other	394,422	375,445	787,902	730,485
Equipment revenue	57,645	50,341	109,359	93,288
Total revenue	<u>537,124</u>	<u>525,957</u>	<u>1,068,206</u>	<u>1,027,749</u>
Costs and expenses:				
Cost of sales - services and other (exclusive of depreciation and amortization)	153,198	151,157	306,769	299,902
Cost of sales - equipment (exclusive of depreciation and amortization)	46,549	41,865	91,556	80,936
Selling, general and administrative expenses	152,629	103,074	264,763	206,349
Research and development expenses	6,388	6,647	13,276	13,784
Depreciation and amortization	155,410	148,449	309,631	294,003
Total costs and expenses	<u>514,174</u>	<u>451,192</u>	<u>985,995</u>	<u>894,974</u>
Operating income	<u>22,950</u>	<u>74,765</u>	<u>82,211</u>	<u>132,775</u>
Other income (expense):				
Interest income	23,213	19,253	47,642	34,888
Interest expense, net of amounts capitalized	(60,163)	(61,534)	(120,045)	(124,285)
Gains (losses) on investments, net	12,856	65,396	19,791	28,733
Equity in losses of unconsolidated affiliates, net	(4,754)	(2,058)	(11,107)	(3,067)
Other, net	1,760	(336)	558	(132)
Total other income (expense), net	<u>(27,088)</u>	<u>20,721</u>	<u>(63,161)</u>	<u>(63,863)</u>
Income (loss) before income taxes	(4,138)	95,486	19,050	68,912
Income tax provision, net	(922)	(17,802)	(9,102)	(12,399)
Net income (loss)	<u>(5,060)</u>	<u>77,684</u>	<u>9,948</u>	<u>56,513</u>
Less: Net income attributable to noncontrolling interests	632	462	1,438	842
Net income (loss) attributable to EchoStar Corporation common stock	<u>\$ (5,692)</u>	<u>\$ 77,222</u>	<u>\$ 8,510</u>	<u>\$ 55,671</u>
Earnings per share - Class A and B common stock:				
Basic earnings (loss) per share	\$ (0.06)	\$ 0.80	\$ 0.09	\$ 0.58
Diluted earnings (loss) per share	\$ (0.06)	\$ 0.80	\$ 0.09	\$ 0.57

ECHOSTAR CORPORATION
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands, except per share amounts)

	For the six months ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net income (loss)	\$ 9,948	\$ 56,513
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	309,631	294,003
Equity in losses of unconsolidated affiliates, net	11,107	3,067
Amortization of debt issuance costs	3,872	3,905
(Gains) losses on investments, net	(19,791)	(28,674)
Stock-based compensation	4,833	5,110
Deferred tax provision	7,014	10,231
Dividend received from unconsolidated entity	—	5,000
Changes in current assets and current liabilities, net:		
Trade accounts receivable, net	167	(3,061)
Trade accounts receivable - DISH Network	257	17,262
Inventory	2,114	238
Other current assets	(2,500)	(5,430)
Trade accounts payable	(225)	2,364
Trade accounts payable - DISH Network	(585)	(3,360)
Accrued expenses and other	51,409	7,749
Changes in noncurrent assets and noncurrent liabilities, net		
Other, net	2,149	5,822
Net cash flows from operating activities	<u>380,774</u>	<u>353,539</u>
Cash flows from investing activities:		
Purchases of marketable investment securities	(504,264)	(1,632,930)
Sales and maturities of marketable investment securities	1,621,481	841,638
Expenditures for property and equipment	(219,440)	(248,098)
Refunds and other receipts related to property and equipment	—	77,524
Expenditures for externally marketed software	(15,329)	(15,000)
Net cash flows from investing activities	<u>882,448</u>	<u>(976,866)</u>
Cash flows from financing activities:		
Repayment of debt and finance lease obligations	(21,180)	(18,417)
Repurchase and maturity of debt	(920,923)	—
Purchase of noncontrolling interest	(7,313)	—
Repayment of in-orbit incentive obligations	(3,778)	(3,272)
Net proceeds from Class A common stock options exercised	61,503	4,064
Net proceeds from Class A common stock issued under the Employee Stock Purchase Plan	5,074	4,886
Other, net	905	(401)
Net cash flows from financing activities	<u>(885,712)</u>	<u>(13,140)</u>
Effect of exchange rates on cash and cash equivalents	121	(1,941)
Net increase (decrease) in cash and cash equivalents, including restricted amounts	377,631	(638,408)
Cash and cash equivalents, including restricted amounts, beginning of period	929,495	2,432,249
Cash and cash equivalents, including restricted amounts, end of period	<u>\$ 1,307,126</u>	<u>\$ 1,793,841</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	<u>\$ 120,625</u>	<u>\$ 122,017</u>
Cash paid for income taxes	<u>\$ 1,217</u>	<u>\$ 2,574</u>