

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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2014.

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)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

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

As of April 25, 2014, the Registrant's outstanding common stock consisted of 43,244,359 shares of Class A common stock and 47,687,039 shares of Class B common stock.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including, in particular, statements about our estimates, expectations, plans, objectives, strategies, results of operations 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 Quarterly Report on Form 10-Q and represent management’s current views and assumptions. Forward-looking statements are not guarantees of future performance, events or results and involve potential known and unknown risks, uncertainties and other factors, many of which may be beyond our control and may pose a risk to our operating and financial condition. Accordingly, actual performance, events or results could differ materially from those expressed or implied in the forward-looking statements due to a number of factors including, but not limited to:

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

Other factors that could cause or contribute to such differences include, but are not limited to, those discussed under the caption “Risk Factors” in Part II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of our most recent Annual Report on Form 10-K (“10-K”) filed with the Securities and Exchange Commission (“SEC”), those discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” herein and in the 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 result of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements, except for as required by federal securities laws.

Item 1. FINANCIAL STATEMENTS

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)
(Unaudited)

	As of	
	March 31, 2014	December 31, 2013
Assets		
Current Assets:		
Cash and cash equivalents	\$ 702,007	\$ 634,119
Marketable investment securities	1,006,258	986,533
Trade accounts receivable, net of allowance for doubtful accounts of \$14,368 and \$13,237, respectively	155,718	159,292
Trade accounts receivable - DISH Network, net of allowance for doubtful accounts of zero	379,470	355,135
Inventory	64,622	66,084
Prepaid expenses	60,149	55,400
Deferred tax assets	69,735	69,633
Other current assets	11,277	29,930
Total current assets	2,449,236	2,356,126
Noncurrent Assets:		
Restricted cash and marketable investment securities	19,104	16,137
Property and equipment, net of accumulated depreciation of \$2,598,240 and \$2,499,889, respectively	3,004,534	2,546,377
Regulatory authorizations, net	584,641	583,900
Goodwill	504,173	504,173
Other intangible assets, net	239,879	262,039
Other investments	165,523	169,771
Other receivable - DISH Network	90,083	89,811
Other noncurrent assets, net	181,419	173,629
Total noncurrent assets	4,789,356	4,345,837
Total assets	\$ 7,238,592	\$ 6,701,963
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 207,339	\$ 201,416
Trade accounts payable - DISH Network	83,920	55,743
Current portion of long-term debt and capital lease obligations	61,404	69,791
Deferred revenue and prepayments	58,252	57,592
Accrued compensation	34,070	30,940
Accrued royalties	22,731	24,010
Accrued interest	44,440	7,838
Accrued expenses and other	122,326	111,115
Total current liabilities	634,482	558,445
Noncurrent Liabilities:		
Long-term debt and capital lease obligations, net of current portion	2,345,199	2,352,597
Deferred tax liabilities	631,570	488,206
Other noncurrent liabilities	113,202	76,484
Total noncurrent liabilities	3,089,971	2,917,287
Total liabilities	3,724,453	3,475,732
Commitments and Contingencies (Note 14)		
Stockholders' Equity:		
Preferred Stock, \$.001 par value, 20,000,000 shares authorized, none issued and outstanding	—	—
Hughes Retail Preferred Tracking Stock, \$.001 par value, 13,000,000 shares authorized, 6,290,499 and zero shares issued and 6,290,499 and zero shares outstanding, respectively	6	—
Class A common stock, \$.001 par value, 1,600,000,000 shares authorized, 48,757,838 and 48,370,956 shares issued, and 43,225,520 and 42,838,638 shares outstanding, respectively	49	48
Class B common stock, \$.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding	48	48
Class C common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding	—	—
Class D common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding	—	—
Additional paid-in capital	3,685,477	3,502,005
Accumulated other comprehensive loss	(9,662)	(14,655)
Accumulated deficit	(159,859)	(171,914)
Treasury stock, at cost	(98,162)	(98,162)
Total EchoStar stockholders' equity	3,417,897	3,217,370
Noncontrolling interest in HSS Tracking Stock	86,847	—
Other noncontrolling interests	9,395	8,861
Total stockholders' equity	3,514,139	3,226,231
Total liabilities and stockholders' equity	\$ 7,238,592	\$ 6,701,963

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

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

	For the Three Months Ended March 31,	
	2014	2013
Revenue:		
Equipment revenue - DISH Network	\$ 305,682	\$ 308,875
Equipment revenue - other	68,930	102,090
Services and other revenue - DISH Network	184,564	139,925
Services and other revenue - other	266,847	244,564
Total revenue	<u>826,023</u>	<u>795,454</u>
Costs and Expenses:		
Cost of sales - equipment (exclusive of depreciation and amortization)	320,670	353,855
Cost of sales - services and other (exclusive of depreciation and amortization)	210,093	179,294
Selling, general and administrative expenses	87,632	94,176
Research and development expenses	14,582	17,494
Depreciation and amortization	133,226	126,699
Total costs and expenses	<u>766,203</u>	<u>771,518</u>
Operating income	<u>59,820</u>	<u>23,936</u>
Other Income (Expense):		
Interest income	2,598	1,977
Interest expense, net of amounts capitalized	(46,044)	(49,100)
Realized gains on marketable investment securities and other investments (includes reclassification of realized gains on available-for-sale ("AFS") securities out of accumulated other comprehensive loss of \$28 and \$16,530, respectively), net	28	19,463
Equity in losses of unconsolidated affiliates, net	(1,851)	(3,905)
Other, net	636	5,481
Total other expense, net	<u>(44,633)</u>	<u>(26,084)</u>
Income (loss) before income taxes	15,187	(2,148)
Income tax benefit (provision), net	<u>(3,157)</u>	<u>5,646</u>
Net income	12,030	3,498
Less: Net loss attributable to noncontrolling interest in HSS Tracking Stock	(324)	—
Less: Net income attributable to other noncontrolling interests	299	40
Net income attributable to EchoStar	12,055	3,458
Less: Net loss attributable to EchoStar Preferred Tracking Stock	(598)	—
Net income attributable to EchoStar common stock	<u>\$ 12,653</u>	<u>\$ 3,458</u>
Weighted-average common shares outstanding - Class A and B common stock:		
Basic	90,689	88,178
Diluted	<u>92,336</u>	<u>89,600</u>
Earnings per share - Class A and B common stock:		
Basic	\$ 0.14	\$ 0.04
Diluted	<u>\$ 0.14</u>	<u>\$ 0.04</u>

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

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

	For the Three Months Ended March 31,	
	2014	2013
Comprehensive Income (Loss)		
Net income	\$ 12,030	\$ 3,498
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	4,507	1,950
Unrealized gains on AFS securities and other	749	7,529
Recognition of previously unrealized gains on AFS securities in net income	(28)	(16,530)
Total other comprehensive income (loss), net of tax	<u>5,228</u>	<u>(7,051)</u>
Comprehensive income (loss)	17,258	(3,553)
Less: Comprehensive loss attributable to noncontrolling interest in HSS Tracking Stock	(324)	—
Less: Comprehensive income attributable to other noncontrolling interests	534	62

Comprehensive income (loss) attributable to EchoStar	\$	17,048	\$	(3,615)
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousands)
(Unaudited)

	Class A and B Common Stock	Hughes Retail Preferred Tracking Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock	Other Noncontrolling Interests	Noncontrolling Interests in HSS Tracking Stock	Total
Balance, December 31, 2012	\$ 93	\$ —	\$ 3,394,646	\$ 18,752	\$ (174,439)	\$ (98,162)	\$ 9,337	\$ —	\$ 3,150,227
Issuances of Class A common stock:									
Exercise of stock options	1	—	17,958	—	—	—	—	—	17,959
Employee benefits	—	—	4,756	—	—	—	—	—	4,756
Employee Stock Purchase Plan	—	—	1,975	—	—	—	—	—	1,975
Stock-based compensation	—	—	4,984	—	—	—	—	—	4,984
Other, net	—	—	179	—	—	—	(467)	—	(288)
Net income	—	—	—	—	3,458	—	40	—	3,498
Unrealized losses on AFS securities, net and other	—	—	—	(9,001)	—	—	—	—	(9,001)
Foreign currency translation adjustment	—	—	—	1,928	—	—	22	—	1,950
Balance, March 31, 2013	<u>\$ 94</u>	<u>\$ —</u>	<u>\$ 3,424,498</u>	<u>\$ 11,679</u>	<u>\$ (170,981)</u>	<u>\$ (98,162)</u>	<u>\$ 8,932</u>	<u>\$ —</u>	<u>\$ 3,176,060</u>
Balance, December 31, 2013	\$ 96	\$ —	\$ 3,502,005	\$ (14,655)	\$ (171,914)	\$ (98,162)	\$ 8,861	\$ —	\$ 3,226,231
Issuances of Class A common stock:									
Exercise of stock options	1	—	2,777	—	—	—	—	—	2,778
Employee benefits	—	—	10,310	—	—	—	—	—	10,310
Employee Stock Purchase Plan	—	—	2,810	—	—	—	—	—	2,810
Stock-based compensation	—	—	3,557	—	—	—	—	—	3,557
Issuance of Hughes Retail Preferred Tracking Stock (Note 2)	—	6	163,510	—	—	—	—	87,171	250,687
Other, net	—	—	508	—	—	—	—	—	508
Net income (loss)	—	—	—	—	12,055	—	299	(324)	12,030
Unrealized gains on AFS securities, net and other	—	—	—	721	—	—	—	—	721
Foreign currency translation adjustment	—	—	—	4,272	—	—	235	—	4,507
Balance, March 31, 2014	<u>\$ 97</u>	<u>\$ 6</u>	<u>\$ 3,685,477</u>	<u>\$ (9,662)</u>	<u>\$ (159,859)</u>	<u>\$ (98,162)</u>	<u>\$ 9,395</u>	<u>\$ 86,847</u>	<u>\$ 3,514,139</u>

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

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ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

	For the Three Months Ended March 31,	
	2014	2013
Cash Flows from Operating Activities:		
Net income	\$ 12,030	\$ 3,498
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	133,226	126,699
Equity in losses of unconsolidated affiliates, net	1,851	3,905
Realized gains on marketable investment securities and other investments, net	(28)	(19,463)
Stock-based compensation	3,557	4,984
Deferred tax provision (benefit)	22	(9,189)
Changes in current assets and current liabilities, net	47,824	(64,000)

Changes in noncurrent assets and noncurrent liabilities, net	(7,134)	3,999
Other, net	10,124	(249)
Net cash flows from operating activities	201,472	50,184
Cash Flows from Investing Activities:		
Purchases of marketable investment securities	(299,563)	(181,709)
Sales and maturities of marketable investment securities	285,985	213,577
Purchases of property and equipment	(113,625)	(72,620)
Changes in restricted cash and marketable investment securities	(2,967)	7,577
Purchase of strategic investments	(16)	(7,156)
Other, net	(2,818)	(2,889)
Net cash flows from investing activities	(133,004)	(43,220)
Cash Flows from Financing Activities:		
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	5,588	19,934
Repayment of long-term debt and capital lease obligations	(18,528)	(21,450)
Net proceeds from issuance of Tracking Stock (Note 2)	10,720	—
Other	514	292
Net cash flows from financing activities	(1,706)	(1,224)
Effect of exchange rates on cash and cash equivalents	1,126	56
Net increase in cash and cash equivalents	67,888	5,796
Cash and cash equivalents, beginning of period	634,119	731,614
Cash and cash equivalents, end of period	\$ 702,007	\$ 737,410

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest (including capitalized interest)	\$ 11,933	\$ 14,912
Capitalized interest	\$ 3,209	\$ 200
Cash paid for income taxes	\$ 3,487	\$ 2,286
Employee benefits paid in Class A common stock	\$ 10,310	\$ 4,756
Satellites and other assets financed under capital lease obligations	\$ 1,292	\$ 1,848
Capitalized in-orbit incentive obligations	\$ —	\$ 18,000
Reduction of capital lease obligation for AMC-16	\$ —	\$ 6,694
Changes in capital expenditures included in accounts payable	\$ 30,193	\$ 5,812
Net assets transferred from DISH Network in exchange for Tracking Stock (Note 2)	\$ 398,095	\$ —

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

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ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Organization and Business Activities

Principal Business

EchoStar Corporation (together with its subsidiaries is referred to as “EchoStar,” the “Company,” “we,” “us” and/or “our”) is a holding company that was organized in October 2007 as a corporation under the laws of the State of Nevada. We are a global provider of satellite operations, video delivery solutions, digital set-top boxes, and broadband satellite technologies and services for home and office, delivering innovative network technologies, managed services, and solutions for enterprises and governments.

We currently operate in three business segments.

- **EchoStar Technologies (“ETC”)** — which designs, develops and distributes digital set-top boxes and related products and technology, primarily for satellite TV service providers, telecommunication companies and international cable companies. Our EchoStar Technologies segment also provides digital broadcast operations, including satellite uplinking/downlinking, transmission services, signal processing, conditional access management, and other services, primarily to DISH Network Corporation and its subsidiaries (“DISH Network”). In addition, we provide our Slingboxes directly to consumers via retail outlets and online.
- **Hughes** — which provides satellite broadband internet access to North American consumers and broadband network services and equipment to domestic and international enterprise markets. The Hughes segment also provides managed services to large enterprises and solutions to customers for mobile satellite systems.
- **EchoStar Satellite Services (“ESS”)** — which uses certain of our owned and leased in-orbit satellites and related licenses to provide satellite services on a full-time and occasional-use basis primarily to DISH Network and also to Dish Mexico, S. de R.L. de C.V. (“Dish Mexico”), a joint venture that we entered into in 2008, as well as to United States (“U.S.”) government service providers, state agencies, internet service providers, broadcast news organizations, programmers, and private enterprise customers.

In 2008, DISH Network completed its distribution to us of its digital set-top box business and certain infrastructure and other assets, including certain of their satellites, uplink and satellite transmission assets, real estate, and other assets and related liabilities (the “Spin-off”). Since the Spin-off, EchoStar and DISH Network have operated as separate publicly-traded companies. However, as a result of the Satellite and Tracking Stock Transaction, described in Note 2

below, DISH Network owns preferred tracking stock representing an aggregate 80.0% economic interest in the residential retail satellite broadband business of our Hughes segment. In addition, a substantial majority of the voting power of the shares of DISH Network and EchoStar is owned beneficially by Charles W. Ergen, our Chairman, and by certain trusts established by Mr. Ergen for the benefit of his family. Our Class A common stock is publicly traded on the Nasdaq Global Select Market under the symbol “SATS.”

Note 2. Hughes Retail Preferred Tracking Stock

Satellite and Tracking Stock Transaction

On February 20, 2014, EchoStar entered into agreements with certain subsidiaries of DISH Network pursuant to which effective March 1, 2014, (i) EchoStar issued shares of its newly authorized Hughes Retail Preferred Tracking Stock (the “EchoStar Tracking Stock”) and Hughes Satellite Systems Corporation (“HSS”), a subsidiary of EchoStar, also issued shares of its newly authorized Hughes Retail Preferred Tracking Stock (the “HSS Tracking Stock”) and together with the EchoStar Tracking Stock, the “Tracking Stock”) to DISH Network in exchange for five satellites (EchoStar I, EchoStar VII, EchoStar X, EchoStar XI, and EchoStar XIV) (including the assumption of related in-orbit incentive obligations) and \$11.4 million in cash and (ii) DISH Network began receiving certain satellite services on these five satellites from us (the “Satellite and Tracking Stock Transaction”). The

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

Tracking Stock tracks the residential retail satellite broadband business of our Hughes segment, including certain operations, assets and liabilities attributed to such business (collectively, the “Hughes Retail Group” or “HRG”).

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

See Note 9 for information about the five satellites received from DISH Network, Note 14 for information about the assumed in-orbit incentive obligations, and Note 16 for information regarding the related satellite services agreements with DISH Network. We provide unaudited attributed financial information for HRG and the EchoStar Group in an exhibit to our periodic reports on Form 10-Q and Form 10-K. Set forth below is information about certain terms of the Satellite and Tracking Stock and the initial recording of the Tracking Stock Transaction in our consolidated financial statements.

Description of the Tracking Stock

Tracking stock is a type of capital stock that the issuing company intends to reflect or “track” the economic performance of a particular business component within the company, rather than reflect the economic performance of the company as a whole. The Tracking Stock is intended to track the economic performance of the Hughes Retail Group. The shares of the Tracking Stock issued to DISH Network represent an aggregate 80.0% economic interest in the Hughes Retail Group (51.89% issued as EchoStar Tracking Stock and 28.11% issued as HSS Tracking Stock). In addition to the remaining 20.0% economic interest in the Hughes Retail Group, EchoStar retains all economic interest in the wholesale satellite broadband business and other businesses of EchoStar. The Hughes Retail Group is not a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Holders of the Tracking Stock have no direct claim to the assets of the Hughes Retail Group; rather, holders of the Tracking Stock are stockholders of its respective issuer (EchoStar or HSS) and are subject to all risks and liabilities of the issuer. Holders of shares of the Tracking Stock vote with holders of the outstanding shares of common stock of its respective issuer, as a single class, with respect to any and all matters presented to stockholders for their action or consideration. Each share of Tracking Stock is entitled to one-tenth (1/10th) of one vote. The EchoStar Tracking Stock is a series of preferred stock consisting of 13,000,000 authorized shares with a par value of \$0.001 per share, of which 6,290,499 shares were issued to DISH Network on March 1, 2014. The HSS Tracking Stock is a series of HSS preferred stock consisting of 300 authorized shares with a par value of \$0.001 per share, of which 81.128 shares were issued to DISH Network on March 1, 2014. Following the issuance of the shares of EchoStar Tracking Stock and the HSS Tracking Stock, DISH Network held 6.5% and 7.5% of the aggregate number of outstanding shares of EchoStar and HSS capital stock, respectively.

Investor Rights Agreement

In connection with the Satellite and Tracking Stock Transaction, EchoStar, HSS and DISH Network entered into an agreement (the “Investor Rights Agreement”) setting forth certain rights and obligations of the parties with respect to the Tracking Stock. Among other provisions, the Investor Rights Agreement provides: (i) certain information and consultation rights for DISH Network; (ii) certain transfer restrictions on the Tracking Stock and certain rights and obligations to offer and sell under certain circumstances (including a prohibition on transfer of the Tracking Stock until March 1, 2015), with continuing transfer restrictions (including right of first offer in favor of EchoStar) thereafter, an obligation to sell the Tracking Stock to us in connection with a change of control of DISH Network and a right to require us to repurchase the Tracking Stock in connection with a change of control of EchoStar, in each case subject to certain terms and conditions;

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

and (iii) certain protective covenants afforded to holders of the Tracking Stock.

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

Initial Recording of the Satellite and Tracking Stock Transaction

EchoStar and DISH Network are entities under common control. In accordance with accounting principles that apply to transfers of assets between entities under common control, EchoStar and HSS recorded the net assets received from DISH Network in the Satellite and Tracking Stock Transaction at their historical carrying amounts as reflected in DISH Network's consolidated financial statements as of February 28, 2014 the day prior to the effective date of the Satellite and Tracking Stock Transaction. DISH Network transferred the EchoStar I, EchoStar VII, and EchoStar X satellites to HSS and the EchoStar XI and EchoStar XIV satellites to EchoStar. The historical carrying amounts of net assets transferred to EchoStar and HSS were as follows:

	EchoStar(1)	HSS (In thousands)	Total
Cash	\$ —	\$ 11,404	\$ 11,404
Property and equipment, net	349,243	82,837	432,080
Current liabilities	(3,479)	(3,076)	(6,555)
Noncurrent liabilities	(30,121)	(8,713)	(38,834)
Transferred net assets	<u>\$ 315,643</u>	<u>\$ 82,452</u>	<u>\$ 398,095</u>

- (1) All of the net assets received by EchoStar as part of the Satellite and Tracking Stock Transaction were immediately transferred to HSS and are being used by our EchoStar Satellite Services segment.

The transferred net assets increased EchoStar stockholders' equity and HSS stockholders' equity by amounts that reflect the carrying amounts of net assets that would be distributed to holders of the Tracking Stock and common stock in a hypothetical liquidation, which would be in proportion to the relative market values (as defined in applicable agreements) of each class of stock. The amounts credited to equity were reduced by direct costs of the Tracking Stock issuance and deferred income tax liabilities arising from differences between the financial reporting carrying amounts and the tax bases of the transferred satellites.

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The net amounts credited to EchoStar stockholders' equity for EchoStar Tracking Stock (primarily additional paid-in capital) and the noncontrolling interest in HSS Tracking Stock were as follows:

	EchoStar Stockholders	Noncontrolling Interest (In thousands)	Total
Transferred net assets	\$ 315,643	\$ 82,452	\$ 398,095
Offering costs, net of tax	(2,302)	(610)	(2,912)
Deferred income taxes	(114,525)	(29,971)	(144,496)
Reallocation based on relative liquidation values	(35,300)	35,300	—
Net increase in stockholders' equity	<u>\$ 163,516</u>	<u>\$ 87,171</u>	<u>\$ 250,687</u>

Note 3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these financial statements do not include all of the information and notes required for complete financial statements prepared in accordance with GAAP. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Our results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2013.

Principles of Consolidation

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

for using the equity method. When we do not have the ability to significantly influence the operating decisions of the investee, the cost method is used. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheets, the reported amounts of revenue and expense for each reporting period, and certain information disclosed in the notes to the Condensed Consolidated Financial Statements. Estimates are used in accounting for, among other things, amortization periods of deferred revenue and deferred subscriber acquisition costs, percentage-of-completion related to revenue recognition, allowances for doubtful accounts, allowances for sales returns and rebates, warranty obligations, self-insurance obligations, deferred taxes and related valuation allowances, uncertain tax positions, loss contingencies, fair value of financial instruments, fair value of our stock-based compensation plans, fair value of assets and liabilities acquired in business combinations, lease classifications, asset impairments, useful lives and amortization methods of property, equipment and intangible assets, royalty obligations, and allocations to HRG that affect the periodic determination of net income or loss attributable to the noncontrolling interest in the HSS Tracking Stock. We base our estimates and assumptions on historical experience and on various other factors that we believe to be relevant under the circumstances. Weakened economic conditions may increase the inherent uncertainty in the estimates and assumptions indicated above. Due to the inherent uncertainty involved in making estimates, actual results

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

may differ from previously estimated amounts, and such differences may be material to our Condensed Consolidated Financial Statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period they occur or prospectively if the revised estimate affects future periods.

Fair Value Measurements

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

- Level 1, defined as observable inputs being quoted prices in active markets for identical assets;
- Level 2, defined as observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3, defined as unobservable inputs for which little or no market data exists, consistent with reasonably available assumptions made by other participants, therefore requiring assumptions based on the best information available.

Transfers between levels in the fair value hierarchy are considered to occur at the beginning of the quarterly accounting period. There were no transfers between levels for the three months ended March 31, 2014 or 2013.

As of March 31, 2014 and December 31, 2013, the carrying amount of our cash and cash equivalents, trade accounts receivable, net of allowance for doubtful accounts, accounts payable and accrued liabilities were equal to or approximated fair value due to their short-term nature or proximity to current market rates.

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

Fair values for our publicly traded long-term debt are based on quoted market prices in less active markets and are categorized as Level 2 measurements. The fair values of our privately held debt are Level 2 measurements and are estimated to approximate their carrying amounts based on the proximity of their interest rates to current market rates. See Note 11 for the fair value of our long-term debt. As of March 31, 2014 and December 31, 2013, the fair values of our orbital incentive obligations, based on measurements categorized within Level 2 of the fair value hierarchy, approximated their carrying amounts of \$91.5 million and \$48.4 million, respectively. We use fair value measurements from time-to-time in connection with impairment testing and the assignment of purchase consideration to assets and liabilities of acquired companies that typically include significant unobservable inputs and are categorized within Level 3 of the fair value hierarchy.

Note 4. Earnings per Share

We present basic earnings per share (“EPS”) and diluted EPS for our Class A and Class B common stock. The EchoStar Tracking Stock is a participating security that shares in our consolidated earnings and therefore, effective March 1, 2014, the issuance date of the EchoStar Tracking Stock, we apply the two-class method to calculate EPS. Under the two-class method, we allocate net income or loss attributable to EchoStar between common stock and EchoStar Tracking Stock considering both dividends declared on each class of stock and the participation rights of each class of stock in undistributed earnings. Based on the terms of the EchoStar Tracking Stock that generally provide for an economic

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interest (currently 51.89%) in the Hughes Retail Group, we allocate undistributed earnings to the EchoStar Tracking Stock based on 51.89% of the attributed net income or loss of the Hughes Retail Group. For the three months ended March 31, 2014, we allocated a net loss of \$0.6 million to the EchoStar Tracking Stock, reflecting DISH Network's 51.89% economic interest (represented by the EchoStar Tracking Stock) in the net loss of the Hughes Retail Group for the period from the issuance of the EchoStar Tracking Stock on March 1, 2014 to March 31, 2014. Moreover, because the reported amount of "Net income attributable to EchoStar" in our Consolidated Statements of Operations excludes DISH Network's 28.11% economic interest (represented by the HSS Tracking Stock) in the net loss of the Hughes Retail Group (reported as a noncontrolling interest), the amount of consolidated net income or loss allocated to holders of Class A and Class B common stock effectively excludes an aggregate 80.0% interest in the attributed net loss of the Hughes Retail Group.

Basic EPS for our Class A and Class B common stock excludes potential dilution and is computed by dividing "Net income attributable to EchoStar" by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if our common stock awards were exercised. The potential dilution from common stock awards was computed using the treasury stock method based on the average market value of our Class A common stock during the period. The calculation of our diluted weighted-average common shares outstanding excluded (i) underlying options to purchase shares of our Class A common stock, as their effect is anti-dilutive, of 0.7 million and 2.1 million shares for the three months ended March 31, 2014 and 2013, respectively, and (ii) shares of our Class A common stock that are contingently issuable based upon meeting a company-specific performance measure by March 31, 2015 pursuant to our performance based stock incentive plan, which was not probable of being achieved as of March 31, 2014 of 0.7 million and 0.7 million shares for the three months ended March 31, 2014 and 2013, respectively.

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

	For the Three Months Ended March 31,	
	2014	2013
(In thousands, except per share amounts)		
Net income attributable to EchoStar common stock	\$ 12,653	\$ 3,458
Net income (loss) attributable to EchoStar Tracking Stock	(598)	—
Net income attributable to EchoStar	<u>\$ 12,055</u>	<u>\$ 3,458</u>
Weighted-average common shares outstanding :		
Class A and B common stock:		
Basic	90,689	88,178
Dilutive impact of stock awards outstanding	1,647	1,422
Diluted	<u>92,336</u>	<u>89,600</u>
Earnings per share:		
Class A and B common stock:		
Basic	<u>\$ 0.14</u>	<u>\$ 0.04</u>
Diluted	<u>\$ 0.14</u>	<u>\$ 0.04</u>

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

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

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued
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Accumulated other comprehensive loss includes cumulative foreign currency translation losses of \$27.8 million and \$32.1 million as of March 31, 2014 and December 31, 2013, respectively.

Note 6. Investment Securities

Our marketable investment securities, restricted cash and cash equivalents, and other investments consisted of the following:

	As of	
	March 31, 2014	December 31, 2013
(In thousands)		
Marketable investment securities—current:		
Corporate bonds	\$ 900,148	\$ 833,791
VRDNs	31,110	34,705
Strategic equity securities	33,247	33,613
Other	41,753	84,424
Total marketable investment securities—current	<u>1,006,258</u>	<u>986,533</u>

Restricted marketable investment securities (1)	7,666	7,965
Total	<u>1,013,924</u>	<u>994,498</u>
Restricted cash and cash equivalents (1)	<u>11,438</u>	<u>8,172</u>
Other investments—noncurrent:		
Cost method	25,977	25,977
Equity method	139,546	143,794
Total other investments—noncurrent	<u>165,523</u>	<u>169,771</u>
Total marketable investment securities, restricted cash and cash equivalents, and other investments	<u>\$ 1,190,885</u>	<u>\$ 1,172,441</u>

(1) Restricted marketable investment securities and restricted cash and cash equivalents are included in “Restricted cash and marketable investment securities” in our Condensed Consolidated Balance Sheets.

Marketable Investment Securities

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

Corporate Bonds

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

Variable Rate Demand Notes (“VRDNs”)

VRDNs are long-term floating rate bonds with embedded put options that allow the bondholder to sell the security at par plus accrued interest. All of the put options are secured by a pledged liquidity source. Our VRDN portfolio is comprised of investments in municipalities and corporations, which are backed by financial institutions or other highly rated companies that serve as the pledged liquidity source. While they are classified as marketable investment securities, the put option allows VRDNs to be liquidated generally on a same day or on a five business day settlement basis.

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Strategic Equity Securities

Our strategic investment portfolio consists of investments in shares of common stock of public companies, which are highly speculative and have experienced and continue to experience volatility. The value of our investment portfolio depends on the value of such shares of common stock.

Other

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

Restricted Cash and Marketable Investment Securities

As of March 31, 2014 and December 31, 2013, our restricted marketable investment securities, together with our restricted cash, included amounts required as collateral for our letters of credit or surety bonds.

Other Investments - Noncurrent

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

Unrealized Gains (Losses) on Marketable Investment Securities

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

	Amortized Cost	Unrealized		Estimated Fair Value
		Gains	Losses	
(In thousands)				
As of March 31, 2014				
Debt securities:				
Corporate bonds	\$ 900,002	\$ 451	\$ (305)	\$ 900,148
VRDNs	31,110	—	—	31,110
Other (including restricted)	49,385	35	(1)	49,419
Equity securities - strategic	15,272	17,975	—	33,247
Total marketable investment securities	<u>\$ 995,769</u>	<u>\$ 18,461</u>	<u>\$ (306)</u>	<u>\$ 1,013,924</u>
As of December 31, 2013				
Debt securities:				

Corporate bonds	\$	833,888	\$	227	\$	(324)	\$	833,791
VRDNs		34,705		—		—		34,705
Other (including restricted)		92,876		14		(501)		92,389
Equity securities - strategic		15,272		18,341		—		33,613
Total marketable investment securities	\$	976,741	\$	18,582	\$	(825)	\$	994,498

As of March 31, 2014, restricted and non-restricted marketable investment securities included debt securities of \$840.0 million with contractual maturities of one year or less and \$140.7 million with contractual maturities greater than one year. We may realize proceeds from certain investments prior to their contractual maturity as a result of our ability to sell these securities prior to their contractual maturity.

Marketable Investment Securities in a Loss Position

The following table reflects the length of time that our available-for-sale securities have been in an unrealized loss position. We do not intend to sell these securities before they recover or mature, and it is more likely than not that

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we will hold these securities until they recover or mature. In addition, we are not aware of any specific factors indicating that the underlying issuers of these securities would not be able to pay interest as it becomes due or repay the principal at maturity. Therefore, we believe that these changes in the estimated fair values of these securities are primarily related to temporary market fluctuations.

	As of			
	March 31, 2014		December 31, 2013	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)			
Less than 12 months	\$ 346,835	\$ (306)	\$ 571,592	\$ (825)
12 months or more	3,987	—	—	—
Total	\$ 350,822	\$ (306)	\$ 571,592	\$ (825)

Realized Gains (Losses) on Marketable Investment Securities

We recognized minimal gains from the sales of our available-for-sale marketable investment securities for the three months ended March 31, 2014 and \$19.1 million for the three months ended March 31, 2013. We recognized zero and minimal losses from the sales of our available-for-sale marketable investment securities for the three months ended March 31, 2014 and 2013, respectively.

Proceeds from sales of our available-for-sale marketable investment securities totaled \$0.5 million and \$41.5 million for the three months ended March 31, 2014 and 2013, respectively.

Fair Value Measurements

Our current marketable investment securities are measured at fair value on a recurring basis as summarized in the table below. As of March 31, 2014 and December 31, 2013, we did not have investments that were categorized within Level 3 of the fair value hierarchy.

	As of					
	March 31, 2014			December 31, 2013		
	Total	Level 1	Level 2	Total	Level 1	Level 2
	(In thousands)					
Cash equivalents (including restricted)	\$ 616,316	\$ 7,906	\$ 608,410	\$ 548,714	\$ 49,338	\$ 499,376
Debt securities:						
Corporate bonds	\$ 900,148	\$ —	\$ 900,148	\$ 833,791	\$ —	\$ 833,791
VRDNs	31,110	—	31,110	34,705	—	34,705
Other (including restricted)	49,419	—	49,419	92,389	—	92,389
Equity securities - strategic	33,247	33,247	—	33,613	33,613	—
Total marketable investment securities	\$ 1,013,924	\$ 33,247	\$ 980,677	\$ 994,498	\$ 33,613	\$ 960,885

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Note 7. Trade Accounts Receivable

Our trade accounts receivable consisted of the following:

	As of	
	March 31,	December 31,

	2014	2013
	(In thousands)	
Trade accounts receivable	\$ 161,476	\$ 164,900
Contracts in process, net	8,610	7,629
Total trade accounts receivable	170,086	172,529
Allowance for doubtful accounts	(14,368)	(13,237)
Trade accounts receivable - DISH Network	379,470	355,135
Total trade accounts receivable, net	<u>\$ 535,188</u>	<u>\$ 514,427</u>

As of March 31, 2014 and December 31, 2013, progress billings offset against contracts in process amounted to \$7.0 million and \$2.6 million, respectively.

Note 8. Inventory

Our inventory consisted of the following:

	As of	
	March 31, 2014	December 31, 2013
	(In thousands)	
Finished goods	\$ 50,629	\$ 50,357
Raw materials	8,440	8,658
Work-in-process	5,553	7,069
Total inventory	<u>\$ 64,622</u>	<u>\$ 66,084</u>

Note 9. Property and Equipment

Property and equipment consisted of the following:

	Depreciable Life (In Years)	As of	
		March 31, 2014	December 31, 2013
		(In thousands)	
Land	—	\$ 42,573	\$ 42,850
Buildings and improvements	3-40	379,784	377,208
Furniture, fixtures, equipment and other	1-12	1,174,244	1,157,325
Customer rental equipment	2-4	407,492	374,688
Satellites - owned	2-15	2,381,120	1,949,040
Satellites acquired under capital leases	10-15	935,104	935,104
Construction in progress	—	282,457	210,051
Total property and equipment		5,602,774	5,046,266
Accumulated depreciation		(2,598,240)	(2,499,889)
Property and equipment, net		<u>\$ 3,004,534</u>	<u>\$ 2,546,377</u>

As of March 31, 2014, our owned satellites included \$432.1 million for the five satellites we received from DISH Network as part of the Satellite and Tracking Stock Transaction discussed in Note 2. This amount represents the net carrying amount of those satellites in DISH Network's consolidated financial statements as of February 28, 2014, the day prior to the effective date of the Satellite and Tracking Stock Transaction. Accumulated depreciation for those satellites as of March 31, 2014 was \$4.0 million, representing

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depreciation expense recognized in our consolidated financial statements for the period subsequent to the transfer date.

Construction in progress consisted of the following:

	Segment	As of	
		March 31, 2014	December 31, 2013
		(In thousands)	
Progress amounts for satellite construction, including certain amounts prepaid under satellite service agreements and launch costs:			
EchoStar XIX	Other	\$ 180,912	\$ 122,070
TerreStar-2	Other	34,708	16,433
Other	Other/ESS	20,815	24,160
Uplinking equipment	ETC/Hughes	20,627	20,793
Other	ETC/Hughes/ESS	25,395	26,595
Construction in progress		<u>\$ 282,457</u>	<u>\$ 210,051</u>

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

For the Three Months Ended March 31,	
2014	2013
(In thousands)	

Satellites	\$ 47,563	\$ 46,544
Furniture, fixtures, equipment and other	29,891	31,965
Customer rental equipment	27,892	23,287
Buildings and improvements	3,530	3,316
Total depreciation expense	<u>\$ 108,876</u>	<u>\$ 105,112</u>

Satellites

As of March 31, 2014, we utilized 17 of our owned and leased satellites in geostationary orbit approximately 22,300 miles above the equator. Four of our satellites are accounted for as capital leases and are depreciated on a straight-line basis over the terms of the satellite service agreements. We depreciate our owned satellites on a straight-line basis over the estimated useful life of each satellite.

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

Information for our satellite fleet is presented below.

Satellites	Segment	Launch Date	Nominal Degree Orbital Location (West Longitude)	Depreciable Life (In Years)
Owned:				
SPACEWAY 3 (5)	Hughes	August 2007	95	12
EchoStar XVII	Hughes	July 2012	107	15
EchoStar I (1)(2)(3)	ESS	December 1995	77	—
EchoStar III (3)	ESS	October 1997	61.5	12
EchoStar VI	ESS	July 2000	96.2	12
EchoStar VII (1)(2)	ESS	February 2002	119	3
EchoStar VIII (1)	ESS	August 2002	77	12
EchoStar XII (1)(6)	ESS	July 2003	61.5	2
EchoStar IX (1)	ESS	August 2003	121	12
EchoStar X (1)(2)	ESS	February 2006	110	7
EchoStar XI (1)(2)	ESS	July 2008	110	9
EchoStar XIV (1)(2)	ESS	March 2010	119	11
EchoStar XVI (1)	ESS	November 2012	61.5	15
Leased from Third Parties (4):				
AMC-15	ESS	October 2004	105	10
AMC-16	ESS	December 2004	85	10
Nimiq 5 (1)	ESS	September 2009	72.7	15
QuetzSat-1 (1)	ESS	September 2011	77	10

- (1) See Note 16 for further discussion of our transactions with DISH Network.
- (2) Depreciable life represents the remaining useful life as of March 1, 2014, the date we received the satellites from DISH Network as part of the Satellite and Tracking Stock Transaction (See Note 2).
- (3) Fully depreciated assets.
- (4) These satellites are accounted for as capital leases and their launch dates represent dates that the satellites were placed into service.
- (5) Depreciable life represents the remaining useful life as of the date of the Hughes Acquisition (as defined below).
- (6) Depreciable life represents the remaining useful life as of June 30, 2013, the date EchoStar XII was impaired.

Recent Developments

CMBStar and EchoStar XXIII. In 2008, we suspended construction of the CMBStar satellite. In April 2014, we entered into an agreement with Space Systems/Loral, LLC (“SS/L”) for the construction of the EchoStar XXIII satellite, as a high powered Broadcast Satellite Service (“BSS”) satellite which will use some of the components from the CMBStar satellite. This agreement superseded and replaced the current CMBStar construction contract. EchoStar XXIII is expected to launch in 2016.

EUTELSAT 65 West A. In April 2014, we entered into a satellite services agreement pursuant to which Eutelsat do Brasil will provide to Hughes Telecomunicações do Brasil Ltda., our indirect wholly-owned subsidiary, the service on the entire Ka-band capacity into Brazil on the EUTELSAT 65 West A satellite for a 15-year term. The satellite is scheduled to be placed in service in the second quarter of 2016.

EchoStar XIX. In February 2012 and September 2013, ViaSat and its subsidiary ViaSat Communications filed lawsuits in the U.S. District Court for the Southern District of California against SS/L, the manufacturer of EchoStar XVII and EchoStar XIX. In the first-filed case, ViaSat alleged, among other things, that SS/L infringed three patents and breached its contractual obligations through the use of such patented technology to manufacture EchoStar XVII. A jury trial was held in that case in March and April 2014, and the jury found that in connection with EchoStar XVII, SS/L directly infringed the asserted patents and that SS/L breached certain agreements with ViaSat. While we are not a party to this matter, the adverse decision against SS/L may have an impact on our ability to make use of EchoStar XIX or other satellites from SS/L and may adversely affect our business operations and results of operations. Until there are further developments in the case, including post-trial motions and appeals, we cannot determine whether there will be an adverse impact and, if so, the extent of any such impact.

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EchoStar I, EchoStar VII, EchoStar X, EchoStar XI, and EchoStar XIV. As discussed in Note 2, we received five satellites (EchoStar I, EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV) from DISH Network as part of the Satellite and Tracking Stock Transaction. These satellites are BSS communications satellites operating in Ku-band frequencies and DISH Network is receiving certain services from us on these satellites as of March 1, 2014.

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

EchoStar XV. In May 2013, we began receiving satellite services from DISH Network on EchoStar XV (classified as an operating lease) and relocated the satellite to the 45 degree west longitude orbital location. Effective March 1, 2014, this service arrangement was converted to a month-to-month service agreement. Both parties have the right to terminate this agreement upon 30 days' notice. We are required to maintain in-orbit insurance pursuant to our service agreement with DISH Network.

Satellite Anomalies

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

We have previously disclosed in our financial statements as of and for the year ended December 31, 2013, anomalies in prior years that affect our in-service owned and leased satellites, including EchoStar III, EchoStar VI, EchoStar VIII, EchoStar XII, and AMC-16. We are not aware of any additional anomalies that have occurred on any of our owned or leased satellites in 2014 as of the date of this report, that affected the commercial operation of these satellites. EchoStar III and EchoStar VI are fully depreciated and EchoStar III is being used as an in-orbit spare; accordingly, the prior anomalies affecting these satellites have not had a significant effect on our operating results and cash flows. EchoStar XII has experienced several anomalies, which have resulted in a loss of electrical power. Those anomalies have not had a significant adverse impact on service under the related satellite services agreement with DISH Network for EchoStar XII; however, the anomalies have increased the risk of future transponder failures that could result in reductions in our revenue and require recognition of a satellite impairment loss. See Satellite Impairments below.

The five satellites received from DISH Network pursuant to the Satellite and Tracking Stock Transaction have experienced certain anomalies prior to March 1, 2014, the effective date of the Satellite and Tracking Stock Transaction as described below.

EchoStar I. During the first quarter 2012, DISH Network determined that EchoStar I experienced a communications receiver anomaly. The communications receivers process signals sent from the uplink center for transmission by the satellite to customers. While this anomaly did not impact commercial operation of the satellite, there can be no assurance that future anomalies will not impact its future commercial operation. EchoStar I is fully depreciated.

EchoStar VII. Prior to 2012, EchoStar VII experienced certain thruster failures. During the fourth quarter 2012, DISH Network determined that EchoStar VII experienced an additional thruster failure. Thrusters control the satellite's location and orientation. While this anomaly did not impact commercial operation of the satellite, there can be no assurance that future anomalies will not reduce its useful life or impact its commercial operation.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued
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EchoStar X. During the second and third quarters of 2010, EchoStar X experienced anomalies which affected seven solar array circuits reducing the number of functional solar array circuits to 17. While these anomalies did not impact commercial operation of the satellite, there can be no assurance that future anomalies will not reduce its useful life or impact its commercial operation.

EchoStar XI. During the first quarter 2012, DISH Network determined that EchoStar XI experienced solar array anomalies that reduced the total power available for use by the satellite. While these anomalies did not impact commercial operation of the satellite, there can be no assurance that future anomalies will not reduce its useful life or impact its commercial operation.

EchoStar XIV. During the third quarter 2011 and the first quarter 2012, DISH Network determined that EchoStar XIV experienced solar array anomalies that reduced the total power available for use by the satellite. While these anomalies did not impact commercial operation of the satellite, there can be no assurance that future anomalies will not reduce its useful life or impact its commercial operation.

Satellite Impairments

We evaluate our satellites for impairment and test for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Certain of the anomalies discussed above, and previously disclosed, may be considered to represent a significant adverse change in the

physical condition of a particular satellite. However, based on the redundancy designed within each satellite, certain of these anomalies are not necessarily considered to be significant events that would require a test of recoverability. There have been no satellite impairments in 2014 as of the date of this report.

EchoStar XII. Prior to 2010, EchoStar XII experienced anomalies resulting in the loss of electrical power available from its solar arrays. In September 2012, November 2012, and January 2013, EchoStar XII experienced additional solar array anomalies, which further reduced the electrical power available to operate EchoStar XII. An engineering analysis completed in the second quarter of 2013 indicated further loss of available electrical power and resulting capacity loss was likely. As a result, we recognized a \$34.7 million impairment loss in the second quarter of 2013. Additional solar array anomalies are likely, and if they occur, they will continue to degrade the operational capability of EchoStar XII and could lead to additional impairment charges in the future. EchoStar XII has experienced no additional electrical power loss to date in 2014.

Note 10. Goodwill and Other Intangible Assets

Goodwill

The excess of the cost of an acquired business over the fair values of net tangible and identifiable intangible assets at the time of the acquisition is recorded as goodwill. Goodwill is assigned to our reporting units of our operating segments and is subject to our annual impairment testing, 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 March 31, 2014, all of our goodwill was assigned to reporting units of the Hughes segment. Based on our qualitative assessment of impairment of such goodwill in the second quarter of 2013, we determined that no further testing of goodwill for impairment as of that date was necessary as it was not more likely than not that the fair values of the Hughes segment reporting units were less than the corresponding carrying amounts.

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Regulatory Authorizations

Regulatory authorizations with finite and indefinite useful lives are as follows:

	As of	
	March 31, 2014	December 31, 2013
(In thousands)		
Finite useful lives:		
Cost	\$ 116,085	\$ 113,764
Accumulated amortization	(3,101)	(1,521)
Net	112,984	112,243
Indefinite lives	471,657	471,657
Total regulatory authorizations, net	<u>\$ 584,641</u>	<u>\$ 583,900</u>

Amortization expense for the regulatory authorizations with finite useful lives was \$1.5 million and zero for the three months ended March 31, 2014 and 2013, respectively.

Other Intangible Assets

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

	Weighted Average Useful life (in Years)	As of					
		March 31, 2014			December 31, 2013		
		Cost	Accumulated Amortization	Carrying Amount	Cost	Accumulated Amortization	Carrying Amount
(In thousands)							
Customer relationships	8	\$ 293,932	\$ (160,833)	\$ 133,099	\$ 293,932	\$ (152,647)	\$ 141,285
Contract-based	10	255,366	(213,805)	41,561	255,366	(204,835)	50,531
Technology-based	7	126,272	(87,918)	38,354	126,272	(83,580)	42,692
Trademark portfolio	20	29,700	(4,208)	25,492	29,700	(3,836)	25,864
Favorable leases	4	4,707	(3,334)	1,373	4,707	(3,040)	1,667
Total other intangible assets		<u>\$ 709,977</u>	<u>\$ (470,098)</u>	<u>\$ 239,879</u>	<u>\$ 709,977</u>	<u>\$ (447,938)</u>	<u>\$ 262,039</u>

Customer relationships are amortized predominantly in relation to the expected contribution of cash flow to the business over the life of the intangible asset. Other intangible assets are amortized on a straight-line basis over the periods the assets are expected to contribute to our cash flows. Amortization expense was \$24.3 million and \$21.6 million for the three months ended March 31, 2014 and 2013, respectively, including amortization of regulatory authorizations with finite lives.

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Note 11. Debt

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

	As of			
	March 31, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
6 1/2% Senior Secured Notes due 2019	\$ 1,100,000	\$ 1,212,750	\$ 1,100,000	\$ 1,193,500
7 5/8% Senior Notes due 2021	900,000	1,017,000	900,000	1,001,250
Other	1,618	1,618	1,588	1,588
Subtotal	2,001,618	\$ 2,231,368	2,001,588	\$ 2,196,338
Capital lease obligations (1)	404,985		420,800	
Total debt and capital lease obligations	2,406,603		2,422,388	
Less: Current portion	(61,404)		(69,791)	
Long-term portion of debt and capital lease obligations	\$ 2,345,199		\$ 2,352,597	

(1) Disclosure regarding the fair value of capital lease obligations is not required.

We estimated the fair value of our publicly traded long-term debt using market prices in less active markets (Level 2).

Note 12. Income Taxes

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

Our quarterly tax provision, and our quarterly estimate of our annual effective tax rate, is subject to significant volatility due to several factors, including variability in accurately predicting our pre-tax and taxable income and loss and the mix of jurisdictions to which they relate, income and losses from investments, changes in tax laws and relative changes of expenses or losses for which tax benefits are not recognized. Additionally, our effective tax rate can be more or less volatile based on the amount of pre-tax income. For example, the impact of discrete items and non-deductible expenses on our effective tax rate is greater when our pre-tax income is lower.

Income tax expense was approximately \$3.2 million for the three months ended March 31, 2014 compared to an income tax benefit of \$5.6 million for the three months ended March 31, 2013. Our effective income tax rate was 20.8% for the three months ended March 31, 2014 compared to 262.8% for the same period in 2013. The variation in our current year effective tax rate from a U.S. federal statutory rate for the current period was primarily due to the increase of our valuation allowance associated with realized and unrealized losses that are capital in nature for tax purposes and a lower state effective tax rate. For the same period in 2013, the variation in our effective tax rate from a U.S. federal statutory rate was primarily due to the decrease of our valuation allowance associated with realized and unrealized losses that are capital in nature for tax purposes, current year research and experimentation credits, and reinstatement of the tax credit for 2012, as provided by the American Taxpayer Relief Act enacted on January 2, 2013.

Note 13. Stock-Based Compensation

We maintain stock incentive plans to attract and retain officers, directors and key employees. Stock awards under these plans include both performance based and non-performance based stock incentives. We granted 190,000 stock options to our employees for the three months ended March 31, 2014 and zero stock options for the three months ended March 31, 2013.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued
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Our stock-based compensation expense was recorded in the Condensed Consolidated Statements of Operations as follows:

	For the Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Research and development expenses	\$ 592	\$ 928
Selling, general and administrative expenses	2,965	4,056
Total stock-based compensation	\$ 3,557	\$ 4,984

As of March 31, 2014, total unrecognized stock-based compensation cost, net of estimated forfeiture, related to our non-performance based unvested stock awards was \$33.2 million.

Note 14. Commitments and Contingencies**Commitments**

As of March 31, 2014, our satellite-related obligations were approximately \$1.16 billion. Our satellite-related obligations primarily include, among other things, payments pursuant to agreements for the construction of the EchoStar XIX and TerreStar-2 satellites, payments pursuant to launch services contracts, executory costs for our capital lease satellites, costs under transponder agreements and in-orbit incentives relating to certain satellites, including certain satellites received from DISH Network as a result of the Satellite and Tracking Stock Transaction.

As discussed in Note 17, in April 2014 we entered into certain agreements that increased our satellite-related contractual obligations by approximately \$234.7 million.

Contingencies

Separation Agreement

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

Litigation

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

For certain cases described below, management is unable to provide a meaningful estimate of the possible loss or range of possible loss because, among other reasons, (i) the proceedings are in various stages; (ii) damages have not been sought; (iii) damages are unsupported and/or exaggerated; (iv) there is uncertainty as to the outcome of pending appeals or motions;

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

(v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories to be presented or a large number of parties are involved (as with many patent-related cases). For these cases, however, management does not believe, based on currently available information, that the outcomes of these proceedings will have a material adverse effect on our financial condition, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

California Institute of Technology

On October 1, 2013, the California Institute of Technology ("Caltech") filed suit against two of our indirect wholly-owned subsidiaries, Hughes Communications, Inc. and Hughes Network Systems, LLC, as well as against DISH Network, DISH Network L.L.C., and dishNET Satellite Broadband L.L.C., in the United States District Court for the Central District of California alleging infringement of United States Patent Nos. 7,116,710; 7,421,032; 7,916,781; and 8,284,833, each of which is entitled "Serial Concatenation of Interleaved Convolutional Codes forming Turbo-Like Codes." Caltech appears to assert that encoding data as specified by the DVB-S2 standard infringes each of the asserted patents. In the operative Amended Complaint, served on March 6, 2014, Caltech claims that the Hopper set-top box, as well as certain of our Hughes subsidiaries' satellite broadband products and services, infringe the asserted patents by implementing the DVB-S2 standard.

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

ClearPlay, Inc.

On March 13, 2014, ClearPlay, Inc. ("ClearPlay") filed a complaint against DISH Network Corporation, DISH Network L.L.C., us, and our wholly-owned subsidiary EchoStar Technologies L.L.C., in the United States District Court for the District of Utah. The complaint alleges infringement of United States Patent Nos. 6,898,799, entitled "Multimedia Content Navigation and Playback" (the "799 patent"); 7,526,784, entitled "Delivery of Navigation Data for Playback of Audio and Video Content" (the "784 patent"); 7,543,318, entitled "Delivery of Navigation Data for Playback of Audio and Video Content" (the "318 patent"); 7,577,970, entitled "Multimedia Content Navigation and Playback" (the "970 patent"); and 8,117,282, entitled "Media Player Configured to Receive Playback Filters From Alternative Storage Mediums" (the "282 patent"). ClearPlay alleges that the AutoHop™ feature in the Hopper set-top box infringes the asserted patents.

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

On January 17, 2014, CRFD Research, Inc. (“CRFD”) filed a complaint against us and our wholly-owned subsidiary, EchoStar Technologies L.L.C., as well as against DISH Network, DISH DBS and DISH Network L.L.C., in United States District Court for the District of Delaware, alleging infringement of United States Patent No. 7,191,233 (the “233 patent”). The 233 patent is entitled “System for Automated, Mid-Session, User-Directed, Device-to-Device Session Transfer System,” and relates to transferring an ongoing software session from one device to another. CRFD alleges that certain of our set-top boxes infringe the 233 patent. On the same day, CRFD filed patent infringement complaints against AT&T Inc.; Comcast Corp.; DirecTV; Time Warner Cable Inc.; Cox Communications, Inc.; Level 3 Communications, Inc.; Akamai Technologies, Inc.; Cablevision Systems Corp. and Limelight Networks, Inc. CRFD is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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

The Hopper Litigation

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

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

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

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

On September 21, 2012, the United States District Court for the Central District of California heard the Fox plaintiffs’ motion for a preliminary injunction to enjoin the Hopper set-top box’s PrimeTime Anytime and AutoHop features and, on November 7, 2012, entered an order denying the motion. The Fox plaintiffs appealed and on July 24, 2013, the United States Court of Appeals for the Ninth Circuit affirmed the denial of the Fox plaintiffs’ motion for a preliminary injunction as to the PrimeTime Anytime and AutoHop features. On August 7, 2013, the Fox plaintiffs filed a petition for rehearing and rehearing en banc, which was denied on January 24, 2014. The United States Supreme Court has granted the Fox plaintiffs an extension until May 23, 2014 to file a petition for writ of certiorari.

In addition, on February 21, 2013, the Fox plaintiffs filed a second motion for preliminary injunction against: (i) DISH, seeking to enjoin the Hopper Transfers™ feature in the second-generation Hopper set-top box, alleging breach of a retransmission consent agreement; and (ii) EchoStar Technologies L.L.C. and DISH, seeking to enjoin the Sling placeshifting functionality in the second-generation Hopper set-top box, alleging copyright infringement by both defendants, and breach of the earlier-mentioned retransmission consent agreement by DISH. The Fox plaintiffs’ motion was denied on September 23, 2013. The Fox plaintiffs appealed, and the United States Court of Appeals for the Ninth Circuit will hear oral argument on July 7, 2014. The Fox claims are set for trial on January 13, 2015.

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New York Actions. On October 9, 2012, the ABC plaintiffs filed copyright counterclaims in the New York action against EchoStar Technologies, L.L.C., with the CBS plaintiffs filing similar copyright counterclaims in the New York action against EchoStar Technologies L.L.C. on October 12, 2012. Additionally,

the CBS plaintiffs have filed a counterclaim alleging that DISH fraudulently concealed the AutoHop feature when negotiating renewal of its CBS retransmission consent agreement.

On November 23, 2012, the ABC plaintiffs filed a motion for a preliminary injunction to enjoin the Hopper set-top box's PrimeTime Anytime and AutoHop features. On September 18, 2013, the New York court denied that motion. The ABC plaintiffs appealed, and oral argument on the appeal was heard on February 20, 2014 before the United States Court of Appeals for the Second Circuit. Pursuant to a settlement between us and the ABC parties, on March 4, 2014, the ABC parties withdrew their appeal to the United States Court of Appeals for the Second Circuit, and, on March 6, 2014, we and the ABC parties dismissed without prejudice all of our respective claims pending in the United States District Court for the Southern District of New York. The CBS claims in the New York action are set to be trial-ready on April 17, 2015.

We intend to vigorously prosecute and defend our position in these cases. In the event that a court ultimately determines that we infringe the asserted copyrights, we may be subject to substantial damages, and/or an injunction that could require us to materially modify certain features that we currently offer to DISH Network. An adverse decision against DISH Network could decrease the number of Sling enabled set-top boxes we sell to DISH Network, which could have an adverse impact on the business operations of our EchoStar Technologies segment. In addition, to the extent that DISH Network experiences fewer gross new subscriber additions, sales of our digital set-top boxes and related components to DISH Network may further decline, which in turn could have a material adverse effect on our financial position and results of operations. We cannot predict with any degree of certainty the outcome of these suits or determine the extent of any potential liability or damages.

Lightsquared/Harbinger Capital Partners LLC (LightSquared Bankruptcy)

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

On October 29, 2013, the Bankruptcy Court dismissed all of the claims against us in Harbinger's complaint in their entirety, but granted leave for LightSquared to file its own complaint in intervention. On November 15, 2013, LightSquared filed its complaint, which included various claims against us, DISH Network Corporation, Mr. Ergen and SPSO. On December 2, 2013, Harbinger filed an amended complaint, asserting various claims against SPSO. On December 12, 2013, the Bankruptcy Court dismissed several of the claims asserted by LightSquared and Harbinger. The surviving claims include, among others, LightSquared's claims against SPSO for declaratory relief, breach of contract and statutory disallowance; LightSquared's tortious interference claim against EchoStar Corporation, DISH Network Corporation and Mr. Ergen; and Harbinger's claim against SPSO for equitable disallowance. These claims proceeded to a non-jury trial on January 9, 2014, which concluded on January 17, 2014. The parties submitted post-trial briefs and a hearing for closing arguments occurred on March 17, 2014.

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

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Nazomi Communications, Inc.

On February 10, 2010, Nazomi Communications, Inc. ("Nazomi") filed suit against Sling Media, Inc. ("Sling"), our indirect wholly owned subsidiary, as well as Nokia Corp; Nokia Inc.; Microsoft Corp.; Amazon.com Inc.; Western Digital Corp.; Western Digital Technologies, Inc.; Garmin Ltd.; Garmin Corp.; Garmin International, Inc.; Garmin USA, Inc.; Vizio Inc. and iOmega Corp in the United States District Court for the Central District of California alleging infringement of United States Patent No. 7,080,362 (the "362 patent") and United States Patent No. 7,225,436 (the "436 patent"). The 362 patent and the 436 patent relate to Java hardware acceleration. On August 14, 2012, the United States District Court for the Northern District of California, to which the case had earlier been transferred, granted Sling's motion for summary judgment of non-infringement. On January 10, 2014, the United States Court of Appeals for the Federal Circuit affirmed the District Court's grant of summary judgment, and the matter is now concluded.

Network Acceleration Technologies, LLC

On November 30, 2012, Network Acceleration Technologies, LLC ("NAT") filed suit against Hughes Network Systems, LLC, our indirect wholly-owned subsidiary, in the United States District Court for the District of Delaware alleging infringement of United States Patent No. 6,091,710 (the "710 patent"), which is entitled "System and Method for Preventing Data Slow Down Over Asymmetric Data Transmission Links." NAT re-filed its case on July 19, 2013. NAT is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, as well as an ongoing royalty obligation. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Personalized Media Communications, Inc.

During 2008, Personalized Media Communications, Inc. ("PMC") filed suit against EchoStar Corporation, DISH Network and Motorola Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent Nos. 5,109,414; 4,965,825; 5,233,654; 5,335,277; and 5,887,243, which relate to satellite signal processing. PMC is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. Subsequently, Motorola Inc. settled with PMC, leaving DISH Network and us as defendants. On July 18, 2012, pursuant to a Court

order, PMC filed a Second Amended Complaint that added Rovi Guides, Inc. (f/k/a/ Gemstar-TV Guide International, Inc.) and TVG-PMC, Inc. (collectively, “Gemstar”) as a party, and added a new claim against all defendants seeking a declaratory judgment as to the scope of Gemstar’s license to the patents in suit, under which DISH Network and we are sublicensees. No trial date is currently set.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could cause us to materially modify certain features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Shareholder Derivative Litigation

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

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

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

On February 22, 2013, the Chester County Litigation was transferred to the District of Nevada, and on April 3, 2013, the Chester County Litigation was consolidated into the Jacobi Litigation. Oral argument on a motion to dismiss the Jacobi Litigation was held February 21, 2014. On April 11, 2014, the Chester County litigation was stayed pending resolution of the motion to dismiss.

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

Technology Development and Licensing, LLC

On January 22, 2009, Technology Development and Licensing, LLC (“TDL”) filed suit against us and DISH Network in the United States District Court for the Northern District of Illinois alleging infringement of United States Patent No. Re. 35,952, which relates to certain favorite channel features. TDL is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. In July 2009, the Court granted our motion to stay the case pending two reexamination petitions before the United States Patent and Trademark Office.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could cause us to materially modify certain features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

TQP Development, LLC

On October 11, 2012, TQP Development, LLC (“TQP”) filed suit against our indirectly wholly-owned subsidiary, Sling Media, Inc., in the United States District Court for the Eastern District of Texas, alleging infringement of United States Patent No. 5,412,730, which is entitled “Encrypted Data Transmission System Employing Means for Randomly Altering the Encryption Keys.” On November 14, 2012, TQP filed suit in the same venue against Hughes Network Systems, LLC, our indirectly wholly owned subsidiary, alleging infringement of the same patent. TQP is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. On July 8, 2013, the Court granted a joint motion to dismiss the claims against Sling without prejudice. On February 24, 2014, the Court granted a joint motion to dismiss the claims against Hughes Network Systems, LLC, without prejudice and the matter is now concluded.

Other

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

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ECHOSTAR CORPORATION **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued**

Note 15. Segment Reporting

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

- **EchoStar Technologies** — which designs, develops and distributes digital set-top boxes and related products and technology, primarily for satellite TV service providers, telecommunication companies and international cable companies. Our EchoStar Technologies segment also provides digital broadcast operations, including satellite uplinking/downlinking, transmission services, signal processing, conditional access management, and other services primarily to DISH Network. In addition, we provide our Slingboxes directly to consumers via retail outlets and online.
- **Hughes** — which provides satellite broadband internet access to North American consumers and broadband network services and equipment to domestic and international enterprise markets. The Hughes segment also provides managed services to large enterprises and solutions to customers for mobile satellite systems.
- **EchoStar Satellite Services** — which uses certain of our owned and leased in-orbit satellites and related licenses to lease capacity on a full-time and occasional-use basis primarily to DISH Network, and also to Dish Mexico, U.S. government service providers, state agencies, internet service providers, broadcast news organizations, programmers, and private enterprise customers.

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

The following tables present revenue, EBITDA, and capital expenditures for each of our operating segments and reconcile total consolidated EBITDA to reported “Income (loss) before income taxes” in our Condensed Consolidated Statements of Operations:

	EchoStar Technologies	Hughes	EchoStar Satellite Services	All Other and Eliminations	Consolidated Total
	(In thousands)				
For the Three Months Ended March 31, 2014					
External revenue	\$ 405,692	\$ 314,371	\$ 99,872	\$ 6,088	\$ 826,023
Intersegment revenue	\$ 101	\$ 400	\$ 949	\$ (1,450)	\$ —
Total revenue	\$ 405,793	\$ 314,771	\$ 100,821	\$ 4,638	\$ 826,023
EBITDA	\$ 38,964	\$ 81,939	\$ 84,782	\$ (13,801)	\$ 191,884
Capital expenditures (1)	\$ 13,922	\$ 45,972	\$ 29	\$ 53,702	\$ 113,625
For the Three Months Ended March 31, 2013					
External revenue	\$ 426,773	\$ 289,181	\$ 73,346	\$ 6,154	\$ 795,454
Intersegment revenue	\$ 221	\$ 218	\$ 856	\$ (1,295)	\$ —
Total revenue	\$ 426,994	\$ 289,399	\$ 74,202	\$ 4,859	\$ 795,454
EBITDA	\$ 29,925	\$ 63,981	\$ 64,806	\$ 12,922	\$ 171,634
Capital expenditures (1)	\$ 12,311	\$ 44,340	\$ 12,272	\$ 3,697	\$ 72,620

- (1) Capital expenditures consist of purchases of property and equipment reported in our Condensed Consolidated Statements of Cash Flows and do not include satellites transferred in the Satellite and Tracking Stock Transaction or other noncash capital expenditures.

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	For the Three Months Ended March 31,	
	2014	2013
	(In thousands)	
EBITDA	\$ 191,884	\$ 171,634
Interest income and expense, net	(43,446)	(47,123)
Depreciation and amortization	(133,226)	(126,699)
Net loss attributable to noncontrolling interest in HSS Tracking Stock	(324)	—
Net income attributable to noncontrolling interests	299	40
Income (loss) before income taxes	<u>\$ 15,187</u>	<u>\$ (2,148)</u>

Note 16. Related Party Transactions**DISH Network**

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

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

Receiver Agreement. Effective January 1, 2012, we and DISH Network entered into a new receiver agreement (the “2012 Receiver Agreement”), pursuant to which DISH Network has the right, but not the obligation, to purchase digital set-top boxes, related accessories, and other equipment from us for the period from January 1, 2012 to December 31, 2014. The 2012 Receiver Agreement replaced the receiver agreement we entered into with DISH Network in connection with the Spin-off. The 2012 Receiver Agreement allows DISH Network to purchase digital set-top boxes, related accessories, and other equipment from us either: (i) at cost (decreasing as we reduce costs and increasing as costs increase) plus a dollar mark-up which will depend upon the cost of the product subject to a collar on our mark-up; or (ii) at cost plus a fixed margin, which will depend on the nature of the equipment purchased. Under the 2012 Receiver Agreement, our margins will be increased if we are able to reduce the costs of our digital set-top boxes and our margins will be reduced if these costs increase. We provide DISH Network with standard manufacturer warranties for the goods sold under the 2012 Receiver Agreement. Additionally, the 2012 Receiver Agreement includes an indemnification provision, whereby the parties indemnify each other for certain intellectual property matters. DISH Network is able to terminate the 2012 Receiver Agreement for any reason upon at least 60 days’ notice to us. We are able to terminate the 2012 Receiver Agreement if certain entities acquire DISH Network. DISH Network has an option, but not the obligation, to extend the 2012 Receiver Agreement for one additional year upon 180 days notice prior to the end of the term. On May 5, 2014, we received DISH Network’s notice to extend the 2012 Receiver Agreement for one year to December 31, 2015.

Broadcast Agreement. Effective January 1, 2012, we and DISH Network entered into a new broadcast agreement (the “2012 Broadcast Agreement”) pursuant to which we provide certain broadcast services to DISH Network, including teleport services such as transmission and downlinking, channel origination services, and channel management services, for the period from January 1, 2012 to December 31, 2016. The 2012 Broadcast Agreement replaced the broadcast agreement that we entered into with DISH Network in connection with the Spin-off. The fees for the services provided under the 2012 Broadcast Agreement are calculated at either: (a) our cost of providing the relevant service plus a fixed dollar fee, which is subject to certain adjustments; or (b) our cost of providing the

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relevant service plus a fixed margin, which will depend on the nature of the services provided. DISH Network has the ability to terminate channel origination services and channel management services for any reason and without any liability upon at least 60 days’ notice to us. If DISH Network terminates the teleport services provided under the 2012 Broadcast Agreement for a reason other than our breach, DISH Network generally is obligated to reimburse us for any direct costs we incur related to any such termination that we cannot reasonably mitigate.

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

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

EchoStar I, EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV. As part of the Satellite and Tracking Stock Transaction discussed in Note 2, on March 1, 2014, we began providing certain satellite services to DISH Network on the EchoStar I, VII, X, XI and XIV satellites. The term of each satellite services agreement generally terminates upon the earlier of: (i) the end of life of the satellite; (ii) the date the satellite fails; or (iii) a certain date, which depends upon, among other things, the estimated useful life of the satellite. DISH Network generally has the option to renew each satellite capacity agreement on a year-to-year basis through the end of the respective satellite’s life. There can be no assurance that any options to renew such agreements will be exercised.

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

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

EchoStar XII. DISH Network receives satellite services from us on EchoStar XII. The term of the satellite services agreement terminates upon the earlier of: (i) the end of life of the satellite; (ii) the date the satellite fails or the date the transponder(s) on which the service was being provided under the agreement fails; or (iii) a certain date, which depends upon, among other things, the estimated useful life of the satellite. DISH Network generally has the

option to renew the agreement on a year-to-year basis through the end of the satellite's life. There can be no assurance that any options to renew this agreement will be exercised.

EchoStar XVI. During December 2009, we entered into an initial ten-year transponder service agreement with DISH Network to receive satellite services from us on EchoStar XVI, a DBS satellite. Effective December 21, 2012, we and DISH Network amended the transponder service agreement to, among other things, change the initial term to generally expire upon the earlier of: (i) the end-of-life or replacement of the satellite; (ii) the date the satellite fails; (iii) the date the transponder(s) on which service is being provided under the agreement fails; or (iv) four years following the actual service commencement date. Prior to expiration of the initial term, we, upon certain conditions, and DISH Network have the option to renew for an additional six-year period. If either we or DISH Network exercise our respective six-year renewal options, DISH Network has the option to renew for an additional five-year period prior to expiration of the then-current term.

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There can be no assurance that any option to renew this agreement will be exercised. We began to provide satellite services on EchoStar XVI to DISH Network in January 2013.

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

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

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

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

Under the terms of our contractual arrangements with DISH Network, we began to provide service to DISH Network on the QuetzSat-1 satellite in February 2013 and will continue to provide service through the remainder of the service term. Unless extended or earlier terminated under the terms and conditions of our agreement with DISH Network for the QuetzSat-1 satellite, the initial service term will expire in November 2021. Upon expiration of the initial service term, DISH Network has the option to renew the agreement for the QuetzSat-1 satellite on a year-to-year basis through the end of life of the QuetzSat-1 satellite. Upon an in-orbit failure or end of life of the QuetzSat-1 satellite, and in certain other circumstances, DISH Network has certain rights to receive service from us on a replacement satellite. There can be no assurance that any options to renew this agreement will be exercised or that DISH Network will exercise its option to receive service on a replacement satellite.

103 Degree Orbital Location/SES-3. During May 2012, we entered into a spectrum development agreement (the "103 Spectrum Development Agreement") with Ciel Satellite Holdings Inc. ("Ciel") to develop certain spectrum rights at the 103 degree west longitude orbital location (the "103 Spectrum Rights"). During June 2013, we and DISH Network entered into a spectrum development agreement (the "DISH 103 Spectrum Development Agreement") pursuant to which DISH Network may use and develop the 103 Spectrum Rights. During the third quarter 2013, DISH Network made a payment to us in exchange for these rights. Unless earlier terminated under the

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terms and conditions of the DISH 103 Spectrum Development Agreement, the term generally will continue for the duration of the 103 Spectrum Rights Agreement.

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

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

In connection with the Satellite and Tracking Stock Transaction, on February 20, 2014, we amended the TT&C Agreement to cease the provision of TT&C services to DISH Network for the EchoStar I, EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV satellites. As of March 1, 2014, we provide TT&C services for the D-1 and EchoStar XV satellites.

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

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

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

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

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

Gilbert Lease Agreement. The lease for certain space at 801 N. DISH Dr. in Gilbert, Arizona is a month to month lease and can be terminated by either party upon 30 days' prior notice. We expect this lease to terminate in 2014.

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

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

El Paso Lease Agreement. The lease for certain space at 1285 Joe Battle Blvd. El Paso, Texas is for a period ending on August 1, 2015, and provides us with renewal options for four consecutive three year terms.

American Fork Occupancy License Agreement. The license for certain space at 796 East Utah Valley Drive in American Fork, Utah is for a period ending on July 31, 2017, subject to the terms of the underlying lease agreement.

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

DISHOnline.com Services Agreement. Effective January 1, 2010, DISH Network entered into a two-year agreement with us pursuant to which DISH Network receives certain services associated with an online video portal. The fees for the services provided under this services agreement depend, among other things, upon the cost to develop and operate such services. DISH Network has the option to renew this agreement for three successive one year terms and the agreement may be terminated by DISH Network for any reason upon at least 120 days' notice to us. In November 2013, DISH Network exercised its right to renew this agreement for a one-year period ending on December 31, 2014.

DISH Remote Access Services Agreement. Effective February 23, 2010, we entered into an agreement with DISH Network pursuant to which DISH Network receives, among other things, certain remote digital video recorder (“DVR”) management services. The fees for the services provided under this services agreement depend, among other things, upon the cost to develop and operate such services. This agreement has a term of five years with automatic renewal for successive one year terms and may be terminated by DISH Network for any reason upon at least 120 days’ notice to us.

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

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

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

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Radio Access Network Agreement. On November 29, 2012, HNS entered into an agreement with DISH Network L.L.C. pursuant to which HNS will construct for DISH Network a ground-based satellite radio access network (“RAN”) for a fixed fee. The completion of the RAN under this agreement is expected to occur on or before November 29, 2014. This agreement generally may be terminated by DISH Network at any time for convenience.

RUS Implementation Agreement. In September 2010, DISH Broadband L.L.C. (“DISH Broadband”), DISH Network’s wholly owned subsidiary, was selected by the Rural Utilities Service (“RUS”) of the United States Department of Agriculture to receive up to approximately \$14.1 million in broadband stimulus grant funds (the “Grant Funds”). Effective November 2011, HNS and DISH Broadband entered into a RUS Implementation Agreement (the “RUS Agreement”) pursuant to which HNS provides certain portions of the equipment and broadband service used to implement DISH Broadband’s RUS program. The RUS Agreement expired in June 2013 when the Grant Funds were exhausted.

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

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

Set-Top Box Application Development Agreement. During the fourth quarter of 2012, we and DISH Network entered into a set-top box application development agreement (the “Application Development Agreement”) pursuant to which we provide DISH Network with certain services relating to the development of web-based applications for the period ending February 1, 2015. The Application Development Agreement renews automatically for successive one-year periods thereafter, unless terminated earlier by us or DISH Network at any time upon at least 90 days’ notice. The fees for services provided under the Application Development Agreement are calculated at our cost of providing the relevant service plus a fixed margin, which will depend on the nature of the services provided.

XiP Encryption Agreement. During the third quarter of 2012, we entered into an encryption agreement with DISH Network for our whole-home HD DVR line of set-top boxes (the “XiP Encryption Agreement”) pursuant to which we provide certain security measures on our whole-home HD DVR line of set-top boxes to encrypt the content delivered to the set-top box via a smart card and secure the content between set-top boxes. The term of the XiP Encryption Agreement is until December 31, 2014. Under the XiP Encryption Agreement, DISH Network has an option, but not the obligation to extend the XiP Encryption Agreement for one additional year upon at least 180 days’ notice prior to the end of the term. We and DISH Network each have the right to terminate the XiP Encryption Agreement for any reason upon at least 180 days’ notice and 30 days’ notice, respectively. The fees for the services provided under the XiP Encryption Agreement are calculated on a monthly basis based on the number of receivers utilizing such security measures each month.

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Management Services Agreement. In connection with the Spin-off, we entered into a Management Services Agreement with DISH Network pursuant to which DISH Network made certain of its officers available to provide services (which were primarily accounting services) to us. Effective June 15, 2013, we terminated the Management Services Agreement.

Professional Services Agreement. In connection with the Spin-off, we entered into various agreements with DISH Network including the Transition Services Agreement, Satellite Procurement Agreement and Services Agreement, which all expired on January 1, 2010 and were replaced by a Professional Services Agreement. During 2009, we and DISH Network agreed that we shall continue to have the right, but not the obligation, to receive the following services from DISH Network, among others, certain of which were previously provided under the Transition Services Agreement: information technology, travel and event coordination, internal audit, legal, accounting and tax, benefits administration, program acquisition services and other support services. Additionally, we and DISH Network agreed that DISH Network shall continue to have the right, but not the obligation, to engage us to manage the process of procuring new satellite capacity for DISH Network (previously provided under the Satellite Procurement Agreement), receive logistics, procurement and quality assurance services from us (previously provided under the Services Agreement) and other support services. The Professional Services Agreement automatically renewed on January 1, 2014 for an additional one-year period and renews automatically for successive one-year periods thereafter, unless terminated earlier by either party upon at least 60 days' notice. However, either party may terminate the Professional Services Agreement in part with respect to any particular service it receives for any reason upon at least 30 days' notice.

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

D-1. In November 2012, HNS entered into a satellite service agreement pursuant to which HNS receives satellite services from DISH Network on the D-1 satellite for research and development. This service agreement terminates upon the earlier of: (i) the end-of-life of the satellite; (ii) the date the satellite fails; (iii) the date the spectrum capacity on which service is being provided under the agreement fails; or (iv) June 30, 2014.

EchoStar XV. In May 2013, we began receiving satellite services from DISH Network on EchoStar XV and relocated the satellite to the 45 degree west longitude orbital location for testing pursuant to our Brazilian authorization. Effective March 1, 2014, this satellite services agreement converted to a month-to-month lease. Both parties have the right to terminate this lease upon 30 days' notice.

Remanufactured Receiver Agreement. In connection with the Spin-off, we entered into a remanufactured receiver agreement with DISH Network pursuant to which we have the right, but not the obligation, to purchase remanufactured receivers and related components from DISH Network at cost plus a fixed margin, which varies depending on the nature of the equipment purchased. In November 2013, we and DISH Network extended this agreement until December 31, 2014. We may terminate the remanufactured receiver agreement for any reason upon at least 60 days' notice to DISH Network. DISH Network may also terminate this agreement if certain entities acquire it.

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

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

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

In light of the tax sharing agreement, among other things, and in connection with our consolidated federal income tax returns for certain tax years prior to and for the year of the Spin-off, during the third quarter of 2013, we and DISH Network agreed upon a supplemental allocation of the tax benefits arising from certain tax items resolved in the course of the IRS's examination of our consolidated tax returns. Prior to the agreement with DISH Network, the federal tax benefits of \$82.8 million were reflected as a deferred tax asset for depreciation and amortization, which was netted in our noncurrent deferred tax liabilities. The agreement requires DISH Network to pay us \$82.8 million of the federal tax benefit it receives at such time as we would have otherwise been able to realize such tax benefit, which we currently estimate would be after 2014. Accordingly, we recorded a noncurrent receivable from DISH Network for \$82.8 million in "Other receivable — DISH Network" and a corresponding increase in our net noncurrent deferred tax liabilities to reflect the effects of this agreement in the third quarter of 2013. In addition, during the third quarter of 2013, we and DISH Network agreed upon a tax sharing arrangement for filing certain combined state income tax returns and a method of allocating the respective tax liabilities between us and DISH Network for such combined returns, through the taxable period ending on December 31, 2017.

TiVo. On April 29, 2011, we and DISH Network entered into a settlement agreement with TiVo, Inc. ("TiVo"). The settlement resolved all pending litigation between us and DISH Network, on the one hand, and TiVo, on the other hand, including litigation relating to alleged patent infringement involving certain DISH Network DVRs.

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

Patent Cross-License Agreements. During December 2011, we and DISH Network entered into separate patent cross-license agreements with the same third party whereby: (i) we and such third party licensed our respective patents to each other subject to certain conditions; and (ii) DISH Network and such third party licensed their respective patents to each other subject to certain conditions (each, a “Cross-License Agreement”). Each Cross-License Agreement covers patents acquired by the respective party prior to January 1, 2017 and aggregate payments under both Cross-License Agreements total less than \$10.0 million. Each Cross-License Agreement also contains an option to extend each Cross-License Agreement to include patents acquired by the respective party prior to January 1, 2022. If both options are exercised, the aggregate additional payments to such third party would total less than \$3.0 million. However, we and DISH Network may elect to extend our respective Cross-License Agreement independently of each other. Since the aggregate payments under both Cross-License Agreements were based on the combined annual revenue of us and DISH Network, we and DISH Network agreed to allocate our respective payments to such third party based on our respective percentage of combined total revenue.

DBSD North America Agreement. On March 9, 2012, DISH Network completed its acquisition of 100% of the equity of reorganized DBSD North America, Inc. (“DBSD North America”). Prior to DISH Network’s acquisition of DBSD North America and our completion of the Hughes Acquisition, DBSD North America and HNS entered into an agreement pursuant to which our Hughes segment provides, among other things, hosting, operations and maintenance services of DBSD North America’s satellite gateway and associated ground infrastructure. This agreement was renewed for a one-year period ending on February 15, 2015, and renews for two successive one-year

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ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued
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periods unless terminated by DBSD North America upon at least 30 days’ notice prior to the expiration of any renewal term.

DISH Digital Holding L.L.C. Effective July 1, 2012, we and DISH Network formed DISH Digital, which is owned two-thirds by DISH Network and one-third by EchoStar. DISH Digital was formed to develop and commercialize certain advanced technologies. We, DISH Network and DISH Digital entered into the following agreements with respect to DISH Digital: (i) a contribution agreement pursuant to which we and DISH Network contributed certain assets in exchange for our respective ownership interests in DISH Digital; (ii) a limited liability company operating agreement, which provides for the governance of DISH Digital; and (iii) a commercial agreement pursuant to which, among other things, DISH Digital has: (a) certain rights and corresponding obligations with respect to DISH Digital’s business; and (b) the right, but not the obligation, to receive certain services from us and DISH Network, respectively. We account for our investment in DISH Digital using the equity method.

TerreStar-2 Development Agreement. In August 2013, we and DISH Network entered into a development agreement (“T2 Development Agreement”) with respect to the TerreStar-2 (“T2”) satellite under which we reimburse DISH Network for amounts it pays pursuant to an authorization to proceed (“T2 ATP”) with SS/L, LLC in connection with the construction of the T2 satellite. In exchange, DISH Network granted us certain rights to purchase the T2 satellite during the term of the T2 Development Agreement. The T2 Development Agreement was amended in December 2013 to provide for the ability to purchase DISH Network’s rights and obligations under the T2 ATP and the related agreement for the construction of the T2 satellite with SS/L. The T2 Development Agreement expires on the later of: (i) December 19, 2014, or (ii) the date on which the T2 ATP expires.

Other Agreements

In November 2009, Mr. Roger J. Lynch became employed by both us and DISH Network as Executive Vice President. Mr. Lynch is responsible for the development and implementation of advanced technologies that are of potential utility and importance to both us and DISH Network. Mr. Lynch’s compensation consists of cash and equity compensation and is borne by both DISH Network and us.

Hughes Systique Corporation (“Hughes Systique”)

We contract with Hughes Systique for software development services. In February 2008, Hughes agreed to make available to Hughes Systique a term loan facility of up to \$1.5 million. Also in 2008, Hughes funded an initial \$0.5 million to Hughes Systique pursuant to the term loan facility. In 2009, HNS funded the remaining \$1.0 million of its \$1.5 million commitment under the term loan facility. The loans bear interest at 6%, payable annually, and are convertible into shares of Hughes Systique upon non-payment or an event of default. As a result, the Company is not obligated to provide any further funding to Hughes Systique under the term loan facility. In May 2014, Hughes and Hughes Systique entered into an amendment to the term loan facility to increase the interest rate from 6% to 8%, payable annually, to reflect current market conditions. The loans, as amended, mature on May 1, 2015. In addition to our 44.4% ownership in Hughes Systique, Mr. Pradman Kaul, the President of Hughes Communications, Inc. and a member of our Board of Directors and his brother, who is the CEO and President of Hughes Systique, in the aggregate, owned approximately 26.1%, on an undiluted basis, of Hughes Systique’s outstanding shares as of March 31, 2014. Furthermore, Mr. Pradman Kaul serves on the board of directors of Hughes Systique. We are considered the “primary beneficiary” of Hughes Systique due to, among other factors, our ability to significantly influence and direct the operating and financial decisions of Hughes Systique and our obligation to provide financial support in the form of term loans. As a result, we are required to consolidate Hughes Systique’s financial statements in our Condensed Consolidated Financial Statements.

NagraStar L.L.C.

We own 50% of NagraStar L.L.C. (“NagraStar”), a joint venture that is our primary provider of encryption and related security technology used in our set-top boxes. We account for our investment in NagraStar using the equity method.

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

The table below summarizes our transactions with NagraStar.

	For the Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Purchases from NagraStar	\$ 3,145	\$ 4,314

	As of	
	March 31, 2014	December 31, 2013
	(In thousands)	
Due to NagraStar	\$ 1,351	\$ 1,211
Commitments to purchase from NagraStar	\$ 7,827	\$ 5,874

Dish Mexico

During 2008, we entered into a joint venture for a direct-to-home satellite service in Mexico known as Dish Mexico. Pursuant to these arrangements, we provide certain broadcast services and satellite capacity and sell hardware such as digital set-top boxes and related equipment to Dish Mexico. We account for our investment in Dish Mexico using the equity method.

The following table summarizes services we provided to Dish Mexico that are not related to the original contribution commitment associated with our investment.

	For the Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Digital set-top boxes and related accessories	\$ 8,399	\$ 15,393
Satellite services	\$ 5,837	\$ 4,787
Uplink services	\$ 1,705	\$ 1,479

	As of	
	March 31, 2014	December 31, 2013
	(In thousands)	
Due from Dish Mexico	\$ 6,079	\$ 3,506

Deluxe/EchoStar LLC

We own 50% of Deluxe/EchoStar LLC (“Deluxe”), a joint venture that we entered into in 2010 to build an advanced digital cinema satellite distribution network targeting delivery to digitally equipped theaters in the U.S. and Canada. We account for our investment in Deluxe using the equity method. For the three months ended March 31, 2014 and 2013, we recognized revenue from Deluxe for transponder services and the sale of broadband equipment of \$0.9 million and \$0.4 million, respectively. As of March 31, 2014 and December 31, 2013, we had receivables from Deluxe of approximately \$1.4 million and \$1.1 million, respectively.

Note 17. Subsequent Events

In April 2014, we entered into a satellite services agreement pursuant to which Eutelsat do Brasil will provide to Hughes Telecomunicações do Brasil Ltda. the service on the entire Ka-band capacity into Brazil on the EUTELSAT 65 West A satellite for a 15-year term. The satellite is scheduled to be placed in service in the second quarter of 2016. We are required to fund the cost of the Ka-band capacity in quarterly installments while the satellite is under construction.

In April 2014, we entered into an agreement with Space Systems/Loral, LLC for the construction of the EchoStar XXIII satellite, as a high powered BSS satellite. This agreement superseded and replaced the current CMBStar construction contract. EchoStar XXIII is expected to be delivered for launch in the third quarter of 2016.

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

Unless the context indicates otherwise, as used herein, the terms “we,” “us,” “EchoStar,” the “Company” and “our” refer to EchoStar Corporation and its subsidiaries. References to “\$” are to United States dollars. The following management’s discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and notes to our financial statements included elsewhere in this Quarterly Report on Form 10-Q. This management’s discussion and analysis is intended to help provide an understanding of our financial condition, changes in our financial condition and our results of operations. Many of the statements in this management’s discussion and analysis are forward-looking

statements that involve assumptions and are subject to risks and uncertainties that are often difficult to predict and beyond our control. Actual results could differ materially from those expressed or implied by such forward-looking statements. See “Disclosure Regarding Forward-Looking Statements” in this Quarterly Report on Form 10-Q for further discussion. For a discussion of additional risks, uncertainties and other factors that could impact our results of operations or financial condition, see the caption “Risk Factors” in Part II, Item 1A of this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2013. Further, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and we undertake no obligation to update them.

EXECUTIVE SUMMARY

EchoStar is a global provider of satellite operations, video delivery solutions, and broadband satellite technologies and services for the home and office, delivering innovative network technologies, managed services, and solutions for enterprises and governments. We currently operate in three business segments, which are differentiated primarily by their operational focus: EchoStar Technologies, Hughes, and EchoStar Satellite Services. The segments currently reported are consistent with the way decisions regarding the allocation of resources are made, as well as how operating results are reviewed by our chief operating decision maker.

Highlights from our financial results are as follows:

2014 First Quarter Consolidated Results of Operations

- Revenue of \$826.0 million
- Operating income of \$59.8 million
- Net income of \$12.0 million
- Net income attributable to EchoStar of \$12.1 million and earnings per share of common stock of \$0.14
- EBITDA of \$191.9 million (see non-GAAP reconciliation on page 45)

Consolidated Financial Condition as of March 31, 2014

- Total assets of \$7.23 billion
- Total liabilities of \$3.72 billion
- Total stockholders’ equity of \$3.51 billion
- Cash, cash equivalents and current marketable investment securities of \$1.71 billion

EchoStar Technologies Segment

Our EchoStar Technologies segment designs, develops and distributes digital set-top boxes and related products and technology, primarily for satellite TV service providers, telecommunication companies and international cable companies. A substantial majority of our digital set-top boxes are sold to DISH Network Corporation and its subsidiaries (“DISH Network”), but we also sell digital set-top boxes to Bell TV, Dish Mexico, S. de R.L. de C.V. (“Dish Mexico”) and other international customers. We depend on DISH Network for a substantial portion of our EchoStar Technologies segment revenue and we expect that DISH Network will continue to be the primary source of revenue for our EchoStar Technologies segment. In addition, our equipment revenue from DISH Network depends on the timing of orders for set-top boxes and accessories from DISH Network based on its actual and projected subscriber growth. Therefore, the results of operations of our EchoStar Technologies segment are, and are likely to continue to be, closely linked to the performance of DISH Network’s pay-TV service.

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

Our EchoStar Technologies segment also provides digital broadcast operations, including satellite uplinking/downlinking, transmission services, signal processing, conditional access management, and other services, primarily to DISH Network. In addition, we provide our Slingboxes directly to consumers via retail outlets and online. Sling Media “placeshifting” technology gives consumers the ability, at their option, to watch and control their home digital video and audio content via a broadband internet connection.

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

The number of potential new customers for our EchoStar Technologies segment is small and may be limited as prospective customers that have been competitors of DISH Network may continue to view us as a competitor due to our common ownership with DISH Network. We believe that our best opportunities for developing potential new customers for our EchoStar Technologies segment over the near term lie in international markets, including through joint ventures.

Hughes Segment

Our Hughes segment is a global provider of broadband satellite technologies and services for the home and office, delivering innovative network technologies, managed services, and solutions for consumers, enterprises and governments. We continue our efforts in growing our consumer revenue, which depends on our success in adding new subscribers on our Hughes segment’s satellite networks. The addition of new subscribers, and the performance of our consumer service offering, primarily drive the revenue growth in our consumer business. Service costs related to ongoing support of our direct and indirect customers and partners are typically impacted most significantly by our growth. Long term trends continue to be influenced primarily by the subscriber growth in our consumer business. Additional capacity provided in this business by new satellite launches provides impetus for initial subscriber growth while we manage subscriber growth across our satellite platform. As a satellite fills and beams become congested, this growth rate flattens and growth is

constrained until the next satellite launch or additional capacity becomes available to continue the next phase of growth. Therefore, our focus is to balance subscriber acquisition costs and subscriber growth, with capacity availability and plans aligned with the timing of additional satellite capacity becoming available.

Our Hughes segment also provides managed services to large enterprises and solutions to customers for mobile satellite systems. The fixed pricing nature of our long term enterprise contracts minimizes any significant quarter to quarter fluctuations. We continue to monitor the competitive landscape for pricing in relation to our competitors and alternative technologies. However, the growth of our enterprise businesses relies heavily on global economic conditions.

As of March 31, 2014 and December 31, 2013, our Hughes segment had approximately 914,000 and 860,000 broadband subscribers, respectively, and approximately \$1.19 billion and \$1.15 billion of contracted revenue backlog, respectively. Subscribers include subscriptions with HughesNet services, through retail, wholesale and small/medium enterprise service channels. We define Hughes revenue backlog as our expected future revenue under customer contracts that are non-cancelable, excluding agreements with customers in our consumer market.

EchoStar Satellite Services Segment

Our EchoStar Satellite Services segment operates its business using 15 of our owned and leased in-orbit satellites. We provide satellite services on a full-time and occasional-use basis primarily to DISH Network, and also to Dish Mexico, U.S. government service providers, state agencies, internet service providers, broadcast news organizations, programmers and private enterprise customers.

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

We depend on DISH Network for a significant portion of the revenue for our EchoStar Satellite Services segment and we expect that DISH Network will continue to be the primary source of revenue for our EchoStar Satellite Services segment. Therefore, the results of operations of our EchoStar Satellite Services segment are and will be closely linked to the performance of DISH Network’s pay-TV service as well as changes in DISH Network’s satellite capacity requirements.

We continue to pursue expanding our business offerings by providing value added services such as telemetry, tracking and control services to third parties. Revenue growth in our EchoStar Satellite Services segment is a function of available satellite capacity to sell. The satellites we currently have under construction are expected to ultimately produce revenue once launched and placed into operation, and therefore, anything that interferes with our construction and launch schedules will impact our expected revenue growth. In addition, any disruption in planned renewals of our service arrangements could impact customer commitments and have an impact on our revenues and financial performance. In particular, our service arrangement for the AMC-15 satellite is scheduled to expire on December 24, 2014, which if not renewed, could affect our ability to sell or renew current customer commitments and could impact our revenues. Technical issues, regulatory and licensing issues, manufacturer performance/stability and availability of capital to continue to fund our programs also are factors in achieving our business plans for this segment.

As of March 31, 2014 and December 31, 2013, our EchoStar Satellite Services segment had contracted revenue backlog attributable to satellites currently in orbit of approximately \$2.01 billion and \$1.14 billion, respectively. The increase in backlog is primarily the result of the Satellite and Tracking Stock Transaction, pursuant to which DISH Network receives certain satellite services on EchoStar I, EchoStar VII, EchoStar X, EchoStar XI, and EchoStar XIV beginning March 1, 2014.

New Business Opportunities

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

In 2012, we acquired the right to use various frequencies at the 45 degree west longitude orbital location (“Brazilian Authorization”) from ANATEL, the Brazilian communications regulatory agency. The Brazilian Authorization is intended for use in providing pay-TV services in Brazil. We continue to pursue various paths to launch a Brazilian service and remain committed to delivering a pay-TV service to Brazil via a high-powered Broadcast Satellite Service (“BSS”) satellite.

In December 2013, we acquired 100.0% of Solaris Mobile, which is based in Dublin, Ireland and licensed by the European Union (“EU”) and individual EU Member States to provide mobile satellite services and complementary ground component services covering the entire EU using S-band spectrum. We believe that we are well-positioned to move forward with commercialization of our authorization because of the existing EUTELSAT 10A (also known as “W2A”) satellite, coupled with our planned launch of a new S-band capable satellite in the 2016 time frame.

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

RESULTS OF OPERATIONS

Three Months Ended March 31, 2014 Compared to the Three Months Ended March 31, 2013

Statements of Operations Data (1)	For the Three Months Ended March 31,		Variance	
	2014	2013	Amount	%
Revenue:				

(Dollars in thousands)

Equipment revenue - DISH Network	\$ 305,682	\$ 308,875	\$ (3,193)	(1.0)
Equipment revenue - other	68,930	102,090	(33,160)	(32.5)
Services and other revenue - DISH Network	184,564	139,925	44,639	31.9
Services and other revenue - other	266,847	244,564	22,283	9.1
Total revenue	826,023	795,454	30,569	3.8
Costs and Expenses:				
Cost of sales - equipment	320,670	353,855	(33,185)	(9.4)
% of Total equipment revenue	85.6%	86.1%		
Cost of sales - services and other	210,093	179,294	30,799	17.2
% of Total services and other revenue	46.5%	46.6%		
Selling, general and administrative expenses (including DISH Network)	87,632	94,176	(6,544)	(6.9)
% of Total revenue	10.6%	11.8%		
Research and development expenses	14,582	17,494	(2,912)	(16.6)
% of Total revenue	1.8%	2.2%		
Depreciation and amortization	133,226	126,699	6,527	5.2
Total costs and expenses	766,203	771,518	(5,315)	(0.7)
Operating income	59,820	23,936	35,884	*
Other Income (Expense):				
Interest income	2,598	1,977	621	31.4
Interest expense, net of amounts capitalized	(46,044)	(49,100)	3,056	(6.2)
Realized gains on marketable investment securities and other investments, net	28	19,463	(19,435)	(99.9)
Equity in losses of unconsolidated affiliates, net	(1,851)	(3,905)	2,054	(52.6)
Other, net	636	5,481	(4,845)	(88.4)
Total other expense, net	(44,633)	(26,084)	(18,549)	71.1
Income (loss) before income taxes	15,187	(2,148)	17,335	*
Income tax benefit (provision), net	(3,157)	5,646	(8,803)	*
Net income	12,030	3,498	8,532	*
Less: Net loss attributable to noncontrolling interest in HSS Tracking Stock	(324)	—	(324)	*
Less: Net income attributable to noncontrolling interests	299	40	259	*
Net income attributable to EchoStar	\$ 12,055	\$ 3,458	\$ 8,597	*
Other Data:				
EBITDA	\$ 191,884	\$ 171,634	\$ 20,250	11.8
Subscribers, end of period	914,000	692,000	222,000	32.1

* Percentage is not meaningful.

(1) For your information, we include an explanation of our key metrics on pages 51 through 53.

Equipment revenue — DISH Network. “Equipment revenue — DISH Network” totaled \$305.7 million for the three months ended March 31, 2014, a decrease of \$3.2 million, or 1.0%, compared to the same period in 2013.

Equipment revenue — DISH Network from our EchoStar Technologies segment for the three months ended March 31, 2014 decreased by \$2.9 million, or 1.0%, to \$294.1 million compared to the same period in 2013. Our EchoStar Technologies segment offers multiple set-top boxes with different price points depending on their capabilities and functionalities. The revenue and associated margins we earn on sales

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

are determined largely through periodic negotiations that could result in prices reflecting, among other things, the set-top boxes and other equipment that meet DISH Network’s current sales and marketing priorities, the product and service alternatives available from other equipment suppliers, our ability to respond to customer requirements, and our ability to differentiate ourselves from other equipment suppliers on bases other than pricing. In addition, products containing new technologies and features typically have higher initial prices, which reduce over time as a result of manufacturing efficiencies, demand decreases or as DISH Network’s demand changes for new or refurbished units. The decrease in revenue for the three months ended March 31, 2014 was primarily due to a 15.5% decrease in the weighted average price of set-top boxes and a 6.5% decrease in unit sales of related accessories, partially offset by an 18.2% increase in the unit sales of set-top boxes and a 4.5% increase in the weighted average price of related accessories.

Equipment revenue — DISH Network from our Hughes segment for the three months ended March 31, 2014 decreased by \$0.3 million, or 2.5%, to \$11.6 million compared to the same period in 2013. The decrease was primarily due to the decrease in the sale of broadband equipment to dishNET.

Equipment revenue — other. “Equipment revenue — other” totaled \$68.9 million for the three months ended March 31, 2014, a decrease of \$33.2 million or 32.5%, compared to the same period in 2013.

Equipment revenue — other from our EchoStar Technologies segment for the three months ended March 31, 2014 decreased by \$25.5 million, or 48.5%, to \$27.1 million compared to the same period in 2013. The decrease was attributable to a 62.3% decrease in unit sales and a 28.0% decrease in the weighted average price of set-top boxes sold to Bell TV and our other international customers. Additionally, unit sales of related accessories

increased by 211.7%, partially offset by a 19.7% decrease in the weighted average price of related accessories sold to Bell TV and other international customers during the three months ended March 31, 2014 compared to the same period in 2013. We expect the sales to Bell TV and other international customers may remain at the current levels in the near term, due to their utilization of refurbished set-top boxes and lower overall demand in the respective markets where we sell these products.

Equipment revenue — other from our Hughes segment for the three months ended March 31, 2014 decreased by \$7.7 million, or 15.5%, to \$41.8 million compared to the same period in 2013. The decrease was mainly due to a decrease in sales of broadband equipment of \$5.4 million due to lower sales to wholesale customers and lower sales to subscribers who purchase equipment directly, as well as a \$2.8 million decrease in revenue from our international customers.

Services and other revenue — DISH Network. “Services and other revenue — DISH Network” totaled \$184.6 million for the three months ended March 31, 2014, an increase of \$44.6 million or 31.9%, compared to the same period in 2013.

Services and other revenue — DISH Network from our EchoStar Technologies segment for the three months ended March 31, 2014 increased by \$5.3 million, or 7.1%, to \$79.2 million compared to the same period in 2013. The increase was primarily due to an increase of \$4.0 million related to the development of web-based applications for set-top boxes and \$2.8 million in revenue earned from the sales of satellite uplink/downlink services. The increase was partially offset by a \$1.0 million decrease in other services provided to DISH Network.

Services and other revenue — DISH Network from our Hughes segment for the three months ended March 31, 2014 increased by \$11.2 million to \$18.1 million compared to the same period in 2013. The increase was primarily attributable to an increase in wholesale subscribers receiving services from dishNET.

Services and other revenue — DISH Network from our EchoStar Satellite Services segment for the three months ended March 31, 2014 increased by \$28.2 million, or 53.3%, to \$81.2 million compared to the same period in 2013. The increase was mainly due to an increase of \$14.8 million in revenue recognized from the services provided for certain satellite capacity to DISH Network on the five satellites transferred to us from DISH Network as part of the Satellite and Tracking Stock Transaction, an increase of \$10.1 million from the renewal of our satellite agreement and services provided by the EchoStar VIII satellite to DISH Network that expired in the first quarter of 2013 and was renewed again in the second quarter of 2013, and

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an increase of \$2.9 million in revenue for the services provided on the capacity arrangement of transponders of the QuetzSat-1 satellite provided to DISH Network beginning February 2013. We expect services and other revenue — DISH Network to increase in the second quarter of 2014 as a result of the Satellite and Tracking Stock Transaction effective March 1, 2014.

Services and other revenue — other. “Services and other revenue — other” totaled \$266.8 million for the three months ended March 31, 2014, an increase of \$22.3 million or 9.1%, compared to the same period in 2013.

Services and other revenue — other from our EchoStar Technologies segment for the three months ended March 31, 2014 increased by \$1.9 million, or 55.6%, to \$5.3 million compared to the same period in 2013. The increase was primarily attributable to an increase of \$1.2 million in revenue earned from Bell TV and Arris for non-recurring engineering projects and an increase of \$1.1 million for system integration solutions.

Services and other revenue — other from our Hughes segment for the three months ended March 31, 2014 increased by \$22.1 million, or 10.0%, to \$243.3 million compared to the same period in 2013. The increase was primarily attributable to an increase in sales of broadband services to our consumer and international customers.

Services and other revenue— other from our EchoStar Satellite Services segment for the three months ended March 31, 2014 decreased by \$1.6 million, or 7.5%, to \$19.6 million compared to the same period in 2013. The decrease was mainly due to a decrease of \$1.5 million in sales of transponder services in the first quarter of 2014 compared to the same period in 2013.

Cost of sales — equipment. “Cost of sales — equipment” totaled \$320.7 million for the three months ended March 31, 2014, a decrease of \$33.2 million, or 9.4%, compared to the same period in 2013.

Cost of sales — equipment from our EchoStar Technologies segment for the three months ended March 31, 2014 decreased by \$24.9 million, or 8.3%, to \$273.3 million compared to the same period in 2013. The decrease was primarily attributable to a decrease in equipment costs of \$3.7 million directly related to a decrease in sales of set-top boxes and related accessories sold to DISH Network and a decrease of \$20.4 million in cost of sales related to the decrease in sales of set-top boxes and related accessories to Bell TV and our other international customers.

Cost of sales — equipment from our Hughes segment for the three months ended March 31, 2014 decreased by \$8.3 million, or 14.9%, to \$47.4 million compared to the same period in 2013. The decrease was primarily attributable to a decrease of \$5.4 million in the cost of sales of broadband equipment to our enterprise and international customers and a decrease of \$2.6 million in the cost of sales of broadband equipment sold to dishNET due to the increased sales of reconditioned equipment offset by decreased sales of new equipment under the Distribution Agreement.

Cost of sales — services and other. “Cost of sales — services and other” totaled \$210.1 million for the three months ended March 31, 2014, an increase of \$30.8 million, or 17.2%, compared to the same period in 2013.

Cost of sales — services and other from our EchoStar Technologies segment for the three months ended March 31, 2014 increased by \$6.9 million, or 12.9%, to \$59.9 million compared to the same period in 2013. The increase was primarily the result of an increase in cost of sales of \$5.2 million as a result of an increase in support costs related to engineering and uplink services provided in the first quarter of 2014 compared to the same period in 2013.

Cost of sales — services and other from our Hughes segment for the three months ended March 31, 2014 increased by \$10.9 million, or 10.0%, to \$119.3 million compared to the same period in 2013. The increase was primarily attributable to an increase in cost of sales as a result of an increase in sales of broadband services to our enterprise and international customers.

Cost of sales — services and other related to our other operations and business development activities for the three months ended March 31, 2014 increased by \$12.7 million compared to the same period in 2013. The

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increase was primarily due to the commencement of our operating lease of the EchoStar XV satellite capacity from DISH Network in May 2013.

Selling, general and administrative expenses. “Selling, general and administrative expenses” totaled \$87.6 million for the three months ended March 31, 2014, a decrease of \$6.5 million or 6.9%, compared to the same period in 2013. The decrease was mainly due to a \$4.4 million decrease in personnel and other employee-related expenses and \$1.3 million decrease in professional fees.

Depreciation and amortization. “Depreciation and amortization” expense totaled \$133.2 million for the three months ended March 31, 2014, an increase of \$6.5 million or 5.2%, compared to the same period in 2013. The increase was primarily related to an increase in depreciation of \$4.6 million associated with customer rental equipment from our Hughes segment, an increase in depreciation of \$4.0 million from our EchoStar Satellite Services segment, primarily due to the depreciation of the additional five satellites we received from DISH Network, and an increase of \$1.5 million in amortization of the finite-lived regulatory authorizations. The increase in depreciation and amortization was partially offset by a decrease in depreciation of \$2.9 million on EchoStar XII due to the impairment of the satellite’s carrying amount that occurred in the second quarter of 2013.

Interest expense, net of amounts capitalized. “Interest expense, net of amounts capitalized” totaled \$46.0 million for the three months ended March 31, 2014, a decrease of \$3.1 million or 6.2%, compared to the same period in 2013. The decrease was due to higher capitalized interest of \$3.0 million associated with the construction of our EchoStar XIX and TerreStar-2 satellites.

Realized gains on marketable investment securities and other investments, net. “Realized gains on marketable investment securities and other investments, net” totaled \$28.0 thousand for the three months ended March 31, 2014, a decrease of \$19.4 million, or 99.9%, compared to the same period in 2013. The decrease was mainly related to a gain of \$16.4 million recognized from the sale of a strategic investment in a public company in 2013 and a gain of \$2.6 million that resulted from a conversion of a certain one of our investments into a marketable investment security in 2013.

Other, net. “Other, net” totaled \$0.6 million expense for the three months ended March 31, 2014, a decrease of \$4.8 million, or 88.4%, compared to the same period in 2013. The decrease was primarily related to a non-recurring gain of \$6.7 million resulting from a reduction of the capital lease obligation for the AMC-16 satellite in 2013, partially offset by an increase of \$1.1 million in other miscellaneous expense and an increase of \$0.9 million gain in foreign exchange rates.

Earnings before interest, taxes, depreciation and amortization. EBITDA was \$191.9 million for the three months ended March 31, 2014, an increase of \$20.3 million or 11.8%, compared to the same period in 2013. The increase was primarily due to an increase in operating income, excluding depreciation and amortization of \$42.4 million for the three months ended March 31, 2014 and a decrease of \$2.1 million in equity in losses of unconsolidated affiliates, net. The increase in the first quarter of 2014 was partially offset by a gain of \$16.4 million recognized from the sale of a strategic investment in a public company in 2013, a non-recurring gain of \$6.7 million resulting from a reduction of the capital lease obligation for the AMC-16 satellite in 2013, and a gain of \$2.6 million resulting from a conversion of a certain one of our investment into a marketable investment security in 2013. We expect EBITDA to increase in the second quarter of 2014 as a result of the Satellite and Tracking Stock Transaction. EBITDA is a non-GAAP financial measure and is described under Explanation of Key Metrics and Other Items below. The following table reconciles EBITDA to Income (loss) before income taxes, the most directly comparable GAAP measure in the accompanying financial statements.

	For the Three Months Ended March 31,		Variance	
	2014	2013	Amount	%
	(Dollars in thousands)			
EBITDA	\$ 191,884	\$ 171,634	\$ 20,250	11.8
Interest income and expense, net	(43,446)	(47,123)	3,677	(7.8)
Depreciation and amortization	(133,226)	(126,699)	(6,527)	5.2
Net loss attributed to noncontrolling interest in HSS Tracking Stock	(324)	—	(324)	*
Net income attributable to noncontrolling interests	299	40	250	*
Income (loss) before income taxes	15,187	(2,148)	17,335	*

*Percentage is not meaningful.

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Income tax benefit (provision), net. Income tax expense was \$3.2 million for the three months ended March 31, 2014, compared to an income tax benefit of \$5.6 million for the same period in 2013. Our effective income tax rate was 20.8% for the three months ended March 31, 2014 compared to 262.8% for the

same period in 2013. The variation in our current year effective tax rate from a U.S. federal statutory rate for the current period was primarily due to the increase of our valuation allowance associated with realized and unrealized losses that are capital in nature and a lower state effective tax rate. For the same period in 2013, the variation in our effective tax rate from a U.S. federal statutory rate was primarily due to the decrease of our valuation allowance associated with realized and unrealized losses that are capital in nature, current year research and experimentation credits, and reinstatement of the research and experimentation tax credit for 2012, as provided by the American Taxpayer Relief Act enacted on January 2, 2013.

Net income attributable to EchoStar. Net income attributable to EchoStar was \$12.1 million for the three months ended March 31, 2014, an increase of \$8.6 million, compared to the same period in 2013. The increase was primarily attributable to higher operating income, including depreciation and amortization, of \$35.9 million, an increase in capitalization of interest expense of \$3.0 million associated with the construction of the EchoStar XIX and TerreStar-2 satellites and a decrease of \$2.1 million in equity in losses of unconsolidated affiliates, net. The increase in “Net income attributable to EchoStar” was partially offset by gains of \$16.4 million recognized from the sale of a strategic investment in a public company in the same period in 2013, a non-recurring gain of \$6.7 million resulting from a reduction of the capital lease obligation for the AMC-16 satellite in 2013, and an increase of \$8.8 million in income tax provision.

Segment Operating Results and Capital Expenditures

Three Months Ended March 31, 2014 Compared to the Three Months Ended March 31, 2013

	EchoStar Technologies	Hughes	EchoStar Satellite Services	All Other and Eliminations	Consolidated Total
(In thousands)					
For the Three Months Ended March 31, 2014					
Total revenue	\$ 405,793	\$ 314,771	\$ 100,821	\$ 4,638	\$ 826,023
Capital expenditures	\$ 13,922	\$ 45,972	\$ 29	\$ 53,702	\$ 113,625
EBITDA	\$ 38,964	\$ 81,939	\$ 84,782	\$ (13,801)	\$ 191,884
For the Three Months Ended March 31, 2013					
Total revenue	\$ 426,994	\$ 289,399	\$ 74,202	\$ 4,859	\$ 795,454
Capital expenditures	\$ 12,311	\$ 44,340	\$ 12,272	\$ 3,697	\$ 72,620
EBITDA	\$ 29,925	\$ 63,981	\$ 64,806	\$ 12,922	\$ 171,634

EchoStar Technologies Segment

	For the Three Months Ended March 31,		Variance	
	2014	2013	Amount	%
(Dollars in thousands)				
Total revenue	\$ 405,793	\$ 426,994	\$ (21,201)	(5.0)
Capital expenditures	\$ 13,922	\$ 12,311	\$ 1,611	13.1
EBITDA	\$ 38,964	\$ 29,925	\$ 9,039	30.2

Revenue

EchoStar Technologies segment total revenue for the three months ended March 31, 2014 decreased by \$21.2 million, or 5.0%, compared to the same period in 2013, primarily resulting from a decrease of \$25.5 million in other equipment revenue earned from the sales of set-top boxes and related accessories, partially offset by an increase in revenue in other service revenue of \$1.9 million, and an increase in both service and equipment revenue from DISH Network of \$2.4 million in the aggregate.

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

Capital Expenditures

EchoStar Technologies segment capital expenditures for the three months ended March 31, 2014 increased by \$1.6 million, or 13.1%, compared to the same period in 2013, primarily due to increased expenditures related to our digital broadcast centers of \$3.2 million, partially offset by a decrease in building improvements and engineering operations.

EBITDA

EchoStar Technologies segment EBITDA for the three months ended March 31, 2014 was \$39.0 million, an increase of \$9.0 million, or 30.2%, compared to the same period in 2013. The increase in EBITDA for our EchoStar Technologies segment was primarily driven by a decrease of \$9.2 million in selling, general and administrative expenses, and a decrease of \$2.3 million in research and development, partially offset by a decrease in gross margin of \$3.2 million.

Hughes Segment

	For the Three Months Ended March 31,		Variance	
	2014	2013	Amount	%
(Dollars in thousands)				
Total revenue	\$ 314,771	\$ 289,399	\$ 25,372	8.8
Capital expenditures	\$ 45,972	\$ 44,340	\$ 1,632	3.7
EBITDA	\$ 81,939	\$ 63,981	\$ 17,958	28.1

Revenue

Hughes segment total revenue for the three months ended March 31, 2014 increased by \$25.4 million, or 8.8%, compared to the same period in 2013, primarily due to an increase in service revenue of \$33.3 million mainly attributable to the increase in wholesale subscribers on dishNET and an increase in sales of broadband services to our consumer and international customers, partially offset by a decrease in equipment revenue of \$8.0 million.

Capital Expenditures

Hughes segment capital expenditures for the three months ended March 31, 2014 increased by \$1.6 million, or 3.7%, compared to the same period in 2013, primarily as a result of an increase in expenditures related to consumer broadband rental equipment as well as machinery and equipment related to our U.S. broadband network.

EBITDA

Hughes segment EBITDA for the three months ended March 31, 2014 was \$81.9 million, an increase of \$18.0 million, or 28.1%, compared to the same period in 2013. The increase was attributable to higher operating income of \$21.0 million, partially offset by a gain of \$2.6 million resulting from a conversion of a certain one of our investment into a marketable investment security in 2013.

EchoStar Satellite Services Segment

	For the Three Months Ended March 31,		Variance	
	2014	2013	Amount	%
Total revenue	\$ 100,821	\$ 74,202	\$ 26,619	35.9
Capital expenditures	\$ 29	\$ 12,272	\$ (12,243)	(99.8)
EBITDA	\$ 84,782	\$ 64,806	\$ 19,976	30.8

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

Revenue

EchoStar Satellite Services segment total revenue for the three months ended March 31, 2014 increased by \$26.6 million, or 35.9%, compared to the same period in 2013, due to a \$26.6 million increase in service revenue, primarily related to transponder services provided to DISH Network.

Capital Expenditures

EchoStar Satellite Services segment capital expenditures for the three months ended March 31, 2014 decreased by \$12.2 million, or 99.8%, compared to the same period in 2013, primarily related to a decrease in satellite expenditures due to the launch of EchoStar XVI in November 2012 and the satellite being placed into service in January 2013.

EBITDA

EchoStar Satellite Services segment EBITDA for the three months ended March 31, 2014 was \$84.8 million, an increase of \$20.0 million, or 30.8%, compared to the same period in 2013. The increase in EBITDA for our EchoStar Satellite Services segment was primarily due to the increase of \$28.2 million in the sales of transponder services provided to DISH Network. The increase was partially offset by a non-recurring gain of \$6.7 million resulting from a reduction of the capital lease obligation for the AMC-16 satellite in 2013. We expect EBITDA to increase in our EchoStar Satellite Services segment in the second quarter of 2014 as a result of the Satellite and Tracking Stock Transaction effective March 1, 2014.

All Other and Eliminations

All Other and Eliminations accounts for certain items and activities in our Consolidated Financial Statements that have not been assigned to our operating segments. These include real estate and other activities, costs incurred in satellite development programs and other business development activities, expenses of various corporate departments, and our centralized treasury activities, including income from our investment portfolio and interest expense on our debt.

Capital Expenditures

For the three months ended March 31, 2014 capital expenditures increased by \$50.0 million compared to the same period in 2013, primarily related to the increase in satellite expenditures on the EchoStar XIX satellite of \$45.5 million and the TerreStar-2 satellite of \$3.0 million. The EchoStar XIX satellite is expected to be used in the operations of our Hughes segment and the TerreStar-2 satellite is intended to be used by Solaris Mobile in providing mobile satellite services in the European Union.

EBITDA

All Other and Eliminations EBITDA for the three months ended March 31, 2014 was a loss of \$13.8 million, compared to income of \$12.9 million for the same period in 2013. The \$26.7 million decrease in EBITDA was primarily due to an increase of \$13.1 million in cost of sales relating to the commencement of our operating lease of the EchoStar XV satellite capacity from DISH Network in May 2013 which has not been assigned to any of our segments, and a gain of \$16.4 million recognized from the sale of a strategic investment in a public company in 2013.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - Continued**LIQUIDITY AND CAPITAL RESOURCES****Cash, Cash Equivalents and Current Marketable Investment Securities**

We consider all liquid investments purchased with an original maturity of 90 days or less to be cash equivalents. See Note 6 to our Condensed Consolidated Financial Statements for further discussion regarding our marketable investment securities. As of March 31, 2014, our cash, cash equivalents and current marketable investment securities totaled \$1.71 billion compared to \$1.62 billion as of December 31, 2013, an increase of \$87.6 million.

We have investments in various debt and equity instruments including corporate bonds, corporate equity securities, government bonds, and variable rate demand notes ("VRDNs"). VRDNs are long term floating rate bonds with embedded put options that allow the bondholder to sell the security at par plus accrued interest. All of the put options are secured by a pledged liquidity source. Our VRDN portfolio is comprised of investments in municipalities and corporations, which are backed by financial institutions or other highly rated companies that serve as the pledged liquidity source. While they are classified as marketable investment securities, the put option allows VRDNs to be liquidated generally on the same day or on a five business day settlement basis. As of March 31, 2014 and December 31, 2013, we held VRDNs, within our current marketable investment securities portfolio, with fair values of \$31.1 million and \$34.7 million, respectively. Our other current marketable investment securities portfolio consists primarily of corporate and government bonds. As of March 31, 2014 and December 31, 2013, we held \$941.9 million and \$918.2 million, respectively, of corporate and government bonds and other investment securities.

The following discussion highlights our cash flow activities for the three months ended March 31, 2014.

Cash flows from operating activities. We typically reinvest the cash flow from operating activities in our business. For the three months ended March 31, 2014, we reported net cash inflows from operating activities of \$201.5 million, an increase of \$151.3 million, compared to the same period in 2013. The increase was primarily attributable to higher net income of \$50.6 million adjusted to exclude: (i) "Depreciation and amortization;" (ii) "Realized gains on marketable investment securities and other investments, net;" (iii) "Equity in losses of unconsolidated affiliates, net;" (iv) "Stock-based compensation;" (v) "Deferred tax benefit (provision);" and (vi) "Other, net." In addition, net cash inflows were increased by \$100.7 million resulting from changes in operating assets and liabilities related to timing differences between the incurrence of expense and cash payments.

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 three months ended March 31, 2014, we reported net cash outflows from investing activities of \$133.0 million, an increased cash outflow of \$89.8 million compared to the same period in 2013. The increase in cash outflows primarily related to higher purchases of marketable investment securities, net of sales and maturities of \$45.4 million and a \$41.0 million increase in capital expenditures in the first quarter of 2014 when compared to the same period in 2013.

Cash flows from financing activities. Our financing activities generally include proceeds related to the issuance of long-term debt and cash used for the repurchase, redemption or payment of long-term debt and capital lease obligations. For the three months ended March 31, 2014, we reported net cash outflows from financing activities of \$1.7 million, an increase of \$0.5 million, compared to the same period in 2013. The increase in cash outflows was primarily due to lower proceeds of \$14.3 million received from Class A common stock option exercises and stock issued under our Employee Stock Purchase Plan, which was partially offset by proceeds of \$11.4 million, net of offering costs of \$0.7 million from the issuance of Hughes Retail preferred tracking stock and lower repayments of capital lease obligations of \$3.3 million.

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

As of March 31, 2014, our satellite-related obligations were approximately \$1.16 billion. Our satellite-related obligations include, among other things, payment pursuant to agreements for the construction of the EchoStar XIX and TerreStar-2 satellites, payments pursuant to launch services contracts, executory costs for our capital lease satellites, costs under transponder agreements and in-orbit incentives relating to certain satellites, including certain satellites received from DISH Network as a result of the Satellite and Tracking Stock Transaction. See discussion below for our future capital requirements and Note 17 of our Condensed Consolidated Financial Statements for a discussion of our subsequent events.

Off-Balance Sheet Arrangements

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

As of March 31, 2014, we had \$43.8 million of letters of credit and insurance bonds. Of this amount, \$8.0 million was secured by restricted cash; \$13.4 million related to insurance bonds; and \$22.4 million was issued under credit arrangements available to our foreign subsidiaries. Certain letters of credit are secured by assets of our foreign subsidiaries.

As of March 31, 2014, we had foreign currency forward contracts with a notional value of \$8.6 million in place to partially mitigate foreign currency exchange risk. From time to time, we may enter into foreign currency forward contracts, or take other measures, to mitigate risks associated with foreign currency denominated assets, liabilities, commitments and anticipated foreign currency transactions.

Satellite Insurance

We generally do not carry insurance for any of the in-orbit satellites that we use because we believe that the premium costs are uneconomical relative to the risk of satellite failure. However, pursuant to the terms of the agreements governing certain portions of our indebtedness, we are required, subject to certain

limitations on coverage, to maintain launch and in-orbit insurance for SPACEWAY 3, EchoStar XVI and EchoStar XVII. We are also required to maintain in-orbit insurance pursuant to our service arrangement with DISH Network for EchoStar XV. The loss of a satellite or other satellite malfunctions or anomalies could have a material adverse effect on our financial performance which we may not be able to mitigate by using available capacity on other satellites. There can be no assurance that we can recover critical transmission capacity in the event one or more of our in-orbit satellites were to fail. In addition, the loss of a satellite or other satellite malfunctions or anomalies could affect our ability to comply with Federal Communications Commission and other regulatory obligations and our ability to fund the construction or acquisition of replacement satellites for our in-orbit fleet in a timely fashion, or at all.

Future Capital Requirements

We primarily rely on our existing cash and marketable investment securities balances, as well as cash flow generated through our operations to fund our investment needs. Since we currently depend on DISH Network for a substantial portion of our revenue, our cash flow from operations depends heavily on DISH Network's needs for equipment and services. To the extent that DISH Network's gross subscriber additions decrease or DISH Network experiences a net loss of subscribers, sales of our digital set-top boxes and related components to DISH Network may decline, which in turn could have a material adverse effect on our financial position and results of operations. As of March 31, 2014, our remaining obligations related to EchoStar XVI, EchoStar XVII, EchoStar XIX, TerreStar-2 and launch contracts with Arianespace, SA and International Launch Services, Inc. totaled \$545.4 million. In connection with certain agreements we entered into in April 2014, our satellite commitments increased \$234.7 million. See Note 17 to our Condensed Consolidated Financial Statements for further discussion of our subsequent events. There can be no assurance that we will have positive cash flows from operations. Furthermore, if we experience negative cash flows, our existing cash and marketable investment securities balances may be reduced.

We have a significant amount of outstanding indebtedness. As of March 31, 2014, our total indebtedness was \$2.41 billion, of which \$405.0 million related to capital lease obligations. Our liquidity requirements will be

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

significant, primarily due to our debt service requirements. In addition, our future capital expenditures are likely to increase if we make additional investments in infrastructure necessary to support and expand our business, or if we decide to purchase one or more additional satellites. Other aspects of our business operations may also require additional capital. We periodically evaluate various strategic initiatives, the pursuit of which could also require us to raise significant additional capital.

Satellites

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

Stock Repurchases

Pursuant to a stock repurchase plan approved by our Board of Directors, we are authorized to repurchase up to \$500.0 million of our outstanding shares of Class A common stock through December 31, 2014. As of March 31, 2014, we did not repurchase any common stock under this plan.

Seasonality

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

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

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

Inflation

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

EXPLANATION OF KEY METRICS AND OTHER ITEMS

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

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

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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” primarily includes revenue associated with satellite and transponder services, satellite uplinking/downlinking, signal processing, conditional access management, telemetry, tracking and control, development of web-based applications for set-top boxes, professional services, facilities rental revenue and other services provided to DISH Network. Beginning in October 2012, “Services and other revenue — DISH Network” also includes subscriber wholesale service fees for the Hughes service sold to dishNET.

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

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

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

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

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

Interest income. “Interest income” primarily includes interest earned on our cash, cash equivalents and marketable investment securities, including accretion on debt securities.

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

Realized gains on marketable investment securities and other investments, net. “Realized gains on marketable investment securities and other investments, net” primarily includes gains, net of any losses, on the sale or exchange of investments.

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

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

Earnings before interest, taxes, depreciation and amortization (“EBITDA”). EBITDA is defined as “Net income attributable to EchoStar” excluding “Interest expense, net of amounts capitalized,” “Interest income,” “Income tax

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

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

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

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks Associated with Financial Instruments and Foreign Currency

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

Cash, Cash Equivalents and Current Marketable Investment Securities

As of March 31, 2014, our cash, cash equivalents and current marketable investment securities had a fair value of \$1.71 billion. Of this amount, a total of \$1.67 billion was invested in: (a) cash; (b) commercial paper and corporate notes with an overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; (c) VRDNs convertible into cash at par value plus accrued interest generally in five business days or less; (d) debt instruments of the U.S. government and its agencies; and/or (e) instruments with similar risk, duration and credit quality characteristics to the commercial paper and corporate obligations described above. The primary purpose of these investing activities has been to preserve principal until the cash is required to, among other things, fund operations, make strategic investments and expand the business. Consequently, the size of this portfolio fluctuates significantly as cash is received and used in our business. The value of this portfolio may be negatively impacted by credit losses; however, this risk is mitigated through diversification that limits our exposure to any one issuer.

Interest Rate Risk

A change in interest rates would not affect the fair value of our cash, or materially affect the fair value of our cash equivalents due to their maturities of less than 90 days. A change in interest rates would affect the fair value of our current marketable debt securities portfolio; however, we normally hold these investments to maturity. Based on our current non-strategic investment portfolio of \$1.67 billion as of March 31, 2014, a hypothetical 10% change in average interest rates during 2014 would not have a material impact on the fair value of our cash, cash equivalents and debt securities portfolio due to the limited duration of our investments.

Our cash, cash equivalents and current marketable debt securities had an average annual rate of return for the three months ended March 31, 2014 of 0.7%. 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 2014 would have resulted in a decrease of approximately \$1.0 million in annual interest income.

Strategic Marketable Investment Securities

As of March 31, 2014, we held current strategic investments in the publicly traded common stock of several public companies with a fair value of \$33.2 million. These investments, which are held for strategic and financial purposes, are concentrated in a small number of companies, are highly speculative and have experienced and continue to experience volatility. The fair value of these investments can be significantly impacted by the risk of adverse changes in securities markets generally, as well as risks related to the performance of the companies whose securities we have invested in, risks associated with specific industries, and other factors. These investments are subject to significant fluctuations in fair value due to the volatility of the securities markets and of the underlying businesses. In general, the debt instruments held in our strategic marketable investment securities portfolio are not significantly impacted by interest rate fluctuations as their value is more closely related to factors specific to the underlying business. A hypothetical 10% adverse change in the market price of our public strategic equity investments would result in a decrease of approximately \$3.3 million in the fair value of these investments.

Restricted Cash and Marketable Investment Securities and Other Investments

Restricted Cash and Marketable Investment Securities

As of March 31, 2014, we had \$19.1 million of restricted cash and marketable investment securities invested in: (a) cash; (b) VRDNs convertible into cash at par value plus accrued interest generally in five business days or less; (c) debt instruments of the U.S. government and its agencies; (d) commercial paper and corporate notes with an

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

overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; and (e) instruments with similar risk, duration and credit quality characteristics to the commercial paper described above. Based on our investment portfolio as of March 31, 2014, a hypothetical 10% increase in average interest rates would not have a material impact on the fair value of our restricted cash and marketable investment securities.

Other Investments

As of March 31, 2014, we had \$165.5 million of noncurrent equity instruments that we hold for strategic business purposes and account for under the cost or equity methods of accounting. The fair value of these instruments is not readily determinable. We periodically review these investments and estimate fair value when there are indications of impairment. A hypothetical 10% adverse change in the value of these debt and equity instruments would result in a decrease of approximately \$16.6 million in the value of these investments.

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

Foreign Currency Exchange Risk

We generally conduct our business in U.S. dollars. Our international business is conducted in a variety of foreign currencies and it is therefore exposed to fluctuations in foreign currency exchange rates. Our objective in managing our exposure to foreign currency changes is to reduce earnings and cash flow volatility associated with foreign exchange rate fluctuations. Accordingly, we may enter into foreign exchange contracts to mitigate risks associated with foreign currency denominated assets, liabilities, commitments and anticipated foreign currency transactions. As of March 31, 2014, we had \$28.4 million of foreign currency denominated receivables and payables outstanding and foreign currency forward contracts with a notional value of \$8.6 million in place to partially mitigate foreign currency exchange risk. The estimated fair values of the foreign exchange contracts were not material as of March 31, 2014. The impact of a hypothetical 10% adverse change in exchange rates on the carrying amount of the net assets and liabilities of our foreign subsidiaries would be an estimated loss of \$26.1 million as of March 31, 2014.

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.

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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) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

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) under the Securities Exchange Act of 1934) that occurred during the first quarter of 2014 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.

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PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

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

Item 1A. RISK FACTORS

Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the year ended December 31, 2013 includes a detailed discussion of our risk factors. Except as provided below, for the three months ended March 31, 2014, there have been no material changes in our risk factors as previously disclosed.

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

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

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

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

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

Our board of directors has the ability to change our attribution policies at any time without a vote of our common stockholders.

Our board of directors has adopted certain management and allocation policies regarding the relationships between the EchoStar Group and the Hughes Retail Group with respect to matters such as the attribution and allocation of costs, tax liabilities and benefits, attribution of assets, corporate opportunities and similar items. Our board of directors may at any time change or make exceptions to these policies with only the consent of holders of a majority of the outstanding shares of Hughes Retail Preferred Tracking Stock. Because these policies relate to matters concerning the day-to-day management of our company as opposed to significant corporate actions, such as a merger involving our company or a sale of substantially all of our assets, no approval from our Class A common stockholders is required with respect to the changes or exceptions to these policies. A decision to change, or make exceptions to these policies or adopt additional policies could disadvantage one group while advantaging the other.

We could be required to use assets attributed to one group to pay liabilities attributed to the other group.

Even though we attribute, for financial reporting purposes, all of our consolidated assets, liabilities, revenue, expenses and cash flows to either the EchoStar Group or the Hughes Retail Group and prepare separate attributed financial information for the Hughes Retail Group, we retain legal title to all of our assets and our capitalization will not

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limit our legal responsibility, or that of our subsidiaries, for the liabilities included in our financial statements and such attributed financial information. As such, the assets attributed to one group are potentially subject to the liabilities attributed to the other group, even if those liabilities arise from lawsuits, contracts or indebtedness that are attributed to such other group. Although our management and allocation policies generally require that all changes in the attribution of assets from one group to the other group will be made on a fair value basis as determined in accordance with certain guiding principles, these policies and our articles of incorporation generally do not prevent us from satisfying liabilities of one group with assets of the other group, and our creditors are not limited by our tracking stock capitalization from proceeding against any assets they could have proceeded against if we did not have a tracking stock capitalization.

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

On February 20, 2014, EchoStar Corporation, Hughes Satellite Systems Corporation (“HSS”), and certain of our other subsidiaries entered into a Transaction Agreement (the “Transaction Agreement”) with DISH Operating L.L.C. (“DOLLC”) and DISH Network L.L.C. (“DNLLC” and, together with DOLLC, the “DISH Investors”), each an indirect wholly-owned subsidiary of DISH Network Corporation (“DISH Network”), and EchoStar XI Holding L.L.C., a wholly-owned subsidiary of DNLLC, pursuant to which on March 1, 2014, EchoStar Corporation and HSS issued 6,290,499 shares (the “EchoStar Tracking Stock”) and 81.128 shares (the “HSS Tracking Stock”, and together with the EchoStar Tracking Stock, the “Tracking Stock”), respectively, of preferred tracking stock to the DISH Investors in exchange for the transfer by the DISH Investors and their respective subsidiaries, as applicable, to EchoStar Corporation and HSS, as applicable, of five satellites (EchoStar I, EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV) (including related in-orbit incentive obligations of approximately \$58.9 million) and approximately \$11.4 million in cash. In addition, on March 1, 2014, EchoStar Corporation began to provide to certain subsidiaries of DISH Network certain satellite services on these five satellites.

The Tracking Stock was issued and sold pursuant to the Transaction Agreement in a transaction exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Issuer Purchases of Equity Securities

There were no repurchases of our Class A common stock for the three months ended March 31, 2014.

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Item 6. EXHIBITS

(a) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
4.1 (H)	Second Supplemental Indenture, dated as of March 28, 2014, 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 collateral agent and trustee.
4.2 (H)	Second Supplemental Indenture, dated as of March 28, 2014, 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.
4.3 (H)	Joinder Agreement, dated as of March 28, 2014, to the Security Agreement dated as of June 8, 2011, by and among EchoStar XI Holding L.L.C., EchoStar XIV Holding L.L.C., and Wells Fargo Bank, National Association, as collateral agent.
10.1(H)	Transaction Agreement, dated as of February 20, 2014, by and among EchoStar Corporation, Hughes Satellite Systems Corporation, Alpha Company LLC, DISH Network, L.L.C., DISH Operating L.L.C. and EchoStar XI Holding L.L.C.*
10.2(H)	Investor Rights Agreement, dated as of February 20, 2014, by and among EchoStar Corporation, Hughes Satellite Systems Corporation, DISH Operating L.L.C. and DISH Network L.L.C.*
10.3(H)	Form of Satellite Transponder Service Agreement by and between EchoStar Satellite Operating Corporation and DISH Operating L.L.C.*
31.1(H)	Section 302 Certification of Chief Executive Officer.
31.2(H)	Section 302 Certification of Chief Financial Officer.
32.1(H)	Section 906 Certifications of Chief Executive Officer and Chief Financial Officer.

99.1(H) Unaudited Condensed Attributed Financial Information and Notes for Hughes Retail Group.
101 The following materials from the Quarterly Report on Form 10-Q of EchoStar Corporation for the quarter ended March 31, 2014, filed on May 9, 2014, formatted in eXtensible Business Reporting Language (“XBRL”): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) Condensed Consolidated Statements of Cash Flows and (v) related notes to these financial statements.

(H) Filed herewith.

* Certain portions of the exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment.

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SIGNATURES

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

ECHOSTAR CORPORATION

Date: May 9, 2014

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

Date: May 9, 2014

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

SECOND SUPPLEMENTAL INDENTURE

THIS SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), entered into as of March 28, 2014, 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 XI Holding L.L.C. and EchoStar XIV Holding L.L.C., each a Colorado limited liability company (collectively, the "Supplemental Guarantors"), and Wells Fargo Bank, National Association, as trustee (the "Trustee") and 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 and the Trustee and Collateral Agent entered into that certain Secured Indenture, dated as of June 1, 2011, relating to the 6½% Senior Secured Notes due 2019 of the Company in original principal amount of \$1,100,000,000 (the "Secured Notes"), as supplemented by a Supplemental Indenture, dated as of June 8, 2011, by and among the Company, the Guarantors and the Trustee and Collateral Agent (as so supplemented, the "Secured Indenture");

WHEREAS, pursuant to the Transaction Agreement, dated as of February 20, 2014, by and among the Company, Alpha Company LLC, EchoStar XI Holding L.L.C. and certain other parties thereto, on March 1, 2014, among other things, Alpha Company LLC merged with and into EchoStar XI Holding L.L.C. and, as a result of such merger and related transactions, the Supplemental Guarantors became Wholly Owned Subsidiaries of the Company;

WHEREAS, 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 Second 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 each shall deliver an executed Guarantee pursuant to Section 11.02.

Section 2. This Second Supplemental Indenture is an amendment supplemental to the Secured Indenture, and the Secured Indenture and this Second Supplemental Indenture will henceforth be read together.

Section 3. This Second Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 4. This Second Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument.

The exchange of copies of this Second Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Second Supplemental Indenture as to the parties hereto and may be used in lieu of the original Second 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 and 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,
 as Guarantors

By: /s/ Dean A. Manson
 Name: Dean A. Manson
 Title: Executive Vice President, General Counsel and Secretary

HUGHES COMMUNICATIONS, INC.,
 as a Guarantor

By: /s/ Dean A. Manson
 Name: Dean A. Manson
 Title: Executive Vice President, General Counsel and Secretary

HUGHES NETWORK SYSTEMS, LLC,
as a Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

HNS FINANCE CORP.,
as a Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Vice President, General Counsel and Secretary

HUGHES NETWORK SYSTEMS INTERNATIONAL SERVICE
COMPANY,
as a Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Vice President, General Counsel and Secretary

HNS REAL ESTATE, LLC,
as a Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Vice President, General Counsel and Secretary

HNS-INDIA VSAT, INC.,
as a Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Vice President, General Counsel and Secretary

HNS-SHANGHAI, INC.,
as a Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Vice President, General Counsel and Secretary

HELIUS, LLC,
as a Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Secretary

HELIUS ACQUISITION, LLC,
as a Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Secretary

ADVANCED SATELLITE RESEARCH, LLC,
as a Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Secretary

HNS LICENSE SUB, LLC,
as a Guarantor

By: Hughes Network Systems, LLC, its Sole Member

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

EchoStar XI Holding L.L.C.
as a Supplemental Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

EchoStar XIV Holding L.L.C.
as a Supplemental Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee and
Collateral Agent

By: /s/ Richard Prokosch
Name: Richard Prokosch
Title: Vice President

SECOND SUPPLEMENTAL INDENTURE

THIS SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), entered into as of March 28, 2014, 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 XI Holding L.L.C. and EchoStar XIV Holding L.L.C., each a Colorado limited liability company (collectively, the "Supplemental Guarantors"), 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, by and among the Company, the Guarantors and the Trustee (as so supplemented, the "Unsecured Indenture");

WHEREAS, pursuant to the Transaction Agreement, dated as of February 20, 2014, by and among the Company, Alpha Company LLC, EchoStar XI Holding L.L.C. and certain other parties thereto, on March 1, 2014, among other things, Alpha Company LLC merged with and into EchoStar XI Holding L.L.C. and, as a result of such merger and related transactions, the Supplemental Guarantors became Wholly Owned Subsidiaries of the Company;

WHEREAS, 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 Second 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 Second Supplemental Indenture is an amendment supplemental to the Unsecured Indenture, and the Unsecured Indenture and this Second Supplemental Indenture will henceforth be read together.

Section 3. This Second Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 4. This Second Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument.

The exchange of copies of this Second Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Second Supplemental Indenture as to the parties hereto and may be used in lieu of the original Second 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 and 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,
 as Guarantors

By: /s/ Dean A. Manson
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HUGHES COMMUNICATIONS, INC.,
 as a Guarantor

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 Name: Dean A. Manson
 Title: Executive Vice President, General Counsel and Secretary

HUGHES NETWORK SYSTEMS, LLC,
as a Guarantor

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Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

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as a Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Vice President, General Counsel and Secretary

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as a Guarantor

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as a Guarantor

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Name: Dean A. Manson
Title: Secretary

ADVANCED SATELLITE RESEARCH, LLC,
as a Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Secretary

HNS LICENSE SUB, LLC,
as a Guarantor

By: Hughes Network Systems, LLC, its Sole Member

By: /s/ Dean A. Manson
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EchoStar XI Holding L.L.C.
as a Supplemental Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

EchoStar XIV Holding L.L.C.
as a Supplemental Guarantor

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: /s/ Richard Prokosch
Name: Richard Prokosch
Title: Vice President

JOINDER AGREEMENT

March 28, 2014

Wells Fargo Bank, National Association
625 Marquette Ave. 11th Floor
MAC N9311-110
Minneapolis, Minnesota 55479

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 Hughes Satellite Systems Corporation (formerly known as EH Holding Corporation), a Colorado corporation (the "Issuer"), the other pledgors party thereto, 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 XI Holding L.L.C. and EchoStar XIV Holding L.L.C., each a Colorado limited liability company (together, the "New Pledgors"), pursuant to Section 3.6 of the Security Agreement. Each New Pledgor hereby agrees severally and not jointly 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 severally and not jointly 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 such New Pledgor's 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 severally and not jointly 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.

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.

EHOSTAR XI HOLDING L.L.C.

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

EHOSTAR XIV HOLDING L.L.C.

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

AGREED TO AND ACCEPTED:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Collateral Agent

By: /s/ Richard Prokosch
Name: Richard Prokosch
Title: Vice President

TRANSACTION AGREEMENT

dated as of February 20, 2014

by and among

EchoStar Corporation,

Hughes Satellite Systems Corporation,

Alpha Company LLC,

DISH Network L.L.C.,

DISH Operating L.L.C.

and

EchoStar XI Holding L.L.C.

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TRANSACTION AGREEMENT, dated as of February 20, 2014 (this "Agreement"), by and among EchoStar Corporation, a Nevada corporation ("EchoStar"), Hughes Satellite Systems Corporation, a Colorado corporation and a wholly-owned Subsidiary of EchoStar ("HSSC"), Alpha Company LLC, a Colorado limited liability company and a wholly-owned Subsidiary of EchoStar ("Merger Sub"), DISH Network L.L.C., a Colorado limited liability company ("DNLLC"), EchoStar XI Holding L.L.C., a Colorado limited liability company and a wholly-owned Subsidiary of DNLLC ("DISH Satellite Sub 1"), and DISH Operating L.L.C., a Colorado limited liability company and a wholly-owned Subsidiary of DNLLC ("DOLLC") (all such parties, collectively, the "Parties" and each, a "Party").

RECITALS

WHEREAS, EchoStar XIV Holding L.L.C., a Colorado limited liability company, which immediately prior to the Closing shall be a wholly-owned Subsidiary of DISH Satellite Sub 1 ("DISH Satellite Sub 2" and, together with DISH Satellite Sub 1, the "DISH Satellite Subs") holds title to the satellite referred to as EchoStar XIV, and DISH Satellite Sub 1 holds title to the satellite referred to as EchoStar XI, in each case as listed on Annex A hereto (the satellites referred to as EchoStar XI and EchoStar XIV together, the "Subsidiary Satellites");

WHEREAS, DOLLC holds title to the satellites referred to as EchoStar I, EchoStar VII and EchoStar X, as listed on Annex A hereto (the "Directly Transferred Satellites" and, together with the Subsidiary Satellites, the "Transferred Satellites");

WHEREAS, the Parties desire to effect the transfers of the Subsidiary Satellites as physical assets from DNLLC to EchoStar by merging Merger Sub with and into DISH Satellite Sub 1, following which DISH Satellite Sub 1 will be the surviving company as a wholly-owned Subsidiary of EchoStar (the "Merger"), pursuant to the Colorado Revised Statutes (the "CRS") and subject to the terms and conditions set forth in this Agreement, and in a transaction intended by the Parties to qualify as a reorganization within the meaning of Section 368(a) of the Code (as defined below);

WHEREAS, in connection with the Merger, DNLLC will receive the EchoStar Tracking Stock Consideration Shares (as defined below) to be issued by EchoStar;

WHEREAS, DOLLC desires to contribute to HSSC (i) all of its right, title and interest in, to and under the Directly Transferred Satellites and (ii) an amount in cash equal to \$11,404,000.00 (together, the "Contributions") in exchange for the HSSC Tracking Stock Consideration Shares (as defined below) to be issued by HSSC, in a transaction intended by the Parties to qualify as a tax-free contribution within the meaning of Section 351 of the Code;

WHEREAS, following the Merger, an Affiliate of DNLLC will continue to hold the FCC (as defined below) licenses ("DISH Licenses") for the DISH-Licensed Satellites (as defined below) and the FCC authority to provide service to the United States ("DISH Landing Rights Authority") from the Third-Party-Licensed Satellite (as defined below), and will continue to exercise full control over FCC-authorized operations from the Transferred Satellites;

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WHEREAS, the Parties desire to enter into certain other transactions pursuant to this Agreement and the other Transaction Documents (as defined below);

WHEREAS, the Parties or their respective Subsidiaries are entering into the Satellite Lease Agreements, dated as of the date hereof and with term commencement dates beginning on the Closing Date, providing for the continued, exclusive and non-preemptible use of the capacity on the Transferred Satellites for DNLLC and its Affiliates;

WHEREAS, EchoStar will continue to provide certain operational services subject to the control of DNLLC and its Affiliates under that certain 2012 Telemetry, Tracking and Control Services Agreement between EchoStar Satellite Services L.L.C. and DNLLC, as amended (the "TT&C Services Agreement"); and

WHEREAS, the Parties desire to make certain representations, warranties, covenants and agreements in connection with such transactions.

NOW, THEREFORE, in consideration of the premises, 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 1

THE CLOSING DATE TRANSACTIONS; THE CLOSING

Section 1.1 Agreements to Enter into the Closing Date Transactions. 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, the following transactions (together with the transactions contemplated by Section 1.2 of this Agreement, the "Closing Date Transactions") shall occur:

(a) Upon the terms set forth in this Agreement, at the applicable Effective Time (as defined below), Merger Sub shall be merged with and into DISH Satellite Sub 1 in accordance with the requirements of the CRS and the separate existence of Merger Sub shall thereupon cease. DISH Satellite Sub 1 shall be the surviving company in the Merger (sometimes hereinafter referred to as the "Surviving Company") as a wholly-owned Subsidiary of EchoStar. The Merger shall have the effects specified in the CRS;

(b) Prior to the Closing, the Parties shall cause a Statement of Merger with respect to the Merger (the "Statement of Merger") to be filed with the Secretary of State of the State of Colorado in accordance with the requirements of the CRS. The Merger shall become effective at the time specified in the Statement of Merger (such effective time with respect to the Merger, the "Effective Time");

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(c) In connection with the Merger, at the Effective Time, EchoStar shall issue, sell and deliver to DNLLC, and all Equity Interests in DISH Satellite Sub 1 issued and outstanding immediately prior to such Effective Time shall be automatically converted into 6,290,499 shares of the EchoStar Tracking Stock (as defined below) (representing in the aggregate a Preferred Tracking Stock Allocation Percentage (as defined in the EchoStar Tracking Stock COD) of fifty-one and eighty-nine hundredths of a percent (51.89%) in the Hughes Retail Group as of the Closing) (such shares of the EchoStar Tracking Stock, the "EchoStar Tracking Stock Consideration Shares"), free and clear of all Liens;

(d) EchoStar shall, immediately upon the receipt of the New Equity Interests (as defined below), contribute, or cause the contribution of, the New Equity Interests to HSSC;

(e) DOLLC shall (i) transfer and assign, as applicable, all of its right, title and interest in, to and under each of the Directly Transferred Satellites to HSSC, free and clear of all Liens, except Permitted Liens, such transfer and assignment to be effected pursuant to the Bill of Sale and (ii) contribute to HSSC, by wire transfer of immediately available funds to an account specified by HSSC to DOLLC at least two Business Days prior to the Closing Date, an amount in cash equal to \$11,404,000.00; and

(f) In exchange for such transfer and contribution contemplated by Section 1.1(e) of this Agreement, HSSC shall issue, sell and deliver to DOLLC an aggregate of 81.128 shares of the HSSC Tracking Stock (as defined below) (representing in the aggregate a Preferred Tracking Stock Allocation Percentage (as defined in the HSSC Tracking Stock COD) of twenty-eight and eleven hundredths of a percent (28.11%) in the Hughes Retail Group as of the Closing) (the "HSSC Tracking Stock Consideration Shares"), free and clear of all Liens.

Section 1.2 Merger-Related Matters.

(a) The Articles of Organization of DISH Satellite Sub 1 as in effect immediately prior to the Effective Time shall be the Articles of Organization of the Surviving Company (the "Articles of Organization"), until duly amended as provided therein or by Applicable Law.

(b) The officers of Merger Sub at the applicable Effective Time shall, from and after such Effective Time, be the officers of the Surviving Company until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Articles of Organization and Applicable Law.

(c) At the Effective Time:

(i) the Equity Interests in Merger Sub outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of any holder of the Equity Interests in Merger Sub, be converted into the Equity Interests in the Surviving Company (collectively, the "New Equity Interests"); and

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(ii) all Equity Interests in DISH Satellite Sub 1 converted pursuant to Section 1.1(c) of this Agreement shall, by virtue of the Merger and without any action on the part of any holder of the Equity Interests in DISH Satellite Sub 1, no longer be outstanding and shall automatically be cancelled and cease to exist, and each holder of such Equity Interests will cease to have any rights with respect thereto, except the right to receive the EchoStar Tracking Stock Consideration Shares in connection with such conversion.

Section 1.3 Closing. The consummation of the Closing Date Transactions (the "Closing") shall take place at the offices of DISH Network Corporation, 9601 South Meridian Boulevard, Englewood, Colorado 80112, at 9:00 a.m. Colorado time on March 1, 2014 or such other date as mutually agreed by the Parties. The date on which the Closing occurs is referred to as the "Closing Date".

Section 1.4 Closing Deliverables.

(a) At the Closing, the EchoStar Parties shall make, or cause to be made, the following deliveries in the following manner:

(i) EchoStar shall deliver to DNLLC certificates representing the EchoStar Tracking Stock Consideration Shares;

(ii) HSSC shall deliver to DOLLC certificates representing the HSSC Tracking Stock Consideration Shares;

(iii) HSSC shall deliver to DOLLC a duly executed counterpart to the Bill of Sale; and

(iv) The EchoStar Parties shall deliver to the DISH Parties evidence that (A) the EchoStar Tracking Stock COD has been duly filed with the Secretary of State of the State of Nevada in accordance with the laws of the State of Nevada and is in full force and effect as of the Closing, (B) the HSSC Tracking Stock COD has been duly filed with the Secretary of State of the State of Colorado in accordance with the laws of the State of Colorado and is in full force and effect as of the Closing and (C) the Tracking Stock Policy has been adopted and is in full force and effect as of the Closing.

(b) At the Closing, the DISH Parties shall make, or cause to be made, the following deliveries in the following manner:

(i) DOLLC shall deliver to HSSC a duly executed counterpart to the Bill of Sale.

(c) At the Closing:

(i) the DISH Parties shall receive a tax opinion from Sullivan & Cromwell LLP, counsel to the DISH Parties, dated the Closing Date, to the effect that the Merger should be treated as a reorganization within the meaning of Section 368(a) of the Code and

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that the Contributions should be treated as tax-free contributions within the meaning of Section 351 of the Code. In rendering such opinion, such counsel shall be entitled to receive and rely upon tax representation letters reasonably requested by such counsel and delivered by officers of the DISH Parties and the EchoStar Parties.

(ii) The EchoStar Parties shall receive a tax opinion from White & Case LLP, counsel to the EchoStar Parties, dated the Closing Date, to the effect that the Merger should be treated as a reorganization within the meaning of Section 368(a) of the Code and that the Contributions should be treated as tax-free contributions within the meaning of Section 351 of the Code. In rendering such opinion, such counsel shall be entitled to receive and rely upon tax representation letters reasonably requested by such counsel and delivered by officers of the DISH Parties and the EchoStar Parties.

(d) At or prior to the Closing, DOLLC shall transfer to HSSC, by wire transfer of immediately available funds to the account specified by HSSC to DOLLC, an amount in cash equal to \$11,404,000.00.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the EchoStar Parties. Except as set forth in the EchoStar Reports or the HSSC Reports (each as defined below) filed with the SEC *** 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 DNLLC and DOLLC, as of the date of this Agreement and as of the Closing Date, that:

(a) Organization; Good Standing; Qualification. 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 “significant subsidiary” (as defined in Rule 1.02(w) of Regulation S-X promulgated under the Exchange Act) of EchoStar or HSSC and all Hughes Retail Group Subsidiaries (together with the significant subsidiaries of EchoStar or HSSC, the “Significant EchoStar Subsidiaries”), is duly organized, validly existing and, if

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applicable, in good standing under the laws of its jurisdiction of organization. Each of the EchoStar Parties and the Significant 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 or licensed has not had or would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Authorization and Execution of Transaction Documents. Each EchoStar Party has taken all necessary corporate action to authorize the execution, delivery and performance of its obligations under each of the Transaction Documents to which it is a party and to consummate the Transactions. No other corporate proceedings on the part of any EchoStar Party is necessary to approve this Agreement or any other Transaction Document to which it is a party or to consummate the Transactions, subject, in the case of EchoStar, to filing the EchoStar Tracking Stock COD with the Secretary of State of the State of Nevada as required by the Nevada Revised Statutes (the “NRS”), in the case of HSSC, to filing the HSSC Tracking Stock COD with the Secretary of State of the State of Colorado as required by the CRS and, in the case of Merger Sub, to filing the Statement of Merger with the Secretary of State of the State of Colorado in accordance with the requirements of the CRS. As of the date of this Agreement, the board of directors of each of EchoStar and HSSC has approved the Transaction Documents to which it is a party and the Transactions. As of the date of this Agreement, the sole member of Merger Sub has approved this Agreement and the Merger. No vote or consent of the holders of any class or series of capital stock of EchoStar or HSSC is necessary to approve this Agreement, the other Transaction Documents, the Merger, the issuance of the EchoStar Tracking Stock Consideration Shares or the HSSC Tracking Stock Consideration Shares or the other Transactions. This Agreement has been duly executed and delivered by each EchoStar Party, and each other Transaction Document to which each EchoStar Party is a party, when delivered by it in accordance herewith, shall have been duly executed and delivered by such EchoStar Party.

(c) Enforceability of Transaction Documents. Assuming that each of the Transaction Documents to which it is a party is the valid and binding obligation of each of the other parties thereto, this Agreement constitutes, and the other Transaction Documents shall, at Closing, constitute the valid, legal and binding obligation of such EchoStar 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 such EchoStar Party of each of the Transaction Documents to which it is a party and the consummation of the Transactions 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 2.1(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 (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 EchoStar Party or its

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Subsidiaries pursuant to any Contract binding upon such EchoStar Party or its Subsidiaries or result in any change in the rights or obligations of any party under any Contract binding upon such EchoStar Party or its Subsidiaries, except, in the case of clauses (ii) and (iii), as 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 Body or any other Person is required by or of any EchoStar Party in connection with the execution, delivery, performance, validity or enforceability of any Transaction Document to which any EchoStar Party is a party or the consummation of the Transactions, except (i) any such consent, license, approval, authorization, filing, notice or act that has been obtained, made or taken, (ii) the filing of the EchoStar Tracking Stock COD with the Secretary of State of the State of Nevada as required by the NRS, (iii) the filing of the HSSC Tracking Stock COD and the Statement of Merger with the Secretary of State of the State of Colorado as required by the CRS and (iv) where the failure to obtain such consent, license, approval or authorization or make such filing or take such act would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(f) Capital Structure.

(i) The authorized capital stock of EchoStar (the "EchoStar Shares") consists of (i) 1,600,000,000 shares of Class A common stock, par value \$0.001 per share, of EchoStar (the "Class A Common Stock"), of which 42,712,196 shares were outstanding as of the close of business on December 31, 2013, (ii) 800,000,000 shares of Class B common stock, par value \$0.001 per share, of which 47,687,039 shares were outstanding as of the close of business on December 31, 2013, (iii) 800,000,000 shares of Class C common stock, par value \$0.001 per share, of which no share was outstanding as of the close of business on December 31, 2013, (iv) 800,000,000 shares of Class D common stock, par value \$0.001 per share, of which no share was outstanding as of the close of business on December 31, 2013 and (v) 20,000,000 shares of preferred stock, par value \$0.001 per share, of which no share was outstanding as of the close of business on December 31, 2013. All of the outstanding EchoStar Shares have been duly authorized and are validly issued, fully paid and nonassessable. EchoStar 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 EchoStar on any matter.

(ii) The authorized capital stock of HSSC (the "HSSC Shares") consists of 1,000,000 shares of common stock, par value \$0.01 per share, of which 1,000 shares were outstanding as of the close of business on December 31, 2013 and all of which are held by EchoStar. All of the outstanding HSSC Shares have been duly authorized and are validly issued, fully paid and nonassessable and have not been issued in violation of any preemptive or similar rights. HSSC has no HSSC Shares reserved for issuance. 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 HSSC to issue or sell any shares of capital

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stock or other securities of HSSC 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 HSSC, and no securities or obligations evidencing such rights are authorized, issued or outstanding. HSSC 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 HSSC on any matter.

(iii) All of the issued and outstanding Equity Interests in Merger Sub are, and prior to the Effective Time will be, owned by EchoStar, and there are (i) no other Equity Interests in Merger Sub, (ii) no securities of Merger Sub convertible into or exchangeable for Equity Interests in Merger Sub and (iii) no options or other rights to acquire from Merger Sub, and no obligations of Merger Sub to issue, any Equity Interests, or securities convertible into or exchangeable for Equity Interests, in Merger Sub. 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.

(g) Shares. The EchoStar Tracking Stock Consideration Shares and the HSSC Tracking Stock Consideration Shares to be issued under this Agreement have been duly authorized by all requisite corporate action on the part of EchoStar and HSSC, other than the filing of the EchoStar Tracking Stock COD setting forth the terms of the EchoStar Tracking Stock and the HSSC Tracking Stock COD setting forth the terms of the HSSC Tracking Stock, and all such shares shall be, when issued, validly issued, fully paid and nonassessable, and shall not be subject to or issued in violation of any preemptive rights of the holders of any other class or series of the capital stock of EchoStar or HSSC, as the case may be. Upon the issuance of such shares, such shares shall be free and clear of all Liens of any nature whatsoever, with the exception of any restrictions on transferability under the Securities Act or the securities laws of any jurisdiction or under the Investor Rights Agreement.

(h) Reports; Financial Statements.

(i) EchoStar has filed or furnished, as applicable, on a timely basis all 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, 2012 (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"). HSSC has filed or furnished, as applicable, on a timely basis all 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 (for purposes of this Agreement, as if HSSC were subject to the filing requirements of Section 13 or 15(d) of the Exchange Act at all relevant times) (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 "HSSC Reports"). Each of the EchoStar Reports and the HSSC

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. As of their respective dates neither the EchoStar Reports nor the HSSC Reports contained any untrue statement of material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.

(ii) Each of the consolidated balance sheets included in or incorporated by reference into the EchoStar Reports or the HSSC Reports, as applicable (including the related notes and schedules), fairly presents the consolidated financial position of EchoStar or HSSC, as applicable, and their respective 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 or the HSSC Reports, as applicable (including any related notes and schedules), fairly presents the results of operations and cash flows of EchoStar or HSSC, as applicable, and their respective 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 accounting principles generally accepted in the United States ("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 preliminary pro forma unaudited balance sheet of the Hughes Retail Group attached as Schedule 2.1(h)(iii) hereto (the "HRG Balance Sheet") ***

(iv) There are no obligations or liabilities of EchoStar 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, EchoStar or any of its Subsidiaries, except for those that are not, individually or in the aggregate, reasonably likely to have a Material Adverse Effect. There is no Indebtedness allocated to the Hughes Retail Group under the Tracking Stock Policy as of the Closing.

(v) The Financial Model for the Hughes Retail Group ***

(i) No Material Adverse Change. ***, there has not been any event or condition which has caused or resulted in, or could be reasonably expected to cause or to result in, individually or in the aggregate, a Material Adverse Effect.

(j) Compliance with Laws. Each of EchoStar and the Significant EchoStar Subsidiaries is in compliance in all material respects with Applicable Laws (including the Communications Act and Environmental Laws) and Authorizations of the FCC or any other Governmental Body exercising jurisdiction over EchoStar or such Significant EchoStar Subsidiary to which any of their respective businesses or any of their respective properties may be

subject, except for any non-compliance that would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect. Neither EchoStar nor any of the Significant EchoStar Subsidiaries has received any notice or confirmation of any material noncompliance with any such Applicable Laws or any such Authorizations that has not been cured as of the date of this Agreement.

(k) Litigation and Other Proceedings. There is no pending or, to the knowledge of any EchoStar Party, threatened in writing, claim, action, suit, investigation or proceeding, against EchoStar or any of the Significant EchoStar Subsidiaries, nor is EchoStar or any of the Significant EchoStar Subsidiaries, or any of their respective properties subject to any order, injunction, judgment or decree by or before any Governmental Body, except for claims, actions, suits, investigations, proceedings, orders, injunctions, judgments or decrees that have not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. There is no action, suit, investigation or proceeding pending or, to the knowledge of any EchoStar Party, threatened against any of the Hughes Retail Group Subsidiaries, or any of their respective 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 of the Hughes Retail Group Subsidiaries or any director, officer or employee of any of the Hughes Retail Group Subsidiaries or (ii) a Material Adverse Effect.

(l) Material Contracts. Each Material Contract is valid and binding on EchoStar and each of the Significant EchoStar Subsidiaries party thereto and, to the knowledge of the EchoStar Parties, any other party thereto, except for such failures to be valid and binding or to be in full force and effect that would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect. Except as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect, there is no default under any Material Contract by EchoStar or any of the Significant EchoStar 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 the Significant EchoStar Subsidiaries party thereto or bound thereby or, to the knowledge of the EchoStar Parties, any other party thereto.

(m) Taxes.

(i) ***, each of EchoStar and the Significant EchoStar Subsidiaries has timely filed (or there has been timely filed on their behalf) all income Tax Returns and all material other United States federal, state, county, local and foreign Tax Returns required to be filed by them or which include

their income and business activity, taking into account any extension of time to file granted or obtained, and all such Tax Returns are, true, correct, and complete in all material respects.

(ii) ***, EchoStar and the Significant EchoStar Subsidiaries have duly and timely paid or have duly and timely withheld and remitted (or there has been duly and timely paid or withheld and remitted on their behalf) to the appropriate Governmental

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Body all material Taxes due, other than Taxes appropriate reserves for which have been made in EchoStar's financial statements.

(iii) For purposes of this Agreement, the term "Tax" means any United States federal, state, county or local, or foreign or provincial income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, value added, alternative or added minimum, ad valorem or transfer tax, or any other tax, custom, duty or governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty imposed by any Governmental Body. The term "Tax Return" means a report, return or other information (including any attached schedules or any amendments to such report, return or other information) required to be supplied to or filed with a Governmental Body with respect to any Tax, including an information return, claim for refund, amended return or declaration or estimated Tax.

(n) Assets. ***, the Hughes Retail Group has access to and use of all of the properties, interests, assets (including interests in real property) and rights (including Intellectual Property rights), tangible or intangible of EchoStar and its Subsidiaries, that are necessary for the Hughes Retail Group to own, operate and conduct the Business in all material respects as conducted as of the Closing. Except as would not, individually or in the aggregate, be or reasonably be expected to have a Material Adverse Effect, as of the date of this Agreement, to the knowledge of EchoStar, EchoStar and each of the Significant EchoStar Subsidiaries owns or possesses the right to use all the Intellectual Property used in or necessary for the conduct of their respective businesses as currently conducted. ***, the Business as presently conducted does not, and as conducted over the one-year period prior to the date of this Agreement did not, infringe, misappropriate or otherwise violate the valid Intellectual Property rights of any Person, and no Person has asserted in writing to EchoStar or any of the Significant EchoStar Subsidiaries that EchoStar or any of the Significant EchoStar Subsidiaries has infringed, misappropriated or otherwise violated its Intellectual Property rights with respect to the Business, ***

(o) Investment Company Act. Neither EchoStar nor HSSC is, or will become after giving effect to the Transactions, an "investment company" required to be registered under the Investment Company Act of 1940, as amended.

(p) Subscriber and Customer Information. Schedule 2.1(p) sets forth:

(q) 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 or HSSC's Corporate Documents applies to this Agreement, the Transaction Documents or the Transactions.

(r) 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

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commission or similar fee payable by EchoStar or any of its Subsidiaries directly or indirectly in connection with the Transactions.

Section 2.2 Representations and Warranties of the DISH Parties. Except as set forth in any forms, statements, reports or documents required to be filed or furnished by DISH Network Corporation with the SEC pursuant to the Exchange Act or the Securities Act filed with the SEC *** 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), each DISH Party represents and warrants to EchoStar, as of the date of this Agreement and as of the Closing Date, 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 would not be reasonably 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 Transactions.

(b) Authorization and Execution of Transaction Documents. Each DISH Party has taken all necessary corporate action to authorize the execution, delivery and performance of its obligations under each of the Transaction Documents to which it is a party and to consummate the Transactions. As of the

date of this Agreement, the sole member of DISH Satellite Sub 1 has approved this Agreement and the Merger. This Agreement has been duly executed and delivered by such 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.

(c) Enforceability of Transaction Documents. Assuming that each of the Transaction Documents to which it is a party is the valid and binding obligation of each of the other parties thereto, this Agreement constitutes, and the other Transaction Documents shall, at 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 such DISH Party of each of the Transaction Documents to which it is a party and the consummation of the Transactions 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 2.2(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

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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 would not 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 Transactions.

(e) Consents. No consent, license, approval or authorization of, filing with, notice to or other act by or in respect of, any Governmental Body 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 Transactions, except (i) any such consent, license, approval, authorization of, filing with, notice to or other act that, if not obtained, made or taken would not 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 Transactions, (ii) any such consent, license, approval, authorization, filing, notice or act that has been obtained, made or taken, (iii) the filing of the Statement of Merger with the Secretary of State of the State of Colorado in accordance with the requirements of the CRS and (iv) where the failure to obtain such consent, license, approval or authorization or make such filing or take such act would not reasonably be expected to, individually or in the aggregate, 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 or any of its Affiliates is a party or the consummation of the Transactions.

(f) Litigation and Other Proceedings. Except as would not 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 Transactions, as of the date of this Agreement, (a) there is no action, suit, investigation or proceeding pending or, to the knowledge of such DISH Party, threatened in writing against such DISH Party or any of its Subsidiaries or any of their respective properties by or before any Governmental Body and (b) 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 any Governmental Body, in each case of clauses (a) and (b), relating to the Transactions. There is no action, suit, investigation or proceeding pending or, to the knowledge of the DISH Parties, threatened in writing against any of the DISH Parties or any of their respective Subsidiaries or any of their respective properties, in each case, relating to the DISH Satellite Subs or the Transferred Satellites, except for matters that have not resulted in, and would not reasonably be expected to result in, (i) any criminal liability of any of the DISH Parties or any of their respective Subsidiaries or any director, officer or employee of any of the DISH Parties, or (ii) ***

(g) DISH Satellite Subs. DNLIC is the record and beneficial owner of all of the Equity Interests in DISH Satellite Sub 1, free and clear of any and all Liens. Immediately prior to the

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Closing, DISH Satellite Sub 1 shall be the record and beneficial owner of all of the Equity Interests in DISH Satellite Sub 2, free and clear of any and all Liens. All of the Equity Interests in each DISH Satellite Sub have been duly authorized and validly issued, fully paid and nonassessable. As of the date of this Agreement, (a) there are no existing options, warrants, calls, preemptive rights, subscription or other rights, agreements, arrangements or commitments of any character, relating to the issued or unissued Equity Interests of any DISH Satellite Sub, obligating such DISH Satellite Sub to issue, transfer, redeem, purchase or sell or cause to be issued, transferred, redeemed, purchased or sold any Equity Interests or to otherwise make any payment in respect of any such Equity Interests; and (b) there are no rights, agreements or arrangements of any character which provide for any stock appreciation or similar right or grant any right to share in the equity, income, revenue or cash flow of any DISH Satellite Sub. None of the DISH Satellite Subs has conducted any material business prior to the date of this Agreement other than in connection with or incidental to (i) their respective right, title and interest in and to the applicable Subsidiary Satellites and (ii) the Transactions.

(h) Transferred Satellites.

(i) DOLLC has, and at the Closing DOLLC will transfer to HSSC, good and marketable title to the Directly Transferred Satellites, free and clear of all Liens, except Permitted Liens. Each of the DISH Satellite Subs has good and marketable title to the applicable Subsidiary Satellite that it owns.

(ii) The DISH Parties have made available to the EchoStar Parties information with respect to the *** respects.

(iii) An Affiliate of DNLLC holds the DISH Licenses for the DISH-Licensed Satellites and the DISH Landing Rights Authority for the Third-Party-Licensed Satellite. Following Closing, an Affiliate of DNLLC will continue to hold the DISH Licenses for the DISH-Licensed Satellites and the DISH Landing Rights Authority for the Third-Party-Licensed Satellite, and will exercise full control over FCC-authorized operations from the Transferred Satellites. ***

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

(i) Taxes.

(i) Since the respective dates of their formation, each of the DISH Satellite Subs has timely filed (or there has been timely filed on its behalf) all income Tax Returns and all material other United States federal, state, county, local and foreign Tax Returns required to be filed by it or which include its income and business activity, taking into account any extension of time to file granted or obtained, and all such Tax Returns are, true, correct, and complete in all material respects. ***, each of DOLLC and DNLLC has timely filed (or there has been timely filed on its behalf) all income Tax Returns and all

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material other United States federal, state, county, local and foreign Tax Returns required to be filed by it or which include its income and business activity with respect to the Transferred Satellites, taking into account any extension of time to file granted or obtained, and all such Tax Returns are, true, correct, and complete in all material respects.

(ii) Since the date of its formation, DISH Satellite Sub 1 has duly and timely paid or has duly and timely withheld and remitted (or there has been duly and timely paid or withheld and remitted on its behalf) to the appropriate Governmental Body all material Taxes due, other than Taxes appropriate reserves for which have been made in the DISH Satellite Subs' financial statements.

(iii) Since the date of its formation, DISH Satellite Sub 2 has duly and timely paid or has duly and timely withheld and remitted (or there has been duly and timely paid or withheld and remitted on its behalf) to the appropriate Governmental Body all material Taxes due, other than Taxes appropriate reserves for which have been made in the DISH Satellite Subs' financial statements.

(iv) ***, DOLLC and DNLLC have duly and timely paid, or have duly and timely withheld and remitted (or there has been duly and timely paid or withheld and remitted on its behalf) to the appropriate Governmental Body, all material Taxes due with respect to the Transferred Satellites contributed to HSSC by DOLLC or DNLLC, other than Taxes appropriate reserves for which have been made in the financial statements of DOLLC or DNLLC, as applicable.

(j) Purchase for Investment. Each of DOLLC and DNLLC acknowledges that the EchoStar Tracking Stock Consideration Shares and the HSSC Tracking Stock Consideration Shares to be issued under this Agreement have not been registered under the Securities Act or under any state securities laws. Each of DOLLC and DNLLC (i) is acquiring such shares pursuant to an exemption from registration under the Securities Act solely for investment with no present intention to distribute any such shares to any Person, (ii) will not sell or otherwise dispose of any such shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any other applicable securities laws, (iii) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of its investment in such shares and of making an informed investment decision and (iv) is an accredited investor (as that term is defined by Rule 501 promulgated under the Securities Act).

(k) No Brokers. 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 DOLLC, DNLLC or any of their respective Subsidiaries directly or indirectly in connection with the Transactions.

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ARTICLE 3

COVENANTS

(a) In the event that any administrative or judicial action, suit, investigation or proceeding is instituted (or threatened to be instituted) by a Governmental Body or private party challenging any Transaction, or any other agreement contemplated hereby, each of the Parties shall cooperate in all respects with each other and use its respective commercially reasonable efforts to contest and resist any such action, suit, investigation or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts realization of the benefits of the Transactions.

(b) The Parties will use their respective commercially reasonable efforts to ensure that DISH Network Corporation and/or its Affiliates can fulfill its responsibilities as an FCC licensee for the DISH-Licensed Satellites and as the holder of the DISH Landing Rights Authority for the Third-Party-Licensed Satellite, including without limitation ensuring compliance with all applicable communications laws and FCC rules, orders and policies.

Section 3.2 Operation of the Transferred Satellites. The operations of the Transferred Satellites shall be governed by the Satellite Lease Agreements and shall be subject to compliance with all applicable communications laws, and all applicable communications regulations, orders and policies.

ARTICLE 4

INDEMNIFICATION

Section 4.1 Indemnification Obligations of EchoStar. Subject to the limitations set forth in this Article 4, EchoStar shall indemnify DOLLC, DNLLC and each of their respective Affiliates, officers, directors, employees, shareholders, representatives and agents (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 (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 any (a) breach of any of the representations or warranties of any EchoStar Party contained in this Agreement or (b) breach or nonperformance of any covenant or agreement made by any EchoStar Party; ***

Section 4.2 Indemnification Obligations of DNLLC. Subject to the limitations set forth in this Article 4, DNLLC shall indemnify EchoStar and its Affiliates (which shall include the DISH Satellite Subs after the Closing Date), officers, directors, shareholders, representatives

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and agents (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 representations or warranties 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, (c) any Taxes imposed on, asserted against or attributable to the properties, income or operations of the DISH Satellite Subs, any Taxes imposed on, asserted against or attributable to the Transferred Satellites, or any Taxes for which the DISH Satellite Subs are otherwise liable, in each case, for all taxable periods, or portions thereof, ending on or before the Closing Date or (d) any Taxes imposed on the DISH Satellite Subs as a result of being a transferee or successor or of the provisions of Treasury Regulations Section 1.1502-6 or the analogous provisions of any state, local or foreign law; ***

Section 4.3 Limitations on Indemnity. No Party shall be required to make any payment with respect to its indemnification obligations in respect of a breach of any representation or warranty under this Article 4 unless (A) the aggregate Losses arising from an individual breach of any representation or warranty exceed *** (it being stated for the avoidance of doubt that the Losses arising from any potential indemnification claims that arise out of or involve or relate to similar facts or are based on related or similar occurrences, events or circumstances will be aggregated and treated as a single breach for purposes of this clause (A) of this Section 4.3) and (B) until such time as the obligations to the DISH Indemnified Persons, on the one hand, or the EchoStar Indemnified Persons, on the other hand, excluding Losses for which indemnification is not available as a result of the application of the de minimis threshold contained in clause (A) above, exceed *** in the aggregate (the “Deductible”); provided that once such Losses exceed the Deductible, the indemnifying party shall be responsible for all amounts in excess thereof; provided further that in no event shall the aggregate indemnification actually paid by the EchoStar Parties, on the one hand or DNLLC or DOLLC, on the other hand, pursuant to Section 4.1 or Section 4.2, as the case may be, in respect of a breach of any of the representations or warranties (other than a breach of the representations or warranties set forth in Section 2.1(b) (Execution and Authorization of Transaction Documents), Section 2.1(c) (Enforceability of Transaction Documents) and Section 2.1(g) (Shares) of this Agreement) exceed ***. Notwithstanding the foregoing, in no event shall (x) the aggregate indemnification actually paid by the EchoStar Parties pursuant to Section 4.1, taken together with all other indemnification actually paid by the EchoStar Parties pursuant to Section 4.1, or (y) the aggregate indemnification actually paid by DNLLC and DOLLC pursuant to Section 4.2, taken together with all other indemnification actually paid by DNLLC and DOLLC pursuant to Section 4.2, in each case, in respect of breaches of any representations or warranties, exceed ***

Section 4.4 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 4.4. Any Indemnified Party seeking indemnity pursuant to Section 4.1 or Section 4.2 shall notify in writing the Party from whom indemnification is sought (the “Indemnifying Party”) of such demand for indemnification. The Indemnifying Party shall have *** 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

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or demand with respect to a claim or demand based on a third party claim (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 Sections 4.1 or 4.2 (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 Party 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. Notwithstanding the foregoing, in the case of a Third Party Claim regarding Taxes, (i) the Indemnifying Party shall not settle or compromise any such claim without the written consent of the Indemnified Party, such consent not to be unreasonably withheld or delayed and (ii) a DISH Party shall only control such a claim if it is solely with respect to a taxable year or other taxable period that ends on or before the Closing Date.

Section 4.5 ***, Survival.

(a) The indemnity provided herein *** following the Closing.

(b) The representations and warranties of the Parties contained in this Agreement shall survive the Closing for the period set forth in this Section 4.5(b). All representations and warranties contained in this Agreement and all claims with respect thereto shall terminate upon the expiration of *** after the Closing Date, ***, it being understood that in the event that notice of any claim for indemnification under this Article 4 has been given pursuant to Section 4.4 within the applicable survival period, the representations and warranties that are the subject of such

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indemnification claim (and the right to pursue such claim) shall survive with respect to such claim until such time as such claim is finally resolved. Any claim for a breach of a representation or warranty must be delivered prior to the expiration of the applicable survival term set forth in this Section 4.5(b). It is the intention of the Parties that the survival periods and termination date set forth in this Section 4.5(b) supersede a statute of limitation applicable to such representations and warranties or claim with respect thereof other than in the case of fraud. The right of a Person to any remedy pursuant to this Article 4 shall not be affected by any investigation or examination conducted, or any knowledge possessed or acquired (or capable of being possessed or acquired), by such Person at any time concerning any circumstance, action, omission or event relating to the accuracy or performance of any representation, warranty, covenant or obligation. 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.

ARTICLE 5

DEFINITIONS AND INTERPRETATION

Section 5.1 Defined Terms. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

“AAA” has the meaning specified in Section 6.12(c)(i) of this Agreement.

“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 otherwise provided in Section 4.2 of this Agreement), none of DISH Network Corporation, the DISH Parties or any other Subsidiaries of DISH Network Corporation will be considered an Affiliate of any EchoStar Party or any other Subsidiaries of EchoStar, and none of the EchoStar Parties or any other Subsidiaries of EchoStar will be considered an Affiliate of DISH Network Corporation, any DISH Party or any other Subsidiaries of DISH Network Corporation.

“Agreement” has the meaning specified in the Preamble of this Agreement.

“Applicable Date” has the meaning specified in Section 2.1(h)(i) of this Agreement.

“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 Body and any relevant final administrative or judicial precedent interpreting or applying the foregoing.

“Articles of Organization” has the meaning specified in Section 1.2(a) of this Agreement.

“Authorization” means any franchise, license, authorization, consent, permit, waiver, approval, qualification or registration of, with or from the FCC or any other Governmental Body.

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“Beneficially Own” means, with respect to any securities, having “beneficial ownership” of such securities for purposes of Rule 13d-3 or 13d-5 under the Exchange Act as in effect on the date of this Agreement.

“Bill of Sale” means the bill of sale with respect to the Directly Transferred Satellites, substantially in the form attached as Exhibit VI hereto.

“Business” means the business of providing satellite broadband Internet services to residential retail subscribers ***

“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.

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

“Class A Common Stock” has the meaning specified in Section 2.1(f)(i) of this Agreement.

“Closing” has the meaning specified in Section 1.3 of this Agreement.

“Closing Date” has the meaning specified in Section 1.3 of this Agreement.

“Closing Date Transactions” has the meaning specified in Section 1.1 of this Agreement.

“Code” means the 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.

“Confidentiality Agreement” means the Mutual Non-Disclosure Agreement, dated as of February 20, 2014, by and between DISH Network L.L.C. and EchoStar.

“Contract” means any agreement, lease, license, contract, note, bond, mortgage, indenture or other instrument or obligation, in each case whether written or oral.

“Contributions” has the meaning specified in the recitals.

“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

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company agreement or partnership agreement, as applicable, and any other organizational documents of such entity.

“CRS” has the meaning specified in the recitals.

“Deductible” has the meaning specified in Section 4.3 of this Agreement.

“Directly Transferred Satellites” has the meaning specified in the recitals.

“DISH Change of Control” means any transaction or series of transactions the result of which is that the Principal Shareholder and Related Parties cease to Beneficially Own Equity Interests in DISH Network Corporation (or any successor thereto) representing at least a majority of the aggregate voting power in DISH Network Corporation (or any successor thereto).

“DISH Indemnified Persons” has the meaning specified in Section 4.1 of this Agreement.

“DISH Landing Rights Authority” has the meaning specified in the recitals.

“DISH-Licensed Satellites” means the EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV satellites, each of which is licensed by the FCC to DOLLC.

“DISH Licenses” has the meaning specified in the recitals.

“DISH Parties” means DNLLC, DOLLC and DISH Satellite Sub 1.

“DISH Satellite Sub 1” has the meaning specified in the Preamble of this Agreement.

“DISH Satellite Sub 2” has the meaning specified in the recitals.

“DISH Satellite Subs” has the meaning specified in the recitals.

“Dispute” has the meaning specified in Section 6.12(b)(i) of this Agreement.

“Dispute Notice” has the meaning specified in Section 6.12(b)(i) of this Agreement.

“DNLLC” has the meaning specified in the Preamble of this Agreement.

“Dollar” or “\$” means a dollar or other equivalent unit in such coin or currency of the United States of America as at the time shall be legal tender for all debts, public and private.

“DOLLC” has the meaning specified in the Preamble of this Agreement.

“EchoStar” has the meaning specified in the Preamble of this Agreement.

“EchoStar Disclosure Letter” has the meaning specified in the introductory paragraph of Section 2.1 of this Agreement.

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“EchoStar Indemnified Persons” has the meaning specified in Section 4.2 of this Agreement.

“EchoStar Parties” means EchoStar, HSSC and Merger Sub.

“EchoStar Reports” has the meaning specified in Section 2.1(h)(i) of this Agreement.

“EchoStar Shares” has the meaning specified in Section 2.1(f)(i) of this Agreement.

“EchoStar Tracking Stock” means the Hughes Retail Preferred Tracking Stock, par value \$0.001 per share, of EchoStar, having the terms set forth in the EchoStar Tracking Stock COD.

“EchoStar Tracking Stock COD” means the Certificate of Designation of EchoStar with respect to the EchoStar Tracking Stock, as filed with the Secretary of State of the State of Nevada on or prior to the Closing Date, in the form attached as Exhibit II hereto.

“EchoStar Tracking Stock Consideration Shares” has the meaning specified in Section 1.1(c) of this Agreement.

“Effective Time” has the meaning specified in Section 1.1(b) of this Agreement.

“Environmental Law” means any federal, state, local or foreign statute, law, regulation, order, decree, permit, authorization or requirement of any Governmental Body relating to: (A) the protection, investigation or restoration of the environment, health, safety, or natural resources; (B) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance; or (C) noise, odor, indoor air, employee exposure, wetlands, pollution, contamination or any injury or threat of injury to persons or property relating to any Hazardous Substance.

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

“Exchange Act” means the United States 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.

“Financial Model” means the ***

“GAAP” has the meaning specified in Section 2.1(h)(ii) of this Agreement.

“Governmental Body” means any Federal, state, local, municipal, foreign 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

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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; (B) any petroleum product or by-product, asbestos-containing material, lead-containing paint or plumbing, polychlorinated biphenyls, mold, radioactive material or radon; and (C) any other substance which may be the subject of regulatory action by any Governmental Body in connection with any Environmental Law.

“HRG Balance Sheet” has the meaning specified in Section 2.1(h)(iii) of this Agreement.

“HSSC” has the meaning specified in the Preamble of this Agreement.

“HSSC Reports” has the meaning specified in Section 2.1(h)(i) of this Agreement.

“HSSC Shares” has the meaning specified in Section 2.1(f)(ii) of this Agreement.

“HSSC Tracking Stock” means the Hughes Retail Preferred Tracking Stock, par value \$0.001 per share, of HSSC, having the terms set forth in the HSSC Tracking Stock COD.

“HSSC Tracking Stock COD” means the Certificate of Designation of HSSC with respect to the HSSC Tracking Stock, as filed with the Secretary of State of the State of Colorado on or prior to the Closing Date, in the form attached as Exhibit III hereto.

“HSSC Tracking Stock Consideration Shares” has the meaning specified in Section 1.1(f) of this Agreement.

“Hughes Retail Group” has the meaning specified in the EchoStar Tracking Stock COD and the HSSC Tracking Stock COD.

“Hughes Retail Subscribers” has the meaning specified in the EchoStar Tracking Stock COD and the HSSC Tracking Stock COD.

“Hughes Retail Group Subsidiaries” means any Subsidiary of EchoStar that is engaged in the Business or holds any material assets that are used or held for use by the Hughes Retail Group.

“Indebtedness” means, as applied to any Person, (a) all obligations for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (b) all off balance sheet financing, including synthetic leases and project financing; and (c) all indebtedness referred to in clauses (a) through (b) above of any Person which is either guaranteed by, or secured by a security interest upon, EchoStar or HSSC or any of their or their Subsidiaries’ respective assets.

“Indemnified Party” has the meaning set forth in Section 4.4 of this Agreement.

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“Indemnifying Party” has the meaning set forth in Section 4.4 of this Agreement.

“Intellectual Property” means all (i) trademarks, service marks, logos, symbols, trade dress, trade names and other indicia of origin, and registrations and applications and renewals therefor, and the goodwill associated therewith and symbolized thereby; (ii) copyrights in works of authorship and registrations and applications therefor, and renewals, extensions, restorations and reversions thereof; (iii) Patents; and (iv) trade secrets.

“Investor Rights Agreement” means the investor rights agreement, dated as of the date of this Agreement, by and among DOLLC, DNLLC, EchoStar and HSSC, attached as Exhibit I hereto.

“Lien” means any mortgage, pledge, hypothecation, security interest, lien, 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.

“Losses” has the meaning set forth in Section 4.1 of this Agreement.

“Material Adverse Effect” means (a) any event, change, occurrence, condition or effect that would be reasonably likely to have a material adverse effect on the business, financial condition, assets, properties or results of operations of (i) EchoStar and its Subsidiaries taken as a whole, (ii) the Hughes Retail Group taken as a whole or (iii) HSSC and its Subsidiaries taken as a whole or (b) any event, change, occurrence, condition or effect that would reasonably be likely

to prevent, materially delay or materially impair the consummation of the Transactions, 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 (1) general changes or developments in any of the industries in which EchoStar or its Subsidiaries operate, (2) changes in global, national or regional political conditions (including the outbreak or escalation of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial markets, ***

“Material Contract” means any Contract to which EchoStar or any of the Significant EchoStar Subsidiaries is a party or by which EchoStar or any of the Significant EchoStar Subsidiaries or any of their respective properties is bound:

- (1) that is with any Governmental Body relating to the Hughes Retail Group; and
- (2) that relates to the Hughes Retail Group or the Business, involving future payments, performance or services or delivery of goods or materials to or by EchoStar or any of its Subsidiaries of ***

“Merger” has the meaning specified in the recitals.

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“Merger Sub” has the meaning specified in the Preamble of this Agreement.

“NASDAQ” means The NASDAQ Stock Market LLC.

“New Equity Interests” has the meaning set forth in Section 1.2(c)(i) of this Agreement.

“Notice Period” has the meaning set forth in Section 4.4 of this Agreement.

“NRS” has the meaning specified in Section 2.1(b) of this Agreement.

“Parties” has the meaning specified in the Preamble of this Agreement.

“Patents” means all patents (including utility and design patents, industrial designs and utility models) and applications therefor, including divisionals, revisions, supplementary protection certificates, continuations, continuations-in-part, renewals, extensions, reissues and re-examinations thereof.

“Permitted Liens” means any rights reserved to any Governmental Body (including the FCC) to regulate the Transferred Satellites, and any other Liens arising by operation of Applicable Laws (including the Communications Act).

“Person” means any natural person, corporation, general partnership, limited partnership, limited liability company, joint venture, trust, proprietorship, Governmental Body or other entity, association or organization of any nature, however and wherever organized or constituted (whether or not having a separate legal personality).

“Principal Shareholder” means Charles W. Ergen.

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

“Response” has the meaning specified in Section 6.12(b)(i) of this Agreement.

“Satellite Lease Agreements” means the satellite lease agreements, dated as of the date of this Agreement and with term commencement dates beginning on the Closing Date, by and between DNLLC or DOLLC, as applicable, on the one hand, and EchoStar Satellite Operating Corporation, a wholly-owned Subsidiary of EchoStar, or EchoStar XI Holding L.L.C., as applicable, on the other, attached as Exhibit V hereto.

“SEC” means the United States Securities and Exchange Commission, or any successor agency of the Federal government.

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“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.

“Senior Party Representatives” has the meaning specified in Section 6.12(b)(i) of this Agreement.

“Significant EchoStar Subsidiaries” has the meaning specified in Section 2.1(a) of this Agreement.

“Statement of Merger” has the meaning specified in Section 1.1(b) of this Agreement.

“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.

“Subsidiary Satellites” has the meaning specified in the recitals.

“Surviving Company” has the meaning specified in Section 1.1(a) of this Agreement.

“Takeover Statute” has the meaning specified in Section 2.1(q) of this Agreement.

“Tax” has the meaning specified in Section 2.1(m)(iii) of this Agreement.

“Tax Return” has the meaning specified in Section 2.1(m)(iii) of this Agreement.

“Third Party Claim” has the meaning set forth in Section 4.4 of this Agreement.

“Third-Party-Licensed Satellite” refers to the EchoStar I satellite, which is licensed by Mexico to a third party and from which an Affiliate of DNLLC holds FCC authority to provide service to the United States.

“Tracking Stock” means, collectively, the EchoStar Tracking Stock and the HSSC Tracking Stock.

“Tracking Stock Policy” means, collectively, (i) the EchoStar Corporation Policy Statement Regarding Hughes Retail Preferred Tracking Stock and (ii) the Hughes Satellite Systems Corporation Policy Statement Regarding Hughes Retail Preferred Tracking Stock, in each case as attached as Exhibit IV hereto and as may be amended or modified from time to time pursuant to the terms thereof and pursuant to the Investor Rights Agreement.

“Transaction Documents” means the following documents:

- (i) this Agreement;

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- (ii) the Investor Rights Agreement;
- (iii) the EchoStar Tracking Stock COD;
- (iv) the HSSC Tracking Stock COD;
- (v) the Tracking Stock Policy;
- (vi) the Satellite Lease Agreements; and
- (vii) the Bill of Sale.

“Transactions” means, collectively, the transactions contemplated by the Transaction Documents.

“Transferred Satellites” has the meaning specified in the recitals.

“TT&C Services Agreement” has the meaning specified in the recitals.

Section 5.2 Rules of Interpretation. 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 and 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) Reference to “include,” “includes” and “including” will be deemed to be followed by the phrase “without limitation”;
- (f) References herein to “\$,” “USD” or “dollars” means lawful currency of the United States of America;

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- (g) Reference in this Agreement to “herein,” “hereby,” “hereof” or “hereunder,” or any similar formulation, will be deemed to refer to this Agreement;
- (h) Unless otherwise indicated, all references to time of day refer to Eastern Standard Time or Eastern Daylight Saving 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;
- (i) 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;
- (j) The use of the term “shall,” “will” or “must” indicates a mandatory action and the use of the term “may” indicates a permissive action; and
- (k) 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.

ARTICLE 6

MISCELLANEOUS

Section 6.1 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 Party:

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

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If to any DISH Party:

DISH Network L.L.C.
9601 South Meridian Blvd.
Englewood, Colorado 80112
Attention: ***
Fax number: ***

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

DISH Network L.L.C.
9601 South Meridian Blvd.
Englewood, Colorado 80112
Attention: General Counsel
Fax number: ***

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.

(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 6.3 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).

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Section 6.4 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 6.5 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 6.6 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 6.7 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 6.8 No Third Party Beneficiaries. Except as provided in Section 4.4 of this Agreement, (a) the provisions of this Agreement 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; and this Agreement 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 6.9 Governing Law. THE 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.

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Section 6.10 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 Transactions.

Section 6.11 Public Announcements. The EchoStar Parties and the DISH Parties shall consult with each other prior to issuing any press releases or otherwise making public announcements with respect to the Transactions and prior to making any filings or submissions with or to any third party and/or any Governmental Body (including any national securities exchange or interdealer quotation service) with respect thereto, shall in each case give each other a reasonable opportunity to review and comment upon such press release, public announcement, filing or submission, and shall not issue any such press release or make any such public announcement, filing or submission prior to such consultation and review, except as may be required by Applicable Laws or by obligations pursuant to any listing agreement with or rules of NASDAQ or by the request of any Governmental Body.

(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 6.12 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 or the Transactions (including all actions taken in furtherance of the Transactions on or prior to the date hereof). Each Party agrees that the procedures set forth in this Section 6.12 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 Body, except as otherwise required by Applicable Law.

(b) Dispute Resolution; Mediation.

(i) Any Party may commence the dispute resolution process of this Section 6.12(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 *** 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

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to settle the Dispute. Within *** 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 *** after delivery of the Dispute Notice, or if the Parties fail to meet within *** 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 6.12(b) before resorting to arbitration contemplated by Section 6.12(c) or any other dispute resolution procedure that may be agreed by the Parties.

(iii) All negotiations, conferences and discussions pursuant to this Section 6.12(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 *** 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 6.12(c)(ii), if the Dispute has not been resolved by the dispute resolution process described in Section 6.12(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

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(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 6.12 with respect to all matters not subject to such Dispute.

Section 6.13 Conflicts. In the event of a conflict between this Agreement and any other Transaction Document, this Agreement shall control notwithstanding that it was executed as part of a larger transaction in conjunction with the execution of the other Transaction Documents. To the extent that there is a conflict between the terms of this Agreement and any other Transaction Document, the Parties shall work together to resolve such conflict.

[Signature pages follow.]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the day and year first above written:

ECHOSTAR CORPORATION

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

HUGHES SATELLITE SYSTEMS CORPORATION

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

ALPHA COMPANY LLC

By: EchoStar Corporation, its sole member

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

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[Signature Pages to Transaction Agreement]

DISH NETWORK L.L.C.

By: /s/ Robert E. Olson
Name: Robert E. Olson
Title: EVP and CFO

DISH OPERATING L.L.C.

By: /s/ Robert E. Olson
Name: Robert E. Olson
Title: EVP and CFO

ECHOSTAR XI HOLDING L.L.C.

By: /s/ Robert E. Olson
Name: Robert E. Olson
Title: EVP and CFO

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[Signature Pages to Transaction Agreement]

Annex A

Transferred Satellites

Satellite	Orbital Location	Launch Date	Estimated Useful Life (Years)	Owner
EchoStar I	77	December 1995	12	DOLLC
EchoStar VII	119	February 2002	15	DOLLC
EchoStar X	110	February 2006	15	DOLLC
EchoStar XI	110	July 2008	15	DISH Satellite Sub 1
EchoStar XIV	119	March 2010	15	DISH Satellite Sub 2

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INVESTOR RIGHTS AGREEMENT

BY AND AMONG

ECHOSTAR CORPORATION,

HUGHES SATELLITE SYSTEMS CORPORATION,

DISH OPERATING L.L.C.

AND

DISH NETWORK L.L.C.

DATED AS OF FEBRUARY 20, 2014

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Exhibits:

Exhibit I Tracking Stock Policy

Schedules:

Schedule 1.1(b) Operational Metrics

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INVESTOR RIGHTS AGREEMENT, dated as of February 20, 2014 and effective as of the Closing Date (as defined below) (this "Agreement"), by and among EchoStar Corporation, a Nevada corporation ("EchoStar"), Hughes Satellite Systems Corporation, a Colorado corporation and a wholly-owned Subsidiary of EchoStar ("HSSC" and, together with EchoStar, the "Issuers"), DISH Operating L.L.C., a Colorado limited liability company and a wholly-owned Subsidiary of DISH Network Corporation ("DOLLC"), and DISH Network L.L.C., a Colorado limited liability company and an indirect wholly-owned Subsidiary of DISH Network Corporation ("DNLLC" and, together with DOLLC, the "Investors").

WITNESSETH:

WHEREAS, the Issuers, DOLLC, DNLLC and certain other parties thereto entered into a Transaction Agreement, dated as of the date hereof (including the annexes, exhibits and schedules thereto, the "Transaction Agreement"), pursuant to which, among other things, DNLLC is acquiring, on the Closing Date, an aggregate of 6,290,499 shares (the "EchoStar Tracking Stock Consideration Shares") of the EchoStar Tracking Stock (as defined below) to be issued by EchoStar, and DOLLC is acquiring, on the Closing Date, an aggregate of 81.128 shares of the HSSC Tracking Stock (as defined below) to be issued by HSSC (such acquisitions of the shares of the EchoStar Tracking Stock and the shares of the HSSC Tracking Stock, the "Investment"); and

WHEREAS, in connection with and as a condition to the Investment, the Issuers and the Investors desire to enter into this Agreement in order to set forth certain rights and obligations.

NOW, THEREFORE, in consideration of the premises, covenants and agreements contained herein and in the other Transaction Documents (as defined below) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

INFORMATION AND CONSULTATION RIGHTS

Section 1.1 Delivery of Financial Statements.

(a) EchoStar shall deliver to the Investors on each date when EchoStar files its annual report on Form 10-K or quarterly report on Form 10-Q with the SEC (or, to the extent EchoStar is not then subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the date when the annual report on Form 10-K or quarterly report on Form 10-Q, as applicable, of a "large accelerated filer" (as defined in Rule 12b-2 under the Exchange Act or any successor rule of the SEC) with the same fiscal year end as EchoStar would be required to be filed with the SEC), the HRG Financial Statements; provided that the filing of the HRG Financial Statements as an exhibit to an annual report on Form 10-K or quarterly report on Form 10-Q of EchoStar shall constitute delivery to the Investors of the HRG Financial Statements for

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purposes of this Section 1.1(a) on the date that such annual report on Form 10-K or quarterly report on Form 10-Q of EchoStar is electronically filed with the SEC through EDGAR.

(b) So long as there is a Majority Investor, EchoStar shall provide the Majority Investor on a quarterly basis with operational metrics related to the Hughes Retail Group and Hughes Retail Subscribers, as set forth on Schedule 1.1(b) hereto, and other relevant operational data as may be reasonably requested by the Majority Investor; provided that the Majority Investor agrees to customary confidentiality restrictions with respect to such information obtained (including restricting access to such information to corporate accounting, finance and other personnel who (i) have a need to know such information for the purpose of reviewing their investment in the Tracking Stock and (ii) do not have any primary decision making responsibilities for pricing, marketing, strategic planning, research and development or product information relating, in each case, to any lines of business that compete with the Hughes Retail Group).

(c) Each Issuer shall cooperate with the DISH Investors and provide the DISH Investors with such additional financial and other information (including any HRG Financial Statements audited by a registered independent public accounting firm and such additional financial and other information to assist the DISH Investors in calculating the book value of their investment in the Tracking Stock, on a fully diluted basis) as the DISH Investors may reasonably request from time to time, but only to the extent required for DISH Network Corporation and/or any of its wholly-owned Subsidiaries (together, the "DISH Companies") to prepare consolidated or other financial statements or any reports, statements or other documents required to be filed with or submitted to the SEC under Applicable Laws, in each case, upon such DISH Investor's request and demonstrated need for such additional information and, so long as the DISH Investor provides each Issuer with reasonably adequate advance notice of such request, on a timely basis in order to allow the DISH Companies to meet their reasonable schedule for the preparation, printing, filing, and public dissemination for their quarterly and annual reports and other SEC reporting requirements.

Section 1.2 Meetings; Consultations.

(a) EchoStar shall permit the DISH Investors and their Affiliates to meet and discuss the business, results of operations and other financial information of the Hughes Retail Group with the executive officers and their designees, accountants, legal counsel, investment bankers and other representatives (collectively, "Representatives") of EchoStar and its Subsidiaries, all at such reasonable times as may be reasonably requested by the DISH Investors, and EchoStar shall make available its Representatives during normal business hours, and upon reasonable notice, to discuss in good faith the business, results of operations and other financial information of the Hughes Retail Group; provided that the DISH Investors agree to keep confidential, and shall cause their Affiliates to keep confidential, any information so obtained; provided further that all such discussions shall be subject to reasonable restrictions imposed from time to time with respect to the provision of privileged communications or any applicable confidentiality agreement with any Person and, in engaging in any such discussions, the DISH Companies and their Affiliates and Representatives shall not unreasonably interfere with the business of such Issuer and its Subsidiaries. For the avoidance of doubt, except as set forth in the

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EchoStar Tracking Stock COD, the HSSC Tracking Stock COD, this Agreement or the Tracking Stock Policy, any such discussions are intended solely for the DISH Investors to evaluate the performance and realizability of their investment in the Tracking Stock and the Issuers and their Subsidiaries retain exclusive rights to manage the Hughes Retail Group irrespective of the views or opinions that may be conveyed by the DISH Investors through these discussions.

(b) Each Issuer agrees to consult with the DISH Investors in good faith prior to (i) undertaking any voluntary dissolution, liquidation, bankruptcy or similar insolvency event involving any entity that holds any assets of the Hughes Retail Group; (ii) entering into any material joint ventures, partnerships or similar arrangements; or (iii) undertaking other strategic initiatives, in each case, to ensure that the proposed actions are not detrimental to holders of the Tracking Stock.

ARTICLE II

TRANSFER RESTRICTIONS

Section 2.1 Transfer Restrictions.

(a) Except as permitted by Section 2.1(c) of this Agreement, without the prior written consent of the respective Issuer (which such consent may be withheld or delayed in each respective Issuer's sole and absolute discretion), the Investors may not, for the period beginning on the Closing Date and ending on the first anniversary of the Closing Date, Transfer any shares of the Tracking Stock issued by such Issuer to any Person.

(b) At any time and from time to time after the first anniversary of the Closing Date, subject to Section 3.1 of this Agreement, the Investors may Transfer any shares of the Tracking Stock, in whole or in part, to any Person or Persons; provided that prior to such Transfer (other than pursuant to a Demand Registration under Article IV of this Agreement) the transferee agrees in writing with the Issuers to be bound by all the provisions of this Agreement as if such transferee were an Investor (and in which case all references to such Investor in this Agreement shall include such transferee with respect to such transferee's shares of the Tracking Stock) and acknowledges and agrees that (i) the provisions contained in Sections 1.1(c) and 1.2 of this Agreement shall not apply with respect to such transferee other than a Permitted Transferee, (ii) the provisions contained in Article IV of this Agreement shall not apply with respect to such transferee unless and until such transferee Beneficially Owns shares of the Tracking Stock representing an Economic Interest Percentage equal to at least *** of the Economic Interest Percentage represented by all of the shares of the Tracking Stock then outstanding and (iii) the provisions contained in Sections 1.1(b), *** of this Agreement shall not apply with respect to such transferee unless and until such transferee is a Majority Investor.

(c) Notwithstanding anything else to the contrary elsewhere in this Agreement, each DISH Investor may, at any time and from time to time, Transfer any shares of the Tracking Stock to any DISH Company (each such transferee, a "Permitted Transferee") without any consent of the respective Issuer and without being subject to Section 3.1 of this Agreement; provided that prior to such Transfer such Permitted Transferee agrees in writing with

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the Issuers to be bound by all the provisions of this Agreement as if such transferee were such DISH Investor (and in which case all references to such DISH Investor in this Agreement shall refer to such Permitted Transferee with respect to such Permitted Transferee's shares of the Tracking Stock and such Permitted Transferee shall also become an Investor).

(d) Any Transfer of any shares of the Tracking Stock by an Investor that is not made in compliance with this Article II shall be null and void *ab initio*, shall not be recorded on the books of the respective Issuer and shall not be recognized by the respective Issuer.

(e) The certificates representing any shares of the Tracking Stock held by the Investors shall bear a restrictive legend substantially in the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR ANY FOREIGN JURISDICTION. SUCH SECURITIES MAY NOT BE OFFERED, SOLD, HYPOTHECATED, GIVEN, BEQUEATHED, TRANSFERRED, ASSIGNED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF ("TRANSFERRED") EXCEPT PURSUANT TO (I) A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES THAT IS EFFECTIVE UNDER THE SECURITIES ACT OR THE APPLICABLE STATE OR FOREIGN SECURITIES LAWS, OR (II) ANY EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, OR APPLICABLE STATE OR FOREIGN SECURITIES LAWS RELATING TO THE DISPOSITION OF SECURITIES.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED UNLESS SUCH TRANSFER COMPLIES WITH THE PROVISIONS OF THE INVESTOR RIGHTS AGREEMENT, DATED AS OF FEBRUARY 20, 2014, A COPY OF WHICH IS ON FILE AND MAY BE INSPECTED AT THE PRINCIPAL OFFICE OF THE COMPANY, WITHOUT CHARGE BY EACH STOCKHOLDER WHO SO REQUESTS. NO TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF THAT INVESTOR RIGHTS AGREEMENT.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO OTHER RIGHTS AND OBLIGATIONS AS SET FORTH IN THE ARTICLES OF INCORPORATION OF THE COMPANY AND THE CERTIFICATE OF DESIGNATION, DATED AS OF FEBRUARY 28, 2014, COPIES OF WHICH ARE ON FILE AND MAY BE INSPECTED BY EACH STOCKHOLDER WHO SO REQUESTS AT THE PRINCIPAL OFFICE OF THE COMPANY WITHOUT CHARGE.

Additional language may be added at any time to the legend to the extent required to be placed thereon by Applicable Laws or the Corporate Documents of the applicable Issuer.

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ARTICLE III

RIGHT OF FIRST OFFER, CHANGE OF CONTROL AND ECHOSTAR REPURCHASE OFFER

Section 3.1 EchoStar Right of First Offer.

(a) Proposed Transfer Notice and Exercise of EchoStar Right of First Offer.

(i) In the event that an Investor proposes to Transfer all or a portion of the shares of the Tracking Stock then held by it (other than pursuant to a Demand Registration under Article IV of this Agreement or a transfer to a Permitted Transferee pursuant to Section 2.1(c) of this Agreement), such Investor shall first deliver to EchoStar a Proposed Transfer Notice of its bona fide intention of a proposed Transfer. Such Proposed Transfer Notice shall state (A) the intention of such Investor to engage in or effect a Transfer of shares of the Tracking Stock; (B) the identity of the proposed transferee if such proposed transferee is a Competitor; (C) the number and type of the shares of the Tracking Stock included in the proposed Transfer (the "ROFO Offered Securities"); (D) the per share cash value of the consideration that such Investor proposes to receive in the proposed Transfer (the "ROFO Offer Price"), and the form of consideration (if other than cash); and (E) any other material terms and conditions of the proposed Transfer. Delivery of a Proposed Transfer Notice shall constitute an offer by such Investor, irrevocable through and including the ROFO Offer Date to transfer to EchoStar, subject to the terms of this Section 3.1, all but not less than all of the ROFO Offered Securities, each share at the ROFO Offer Price and on the other terms and conditions set forth in the Proposed Transfer Notice.

(ii) During the *** following the receipt of such Proposed Transfer Notice (such *** for the purposes of this Section 3.1, the "ROFO Offer Date"), EchoStar shall have the right, but not the obligation, to purchase, all, but not less than all, of the ROFO Offered Securities, at a price per share equal to the ROFO Offer Price (the "ROFO") by delivery of a written notice (the "ROFO Acceptance Notice") to the applicable Investor setting forth (A) its irrevocable election to purchase from such Investor all but not less than all of the ROFO Offered Securities (the "ROFO Accepted Securities"); (B) closing arrangements; and (C) a closing date not more than *** following the ROFO Offer Date (the "ROFO Closing Date"). The ROFO Closing Date shall be subject to postponement to the extent necessary for the receipt of required regulatory approvals and the expiration of any required waiting periods under Applicable Laws. The ROFO Acceptance Notice shall constitute a binding commitment of EchoStar to purchase, and a binding commitment of such Investor to transfer, the ROFO Accepted Securities, each share at the ROFO Offer Price. On the ROFO Closing Date, against delivery of the aggregate ROFO Offer Price, such Investor shall transfer to EchoStar the ROFO Accepted Securities, free and clear of all Liens.

(iii) If EchoStar fails to respond to the Proposed Transfer Notice by the ROFO Offer Date, or elects by written notice to the applicable Investor (a "ROFO

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Election Notice") not to purchase the ROFO Offered Securities, such Investor shall be free to Transfer all of the ROFO Offered Securities in any manner permitted by this Agreement; provided that (w) such proposed Transfer is consummated within *** after the later of (A) the ROFO Offer Date, or (B) the receipt by such Investor of the foregoing ROFO Election Notice, (x) the per share price at which the ROFO Offered Securities are Transferred must be equal to or higher than the ROFO Offer Price, (y) such proposed Transfer is consummated on other terms and conditions not materially more favorable to the proposed transferee than those contained in the Proposed Transfer Notice and (z) if the proposed transferee is a Competitor, such Investor shall only be able to consummate the proposed Transfer if such Competitor was identified in the Proposed Transfer Notice. In the event that such Investor does not consummate such Transfer within such *** period, the rights of EchoStar to purchase all or any portion of the shares of the Tracking Stock included in a proposed Transfer provided hereunder shall be deemed to be revived and such shares of the Tracking Stock shall not be Transferred to any Person, other than a Permitted Transferee, unless reoffered to EchoStar in accordance with this Section 3.1.

(iv) The receipt of consideration by an Investor for the Transfer of shares of the ROFO Accepted Securities pursuant to this Section 3.1 shall be deemed a representation and warranty by such Investor that: (A) such Investor has full right, title and interest in and to such shares of the Tracking Stock; (B) such Investor has all necessary power and authority and has taken all necessary actions to sell such shares of the Tracking Stock as contemplated by this Section 3.1; and (C) such shares of the Tracking Stock are free and clear of any Liens.

(b) Consideration. Should the ROFO Offer Price specified in the Proposed Transfer Notice be payable in property other than cash or evidences of indebtedness, EchoStar shall have the right to pay the ROFO Offer Price in the form of cash equal in amount to the fair market value of such property, determined on a per share basis with respect to each ROFO Offered Security. If EchoStar objects to an Investor's calculation of the ROFO Offer Price and the parties are unable to agree on the calculation of the ROFO Offer Price within *** after EchoStar's receipt of the Proposed Transfer Notice, the valuation of the fair market value of such property shall be made by an internationally recognized independent investment bank or valuation firm jointly selected by such Investor and EchoStar. The determination made by such investment bank or valuation firm shall be binding on both the Investor and EchoStar and the cost of such valuation shall be shared equally by such Investor and EchoStar. The *** period set forth in Section 3.1(a)(ii) of this Agreement shall not begin to run until such dispute is resolved either by an agreement between such Investor and EchoStar or by such independent investment bank or valuation firm.

Section 3.2 DISH Change of Control.

(a) Upon the occurrence of a DISH Change of Control, the DISH Investors, provided that they are then the Majority Investor, shall give written notice of the DISH Change of Control (the “DISH CoC Notice”) to EchoStar as soon as practicable (but in no event later than *** after such occurrence (or within *** of an Investor becoming aware of such

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occurrence)), setting forth the date and circumstances of the DISH Change of Control and the identity (or identities) of the Person (or Persons) that have acquired such control.

(b) During a period of *** following its receipt of the DISH CoC Notice, provided that the DISH Investors are then the Majority Investor, EchoStar shall have the right, by written notice to the Investors, to request that the Appraised Value of all shares of the Tracking Stock then held by the Investors be determined in accordance with Section 3.5 of this Agreement.

(c) During a period of *** following the determination of the Appraised Value in accordance with Section 3.5 of this Agreement, EchoStar shall have the right, but not the obligation (the “EchoStar CoC Right”) to require the Investors to Transfer, or cause to be Transferred, all (but not less than all) of the shares of the Tracking Stock then held by the Investors to EchoStar at an aggregate price in cash equal to the Appraised Value of such shares. The EchoStar CoC Right shall be exercised by written notice from EchoStar to the Investors prior to the expiration of such *** period. The purchase price shall be payable in cash by wire transfer of immediately available funds. The election notice by EchoStar hereunder shall specify a closing date for the sale, which closing date shall not be earlier *** or later than *** after the date of such notice. Such closing shall be subject to postponement to the extent necessary for the receipt of required regulatory approvals and the expiration of any required waiting periods under Applicable Laws.

Section 3.3 EchoStar Change of Control.

(a) Upon the occurrence of an EchoStar Change of Control:

(i) EchoStar shall give written notice of the EchoStar Change of Control (the “EchoStar CoC Notice”) to the Investors as soon as practicable (but in no event later than *** after such occurrence (or within *** of EchoStar becoming aware of such occurrence)), setting forth the date and circumstances of the EchoStar Change of Control and the identity (or identities) of the Person (or Persons) that have acquired such control; provided that EchoStar may only elect to pay the purchase price for the Tracking Stock through the exchange of shares of Class A Common Stock (or any other securities into which such Class A Common Stock shall have been converted or exchanged prior to such EchoStar Change of Control) as described in Section 3.3(a)(iii) of this Agreement if (x) the EchoStar CoC Notice is given to the Investors at least *** prior to such EchoStar Change of Control, (y) if, as a result of EchoStar’s election to pay the purchase price for the Tracking Stock through the exchange of shares of Class A Common Stock (or any other securities into which such Class A Common Stock shall have been converted or exchanged prior to such EchoStar Change of Control), the Investors are to receive in consideration for such shares or other securities any securities that are not freely transferable under the Securities Act or other applicable securities laws, the Investors receive customary registration rights (including customary demand registration rights) with respect to such shares or other securities and (z) the Investors shall have the same rights as all other holders of Class A Common Stock (or any other securities into which

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such Class A Common Stock shall have been converted or exchanged prior to such EchoStar Change of Control), including in the EchoStar Change of Control.

(ii) During a period of *** following its receipt of the EchoStar CoC Notice, the DISH Companies, provided that they are then the Majority Investor, shall have the right, by written notice to EchoStar, to request that the Appraised Value of all shares of the Tracking Stock then held by all of the Investors be determined in accordance with Section 3.5 of this Agreement.

(iii) During a period of *** following the determination of the Appraised Value in accordance with Section 3.5 of this Agreement, the DISH Companies, provided that they are then the Majority Investor, shall have the right, but not the obligation (the “DISH CoC Right”) to require EchoStar to purchase all (but not less than all) of the shares of the Tracking Stock then held by all the Investors at an aggregate price in cash equal to the Appraised Value of such shares. The DISH CoC Right shall be exercised by written notice from the DISH Companies to EchoStar prior to the expiration of such *** period. The purchase price shall be payable, at the election of EchoStar, (A) in cash by wire transfer of immediately available funds, (B) by exchanging the Tracking Stock then held by the Investors into a number of shares of Class A Common Stock (or any other securities into which such Class A Common Stock shall have been converted or exchanged prior to such EchoStar Change of Control) equal to the quotient of (1) the Appraised Value of the Tracking Stock and (2) the EchoStar CoC Trading Price, or (C) a combination thereof. The closing for such sale or exchange shall occur immediately prior to the EchoStar Change of Control.

(b) In the event that the DISH Companies notify EchoStar in writing that they have determined not to exercise the DISH CoC Right pursuant to this Section 3.3, EchoStar shall, at the written request of the Investors at any time thereafter, subject to obtaining any applicable approvals or consents of any Governmental Body or the stockholders of EchoStar, take all actions reasonably necessary or desirable, or cause such actions to be taken to convert all or any portion of the shares of the Tracking Stock then held by the Investors into, or exchange any such shares for, similar tracking stock issued by the Ultimate

Parent (with an economic interest percentage in the Hughes Retail Group equal to the Economic Interest Percentage then in effect with respect to such shares being converted or exchanged), with such tracking stock being granted rights no less favorable to the holders thereof than the rights granted to the holders of the Tracking Stock under this Agreement and the Corporate Documents of the Issuers. EchoStar agrees to (subject to any approval by the stockholders of EchoStar required at the time) use its reasonable best efforts (including with respect to obtaining any applicable approvals or consents of any Governmental Body or any other Person or with respect to the taking of any corporate steps required (including, if then not inconsistent with the fiduciary duties of the board of directors of EchoStar under Applicable Law, the making of a recommendation to its stockholders that such stockholders approve such conversion or exchange and the solicitation of stockholder votes) to obtain any applicable approvals or consents by its stockholders) to cause such conversion or exchange.

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(c) EchoStar hereby agrees that, in connection with and as a condition to any EchoStar Change of Control, lawful and adequate provisions shall be made by EchoStar and any other party to such EchoStar Change of Control (including any Person acquiring control of EchoStar) to ensure that the obligations of EchoStar under this Section 3.3 shall be binding on the other party or parties to such EchoStar Change of Control (including the Ultimate Parent). EchoStar shall not effect any such EchoStar Change of Control unless, prior to the consummation thereof, the Ultimate Parent shall assume, in writing, the obligations of EchoStar under this Section 3.3.

Section 3.4 EchoStar Repurchase Offer in Connection with Demand Registration.

(a) During a period of *** following its receipt of a Demand Request from an Investor pursuant to Section 4.1 of this Agreement, EchoStar shall have the right, by written notice to the Investors, to request the Appraised Value of all shares of the Tracking Stock then held by all Investors in accordance with Section 3.5 of this Agreement. During a period of *** following determination of the Appraised Value as determined in accordance with Section 3.5 of this Agreement, EchoStar shall have the right, by written notice (the "EchoStar Offer Notice") to the Investors, to offer to repurchase all (but not less than all) shares of the Tracking Stock then held by all the Investors at an aggregate price equal to the Appraised Value of all such shares payable in cash by wire transfer of immediately available funds (the "EchoStar Repurchase Offer").

(b) If EchoStar delivers an EchoStar Offer Notice, the EchoStar Offer Notice shall specify a closing date for the purchase and sale of Tracking Stock, which closing date shall not be earlier than *** nor later than *** after the date of such EchoStar Offer Notice, subject to extension to the extent necessary for the receipt of required regulatory approvals and the expirations of any required waiting periods under Applicable Laws.

(c) The Investors may accept the EchoStar Repurchase Offer by giving written notice to EchoStar prior to the date that is *** following the giving of the EchoStar Offer Notice by EchoStar. If the Investors give such notice to EchoStar, the closing of the purchase and sale of Tracking Stock shall occur on the date specified in the EchoStar Offer Notice. For the avoidance of doubt, the Investors are under no obligation to sell the shares of the Tracking Stock to EchoStar upon the delivery of an EchoStar Offer Notice, unless and until they accept the EchoStar Repurchase Offer pursuant to this Section 3.4(c).

(d) In the event the Investors determine not to accept the EchoStar Repurchase Offer for any reason or no reason, then the Investors shall withdraw the Demand Request referred to in Section 3.4(a) of this Agreement and, until the date that is *** months after the date of such Demand Request, the Investors shall not be permitted to make a request for a Demand Registration. For the avoidance of doubt, any future requests for a Demand Registration shall be subject to this Section 3.4.

(e) In the event no EchoStar Offer Notice is delivered to the Investors during the period of *** following determination of the Appraised Value (or EchoStar otherwise

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informs the Investors, prior to the expiration of such *** period, that it determines not to exercise its right to offer to repurchase the Tracking Stock under this Section 3.4), the Demand Registration requested by the Investors in the Demand Request referred to in Section 3.4(a) of this Agreement shall otherwise proceed pursuant to the terms of Article IV of this Agreement.

Section 3.5 Determination of Appraised Value.

(a) The parties hereto agree that the Appraised Value shall be determined for all purposes under this Agreement in accordance with the procedure set forth in this Section 3.5.

(b) Upon the occurrence of an event requiring that the Appraised Value be determined pursuant to Section 3.2, 3.3 or 3.4 of this Agreement (a "Triggering Event"), the parties hereto shall negotiate in good faith to determine the Appraised Value. The Issuers agree to make available to the Investors (and any Appraiser selected pursuant to Section 3.5(c) of this Agreement) financial and other information relating to the Hughes Retail Group, and afford the Investors and their respective Representatives reasonable access at reasonable times to appropriate officers, employees and agents of the Issuers and the properties, offices and other facilities, books and records of the Hughes Retail Group that, in each case, is reasonably necessary for the determination of the Appraised Value. Each party agrees to deliver to any other party, at such other party's reasonable request, work papers, schedules and other supporting data relating to such party's determination of the Appraised Value; provided that each Investor and the Appraiser agree to customary confidentiality restrictions with respect to any such information obtained.

(c) To the extent the parties hereto fail to determine the Appraised Value that is mutually acceptable to the parties within *** (the “Negotiating Period End Date”) following the occurrence of a Triggering Event, an internationally recognized investment bank or valuation firm (the “Appraiser”) shall be selected, as soon as practicable but no later than *** after the Negotiating Period End Date, by a designee of EchoStar and a designee of the Investors. The Appraiser so selected shall advise the parties of its determination of the Appraised Value as soon as practicable but not later than *** after its selection. The fees and other costs of the Appraiser shall be borne by the Issuers, on the one hand, and the Investors, on the other hand, in equal shares.

ARTICLE IV

REGISTRATION RIGHTS

Section 4.1 Demand Registrations.

(a) At any time and from time to time following the date that is *** months after the Closing Date, the Investors may require EchoStar to file a registration statement under the Securities Act in respect of all or a portion of the Registrable Securities by delivering to the Issuers written notice stating that such right is being exercised, specifying the number of shares of the Registrable Securities to be included in such registration (the shares subject to such request, the “Demand Shares”) and describing the intended method of distribution thereof, which

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may include an underwritten offering (a “Demand Request”). Upon receiving a Demand Request, subject in all cases to Section 3.4 of this Agreement, EchoStar shall (i) use its commercially reasonable efforts to file as promptly as reasonably practicable a registration statement on such form as it may reasonably deem appropriate providing for the registration of the sale of such Demand Shares pursuant to the intended method of distribution; provided that, in the case of an initial underwritten offering, the Demand Shares are reasonably expected to have an aggregate market value of at least ***, and in the case of any additional underwritten offering, the Demand Shares are reasonably expected to have an aggregate market value of at least *** (a “Demand Registration”) and (ii) after the filing of an initial version of the registration statement, use its commercially reasonable efforts to cause such registration statement to be declared effective under the Securities Act as promptly as practicable after the date of filing of such registration statement.

(b) Anything in this Agreement to the contrary notwithstanding, EchoStar shall be entitled to postpone and delay, for reasonable periods of time, but in no event more than an aggregate of *** (a “Blackout Period”), the filing or effectiveness of any Demand Registration if EchoStar shall determine that any such filing or the offering of any Registrable Securities would, in the good faith judgment of the board of directors of EchoStar, (i) materially affect in an adverse manner or materially interfere with any bona fide material financing of EchoStar or any material transaction under consideration by EchoStar or (ii) require disclosure of material non-public information which, if disclosed at such time, would be seriously detrimental to EchoStar and its stockholders; provided, however, that EchoStar shall give written notice to the Investors of its determination to postpone or delay the filing of any Demand Registration. Upon notice by EchoStar to the Investors of any such determination, the Investors shall keep the fact of any such notice strictly confidential, and during any Blackout Period, promptly halt any offer, sale, trading or Transfer by it of any shares of the Tracking Stock for the duration of the Blackout Period set forth in such notice (or until such Blackout Period shall be earlier terminated in writing by EchoStar) and promptly halt any use, publication, dissemination or distribution of the Demand Registration, each prospectus included therein, and any amendment or supplement thereto by it for the duration of the Blackout Period set forth in such notice (or until such Blackout Period shall be earlier terminated in writing by EchoStar) and, if so directed by EchoStar, will deliver to EchoStar any copies then in its possession of the prospectus covering such Registrable Securities.

(c) In connection with any underwritten offering, the managing underwriter or underwriters for such Demand Registration shall be selected by the Investors; provided that such managing underwriter shall be a nationally recognized investment banking firm and shall be reasonably acceptable to EchoStar.

(d) There shall be no limit on the total number of Demand Requests that the Investors may deliver to EchoStar pursuant to this Section 4.1; provided, however, that in no event shall EchoStar be obligated to prepare, file or cause to become effective more than two Demand Registrations in any 12-month period.

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Section 4.2 Registration Procedures.

(a) In connection with each registration statement prepared pursuant to this Article IV, and in accordance with the intended method or methods of distribution of the Registrable Securities as described in such registration statement, EchoStar, as soon as reasonably practicable and to the extent practicable, shall (but subject to the provisions of Section 4.1 of this Agreement):

- (i) prepare and file with the SEC a registration statement on an appropriate registration form of the SEC and use commercially reasonable efforts to cause such registration statement to become and remain effective, which registration statement shall comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by such form to be filed therewith; provided that before filing a registration statement or prospectus or any amendments or supplements thereto, EchoStar shall furnish to one counsel selected by the Investors, draft copies of all such documents proposed

to be filed as far in advance as reasonably practicable but in any event at least *** prior to such filing (in each case, only if it is reasonably practicable to do so at such times, and otherwise promptly upon circulation of the first draft of such documents circulated to the underwriters), which documents will be subject to the reasonable review and comment of the Investors and their respective agents and representatives and the underwriters, if any;

- (ii) furnish without charge to the Investors, and the underwriters, if any, at least one conformed copy of the registration statement and each post-effective amendment or supplement thereto (including all schedules and exhibits but excluding all documents incorporated or deemed incorporated therein by reference, unless requested in writing by the Investors, or an underwriter) and such number of copies of the registration statement and each amendment or supplement thereto and the summary, preliminary, final, amended or supplemented prospectuses included in such registration statement as the Investors or such underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities being sold by the Investors (EchoStar hereby consents to the use in accordance with the United States securities laws of such registration statement (or post-effective amendment thereto) and each such prospectus (or preliminary prospectus or supplement thereto) by the Investors and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such registration statement or prospectus);
- (iii) keep such registration statement effective for the earlier of (A) *** and (B) such time as all of the securities covered by the registration statement have been disposed of (the “Effective Period”); prepare and file with the SEC such amendments, post-effective amendments and supplements to the

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registration statement and the prospectus as may be necessary to maintain the effectiveness of the registration for the Effective Period and to cause the prospectus (and any amendments or supplements thereto) to be filed;

- (iv) use its commercially reasonable efforts to register or qualify the Registrable Securities covered by such registration statement under such other securities or “blue sky” laws of such jurisdictions in the United States as are reasonably necessary, keep such registrations or qualifications in effect for so long as the registration statement remains in effect, and do any and all other acts and things that may be reasonably necessary to enable the Investors or any underwriter to consummate the disposition of the Registrable Securities in such jurisdictions; provided, however, that in no event shall EchoStar be required: to qualify to do business as a foreign corporation in any jurisdiction where it would not, but for the requirements of this subparagraph (iv), be required to be so qualified; to execute or file any general consent to service of process under the laws of any jurisdiction; to take any action that would subject it to service of process in suits other than those arising out of the offer and sale of the securities covered by the registration statement; or to subject itself to taxation in any jurisdiction where it would not otherwise be obligated to do so, but for this subparagraph (iv);
- (v) use its commercially reasonable efforts to cause the Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the Investors to consummate the disposition of the Registrable Securities;
- (vi) cause all Registrable Securities covered by such registration statement to be listed on the NASDAQ or on the principal securities exchange on which securities of EchoStar of the same or similar class as such Registrable Securities are then listed, or if no similar securities are then so listed, cause all such Registrable Securities to be listed on a United States national securities exchange mutually selected by EchoStar and the Investors; provided that the applicable listing requirements are satisfied;
- (vii) promptly notify the Investors and the managing underwriter or underwriters, if any, after becoming aware thereof, (A) when the registration statement or any related prospectus or any amendment or supplement thereto has been filed, and, with respect to the registration statement or any post-effective amendment, when the same has become effective, (B) of any request by the SEC or any United States state securities authority for amendments or supplements to the registration statement or the related prospectus or for additional information, (C) of the issuance by the SEC of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose, (D) of the receipt by EchoStar of any notification with respect to the

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suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose or (E) within the Effective Period of the happening of any event or the existence of any fact that makes any statement in the registration statement or any post-effective amendment thereto, prospectus or any amendment or supplement thereto, or any document incorporated therein by reference untrue in any material respect or that requires the making of any changes in the registration statement or post-effective amendment thereto or any prospectus or amendment or supplement thereto so that they will not 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;

- (viii) during the Effective Period, use all reasonable efforts to obtain, as promptly as practicable, the withdrawal of any order enjoining or suspending the use or effectiveness of the registration statement or any post-effective amendment thereto or the lifting of any suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction;
- (ix) deliver promptly to the Investors and the managing underwriters, if any, copies of all correspondence between the SEC or its staff and EchoStar, its counsel or auditors with respect to the registration statement;
- (x) permit the Investors and the managing underwriter(s), if any, to do such investigation, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary for the purpose of conducting customary due diligence with respect to EchoStar; provided that any such investigation shall not interfere unreasonably with EchoStar's business and any information that EchoStar determines, in good faith, to be confidential or covered by a confidentiality agreement with a third party and in respect of which EchoStar notifies the Investors and the managing underwriter(s), if any, that such information is confidential or covered by a confidentiality agreement with a third party shall not be disclosed by the Investors unless (A) the disclosure of such information is necessary to avoid or correct a misstatement or omission in the applicable registration statement (in which case the Investors shall use commercially reasonable efforts to cooperate with EchoStar in seeking confidential treatment of such information) or (B) the release of such information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction. Each Investor shall use commercially reasonable efforts to cooperate with EchoStar in obtaining a customary confidentiality undertaking from the managing underwriter(s), if any, with respect to such information and agrees that it shall, upon learning that disclosure of such information is sought in a court of competent

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- jurisdiction, give notice to EchoStar and allow EchoStar, at EchoStar's expense, to undertake appropriate action to prevent disclosure of such information;
- (xi) permit the Investors and the managing underwriter(s), if any, and their respective counsel and other representatives, to participate (including, but not limited to, reviewing, commenting on and attending all substantive meetings) in the preparation of such registration statement;
 - (xii) provide and cause to be maintained a transfer agent and registrar for all such Registrable Securities covered by such registration statement not later than the effective date of such registration statement;
 - (xiii) if requested, cooperate with the Investors and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing such Registrable Securities to be sold under the registration statement in a form eligible for deposit with the Depository Trust Corporation not bearing any restrictive legends and not subject to any stop transfer order with any transfer agent, and cause such Registrable Securities to be issued in such denominations and registered in such names as the managing underwriters, if any, may request in writing or, if not an underwritten offering, in accordance with the instructions of the Investors, in each case at least *** prior to any sale of Registrable Securities;
 - (xiv) in the case of an underwritten offering, enter into an underwriting agreement customary in form and scope for underwritten secondary offerings of the nature contemplated by the applicable registration statement;
 - (xv) cause to be furnished to the Investors and any underwriters an opinion from EchoStar's counsel and, in the event of an underwritten offering, a "cold comfort" letter from EchoStar's registered independent public accountants (and, if necessary, any other independent certified public accountants of any Subsidiary of EchoStar or of any business acquired by EchoStar for which financial statements and financial data is, or is required to be, included in the registration statement) in customary form dated as of the date of the sale of any Registrable Securities and, in the case of the "cold comfort" letter, also as of the date of entry into any underwriting agreement related to such sale if conducted pursuant to an underwritten offering, and covering such matters as are customarily covered by such opinions and "cold comfort" letters in connection with an offering of the nature contemplated by the applicable registration statement;
 - (xvi) not later than the effective date of the applicable registration statement, provide a CUSIP number for all Registrable Securities;

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- (xvii) provide reasonable assistance to the underwriters in the marketing of such Registrable Securities, including by making reasonably available appropriate members of its management as part of the road shows in support of such offering; and
- (xviii) use all reasonable efforts to provide to counsel to the Investors and to the managing underwriters, if any, no later than the time of filing of any document that is to be incorporated by reference into the registration statement or prospectus (after the initial filing of

(b) In the event that EchoStar would be required, pursuant to Section 4.2(a)(vii)(E) above, to notify the Investors or the managing underwriter or underwriters, if any, of the happening of any event specified therein, EchoStar shall, subject to the provisions of Section 4.1(b) of this Agreement, as promptly as practicable, prepare and furnish to the Investors and to each such underwriter a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of Registrable Securities that have been registered pursuant to this Agreement, such prospectus shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Investors agree that, upon receipt of any notice from EchoStar pursuant to Section 4.2(a)(vii)(E) of this Agreement, the Investors shall, and shall use all reasonable efforts to, cause any sales or placement agent or agents for the Registrable Securities and the underwriters, if any, to forthwith discontinue disposition of the Registrable Securities until such Person shall have received copies of such amended or supplemented prospectus and, if so directed by EchoStar, to destroy or to deliver to EchoStar all copies, other than permanent file copies, then in its possession of the prospectus (prior to such amendment or supplement) covering such Registrable Securities as soon as practicable after the Investors' receipt of such notice.

(c) The Investors shall furnish to EchoStar in writing such information regarding the Investors and their intended method of distribution of the Registrable Securities as EchoStar may from time to time reasonably request in writing, to the extent that such information is required in order for EchoStar to comply with its obligations under all applicable securities and other laws and to ensure that the prospectus relating to such Registrable Securities conforms to the applicable requirements of the Securities Act and the rules and regulations thereunder. The Investors shall notify EchoStar as promptly as practicable of any inaccuracy or change in information previously furnished by the Investors to EchoStar or of the occurrence of any event, in either case as a result of which any prospectus relating to the Registrable Securities contains or would contain an untrue statement of a material fact or omits 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, and promptly furnish to EchoStar any additional information required to correct and update any previously furnished information or required so that such prospectus shall not contain an untrue statement of a material fact or omit to state a 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.

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Section 4.3 Registration Expenses. EchoStar shall bear all fees and expenses in connection with any registration pursuant to Section 4.1 or 4.2, including all registration and filing fees, all printing costs, and all fees and expenses of counsel and accountants for EchoStar, but excluding (a) all transfer taxes, if any, relating to the sale or disposition of the Registrable Securities, (b) all underwriting discounts and underwriting commissions, if any, in connection with the sale of any Registrable Securities, (c) the fees and expenses of counsel and other advisors for any Investor and (d) all out-of-pocket expenses of the underwriters, if any, including fees and expenses of counsel for the underwriters.

Section 4.4 Indemnification; Contribution.

(a) EchoStar shall, and it hereby agrees to, indemnify and hold harmless the Investors and their respective directors, officers, employees, Affiliates and controlling Persons, if any, and each underwriter, its partners, directors, officers, employees and controlling Persons, if any, in any offering or sale of the Registrable Securities, against any losses, claims, damages or liabilities, actions or proceedings (whether commenced or threatened) in respect thereof and expenses (including reasonable fees of counsel) (collectively, "Claims") to which each such indemnified party may become subject, insofar as such Claims (including any amounts paid in settlement effected with the consent of EchoStar as provided herein), or actions or proceedings in respect thereof, arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any registration statement, or any preliminary or final prospectus contained therein, or any amendment or supplement thereto, any "issuer free writing prospectus" as defined in Rule 433 under the Securities Act, any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Securities Act, or any document incorporated by reference therein, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and EchoStar shall, and it hereby agrees to, reimburse periodically the Investors or any such underwriter for any legal or other out-of-pocket expenses reasonably incurred by them in connection with investigating or defending any such Claims; provided, however, that EchoStar shall not be liable to any such Person in any such case to the extent that any such Claims arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission made (i) in such registration statement, or preliminary or final prospectus, or amendment or supplement thereto, in reliance upon and in conformity with written information furnished to EchoStar by the Investors expressly for use therein, (ii) in any prospectus used after such time as EchoStar advised such Investor in writing that the filing of a post-effective amendment or supplement thereto was required, other than such prospectus as so amended or supplemented or (iii) in any prospectus used after such time as the obligation of EchoStar to keep such prospectus effective and current shall have expired.

(b) The Investors shall, and hereby agrees to, indemnify and hold harmless EchoStar, its directors, officers, employees, Affiliates and controlling Persons, if any, and each underwriter, its partners, officers, directors, employees and controlling Persons, if any, in any offering or sale of Registrable Securities, against any Claims to which each such indemnified party may become subject, insofar as such Claims (including any amounts paid in settlement effected with the consent of the Investors as provided herein), or actions or proceedings in

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respect thereof, arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such registration statement, or any preliminary or final prospectus contained therein, or any amendment or supplement thereto, or any document incorporated by reference therein, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to EchoStar by the Investors expressly for use therein, and periodically reimburse such indemnified Person for any legal or other out-of-pocket expenses reasonably incurred by such indemnified Person in connection with investigating or defending any such Claim.

(c) Promptly after receipt by an indemnified party under Section 4.4(a) or Section 4.4(b) of written notice of the commencement of any action or proceeding for which indemnification under Section 4.4(a) or Section 4.4(b) may be requested, such indemnified party shall notify such indemnifying party in writing of the commencement of such action or proceeding; but the omission to so notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party in respect of such action or proceeding hereunder unless the indemnifying party was materially prejudiced by such failure of the indemnified party to give such notice, and in no event shall such omission relieve the indemnifying party from any other liability it may have to such indemnified party. In case any such action or proceeding shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall determine, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party for any legal or any other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that (i) if the indemnifying party fails to promptly assume and control the defense of such action or proceeding; (ii) if such indemnified party who is a defendant in any action or proceeding that is also brought against the indemnifying party reasonably shall have concluded that there may be one or more legal defenses available to such indemnified party that are not available to the indemnifying party; or (iii) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct, then, in any such case, the indemnified party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all indemnified parties in each jurisdiction) and the indemnifying party shall be liable for any expenses therefor (including, without limitation, any such counsel's reasonable fees). If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel (and one local counsel per jurisdiction) for each indemnified party with respect to such claim. The indemnifying party will not be subject to any liability for any settlement made without its consent, which consent shall not be unreasonably withheld or delayed. No indemnifying party shall, without the prior written consent of the indemnified party, compromise or consent to entry of any judgment or enter into

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any settlement agreement with respect to any action or proceeding in respect of which indemnification is sought under Section 4.4(a) or Section 4.4(b) (whether or not the indemnified party is an actual or potential party thereto), unless such compromise, consent or settlement includes an unconditional release of the indemnified party from all liability in respect of such claim or litigation, does not subject the indemnified party to any material injunctive relief or other material equitable remedy and does not include a statement or admission of fault, culpability or a failure to act, by or on behalf of the indemnified party.

(d) The Investors and EchoStar agree that if, for any reason, the indemnification provisions contemplated by Sections 4.4(a) or 4.4(b) of this Agreement are unavailable to or are insufficient to hold harmless an indemnified party in respect of any Claims referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such Claims in such proportion as is appropriate to reflect the relative fault of, the indemnifying party, on the one hand, and the indemnified party, on the other hand, with respect to such offering of securities. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. If, however, the allocation in the second preceding sentence is not permitted by Applicable Law, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative faults, but also the relative benefits of the indemnifying party and the indemnified party, as well as any other relevant equitable considerations. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 4.4(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the preceding sentences of this Section 4.4(d). The amount paid or payable by an indemnified party as a result of the Claims referred to above shall be deemed to include (subject to the limitations set forth in Section 4.4(c) of this Agreement) any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action, proceeding or claim. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act or any successor provision thereof) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

Section 4.5 Exchange of HSSC Tracking Stock. Upon the delivery of any Demand Request to EchoStar, at the request of the Investors, EchoStar and HSSC shall, subject to obtaining any applicable approvals or consents by their respective stockholders or any Governmental Body or any other Person, use all commercially reasonable efforts to promptly exchange, or cause the exchange of, all shares of the HSSC Tracking Stock (or any portion thereof, if so requested by the Investors) held by the Investors for a number of shares of the EchoStar Tracking Stock (the "Exchanged Tracking Stock Shares") that would entitle the holders thereof to the same Economic Interest Percentage then in effect with respect to such shares of the HSSC Tracking Stock to be exchanged. EchoStar and HSSC shall use all commercially reasonable efforts to facilitate such exchange, including with respect to obtaining any applicable

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approvals or consents of any Governmental Body or any other Person or with respect to the taking of any corporate steps required (including, if then not inconsistent with the fiduciary duties of the board of directors of such Issuer under Applicable Law, the making of a recommendation to their respective stockholders that such stockholders approve such exchange and the solicitation of stockholder votes) to obtaining any applicable approvals or consents by their respective stockholders. EchoStar covenants that it will at all times reserve and keep available, free from pre-emptive rights, out of its authorized but unissued shares of the EchoStar Tracking Stock, solely for the purpose of issuance of the Exchanged Tracking Stock Shares pursuant to this Section 4.5, such number of shares of the EchoStar Tracking Stock as shall then be issuable pursuant to this Section 4.5. EchoStar covenants that all Exchanged Tracking Stock Shares that shall be issuable pursuant to this Section 4.5 shall, upon such issuance, be duly authorized, validly issued and fully paid and non-assessable.

Section 4.6 Conversion; Exchange.

(a) In the event that a Demand Registration is effected pursuant to this Article IV, EchoStar agrees to (subject to any approval by the stockholders of EchoStar required at the time) use its reasonable best efforts (including with respect to obtaining any applicable approvals or consents of any Governmental Body or any other Person or with respect to the taking of any corporate steps required (including, if then not inconsistent with the fiduciary duties of the board of directors of EchoStar under Applicable Law, the making of a recommendation to its respective stockholders that such stockholders approve such amendment and the solicitation of stockholder votes) to obtain any applicable approvals or consents by its stockholders) to amend the terms of the EchoStar Tracking Stock and the HSSC Tracking Stock to provide that:

- (i) shares of the EchoStar Tracking Stock will be convertible, at the option of the holder thereof at any time, into a number of shares of the Class A Common Stock (or any other securities into which such Class A Common Stock shall have been converted or exchanged) with an aggregate Market Value equal to the aggregate Market Value of such shares of the EchoStar Tracking Stock being converted, in each case determined as of the date of such conversion;
- (ii) all (but not less than all) shares of the EchoStar Tracking Stock will be convertible, at EchoStar's option if, at any time, the DISH Companies collectively own shares of Tracking Stock representing an Economic Interest Percentage that is less than *** of the Economic Interest Percentage represented by all of the shares of Tracking Stock then outstanding, into a number of shares of the Class A Common Stock (or any other securities into which such Class A Common Stock shall have been converted or exchanged) with an aggregate Market Value equal to the aggregate Market Value of such shares of the EchoStar Tracking Stock being converted, in each case determined as of the date of such conversion; and

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- (iii) all (but not less than all) shares of the HSSC Tracking Stock will be exchangeable, at EchoStar's option if, at any time, the DISH Companies collectively own shares of Tracking Stock representing an Economic Interest Percentage that is less than *** of the Economic Interest Percentage represented by all of the shares of Tracking Stock then outstanding, into a number of shares of the Class A Common Stock (or any other securities into which such Class A Common Stock shall have been converted or exchanged) with an aggregate Market Value equal to the aggregate Market Value of a number of shares of the EchoStar Tracking Stock that would represent the same Economic Interest Percentage then in effect with respect to such shares of the HSSC Tracking Stock being exchanged, in each case determined as of the date of such exchange.

(b) In the event EchoStar is required to use its reasonable best efforts to amend the terms of the EchoStar Tracking Stock pursuant to Section 4.6(a) and any shares of Tracking Stock are converted or exchanged as set forth in Section 4.6(a), EchoStar shall also use its reasonable best efforts (including with respect to obtaining any applicable approvals or consents of any Governmental Body or any other Person or with respect to the taking of any corporate steps required (including, if then not inconsistent with the fiduciary duties of the board of directors of EchoStar under Applicable Law, the making of a recommendation to its stockholders that such stockholders approve such conversion or exchange and the solicitation of stockholder votes) to obtain any applicable approvals or consents by their respective stockholders) to facilitate any such conversion or exchange.

(c) In the event EchoStar is required to use its reasonable best efforts to amend the terms of the EchoStar Tracking Stock pursuant to Section 4.6(a)(ii) and the terms of the HSSC Tracking Stock pursuant to Section 4.6(a)(iii), the DISH Investors and any other Investor to which this Article IV applies hereby agree to approve and consent to such amendment.

Section 4.7 Holdback Agreements. To the extent not inconsistent with Applicable Law and only to the extent requested by the lead or managing underwriter(s) in an underwritten offering, in the event that any Registrable Securities shall be registered in connection with an underwritten offering, each Investor agrees not to effect (and to cause its Affiliates not to effect) any public sale or distribution (including any open market sales and any offerings made in reliance on Rule 144A under the 1933 Act or similar distribution) of Registrable Securities or any other equity security of EchoStar, or any securities convertible into or exchangeable or exercisable for Registrable Securities or other equity securities of EchoStar, including a sale pursuant to Rule 144 and any hedging or derivative transaction involving any such securities, during the *** prior to, and during *** beginning on the later of (i) the effective date of such registration or (ii) the commencement of a public distribution of such Registrable Securities pursuant to such registration, provided that such restrictions shall terminate on the date on which a determination is made that the registration of such Registrable Securities will not be pursued.

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Section 4.8 Investor Covenants.

Each Investor hereby covenants and agrees that:

- (a) it will not sell any Registrable Securities under any registration statement covering Registrable Securities until it has received notice from EchoStar that such registration statement and any post-effective amendments thereto have become effective; provided that EchoStar shall notify each Investor promptly when such registration statement and any post-effective amendments thereto have become effective; and
- (b) it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with the sales of Registrable Securities pursuant to a registration statement.

ARTICLE V

ADDITIONAL COVENANTS

Section 5.1 Compliance with the Tracking Stock Policy.

- (a) Each Issuer shall comply with the Tracking Stock Policy in accordance with the terms thereof, at all times on and after the Closing Date for as long as any share of the Tracking Stock is outstanding. Each Issuer agrees that it will not amend the Tracking Stock Policy without the consent of the holders of a majority of the outstanding shares of Tracking Stock.
- (b) Each Investor agrees, for as long as it holds any shares of the Tracking Stock, to consider in good faith any suggested amendment or change to the Tracking Stock Policy that the board of directors or the management of any Issuer believes in good faith is necessary. Each Investor agrees that it will not unreasonably withhold its consent to any suggested amendment or change to the Tracking Stock Policy that the board of directors or the management of any Issuer believes in good faith is necessary.

Section 5.2 Compliance with the HSSC Indentures. Each Issuer shall, and shall cause all of its Subsidiaries to, comply with each HSSC Indenture in accordance with the terms thereof (as may be amended, modified, waived or entered into after the date hereof), at all times on and after the Closing Date.

Section 5.3 ***

Section 5.4 Coordination in Amendments.

- (a) Without limiting any other provision of this Agreement or any of its Corporate Documents of such Issuer, any right of the Investors under this Agreement or any requirement under Applicable Laws, EchoStar agrees not to amend, modify or change any provision of the EchoStar Tracking Stock COD or the Tracking Stock Policy with respect to the EchoStar Tracking Stock unless conforming amendments, modifications or changes, to the

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extent applicable, are simultaneously made to the HSSC Tracking Stock COD or the Tracking Stock Policy with respect to the HSSC Tracking Stock.

- (b) Without limiting any other provision of this Agreement or any of its Corporate Documents of such Issuer, any right of the Investors under this Agreement or any requirement under Applicable Laws, HSSC agrees not to amend, modify or change any provision of the HSSC Tracking Stock COD or the Tracking Stock Policy with respect to the HSSC Tracking Stock unless conforming amendments, modifications or changes, to the extent applicable, are simultaneously made to the EchoStar Tracking Stock COD or the Tracking Stock Policy with respect to the EchoStar Tracking Stock.

Section 5.5 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the SEC that may permit the sale of the Registrable Securities to the public without registration, EchoStar and HSSC agree to use their commercially reasonable efforts to:

- (a) Make and keep public information regarding EchoStar and HSSC available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times from and after the date hereof; and
- (b) File with the SEC in a timely manner all reports and other documents required of EchoStar and HSSC under the Securities Act and the Exchange Act at all times from and after the date hereof.

Section 5.6 ***

Section 5.7 ***

Section 5.8 ***

ARTICLE VI

TERMINATION

Section 6.1 Termination. Unless otherwise specifically indicated in this Agreement, this Agreement shall terminate, except for Section 4.4 and Article VIII of this Agreement (and any definitions relating thereto), which shall survive such termination, (a) upon the mutual written agreement to that

effect of the parties hereto or (b) as to an Investor, at such time when such Investor ceases to hold (i) any shares of the HSSC Tracking Stock and (ii) any Registrable Securities; provided that, in the case of clause (b), shares of the EchoStar Tracking Stock are at such time listed and publicly traded on a U.S. national securities exchange; provided further that, for the avoidance of doubt, (x) any right or obligation under this Agreement that by its terms applies solely with respect to the DISH Investors or the DISH Companies shall terminate when the DISH Companies cease to hold (i) any shares of the HSSC Tracking Stock and (ii) any Registrable Securities and (y) any right or obligation under this Agreement that by

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its terms applies solely with respect to the Majority Investor shall permanently terminate as of the first date on which there ceases to be a Majority Investor.

ARTICLE VII

DEFINITIONS AND INTERPRETATION

Section 7.1 Defined Terms. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

“AAA” has the meaning specified in Section 8.12(c)(i) of this Agreement.

“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 this Agreement, none of DISH Network Corporation, the DISH Investors or any other Subsidiaries of DISH Network Corporation will be considered an Affiliate of the Issuers or any other Subsidiaries of EchoStar, and none of the Issuers or any other Subsidiaries of EchoStar will be considered an Affiliate of DISH Network Corporation, a DISH Investor or any other Subsidiaries of DISH Network Corporation.

“Agreement” has the meaning specified in the Preamble of this Agreement.

“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 Body and any relevant final administrative or judicial precedent interpreting or applying the foregoing.

“Appraised Value” shall mean, with respect to any shares of the Tracking Stock, the fair market value of such shares, determined in accordance with Section 3.5 of this Agreement, determined on the basis of a *** (as if all outstanding shares of the Tracking Stock were exchanged, on a pro rata basis, for common equity securities of the HRG Holding Company that would entitle the holders thereof to an Equity Interest equal to the Economic Interest Percentage then in effect with respect to such shares being exchanged).

“Appraiser” has the meaning specified in Section 3.5(c) of this Agreement.

“Beneficially Own” means, with respect to any securities, having “beneficial ownership” of such securities for purposes of Rule 13d-3 or 13d-5 under the Exchange Act as in effect on the date of this Agreement.

“Blackout Period” has the meaning specified in Section 4.1(b) of this Agreement.

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“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.

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

“Claims” has the meaning specified in Section 4.4(a) of this Agreement.

“Class A Common Stock” means the Class A common stock, par value \$0.001 per share, of EchoStar.

“Closing” has the meaning specified in the Transaction Agreement.

“Closing Date” has the meaning specified in the Transaction Agreement.

“Competitor” means ***

“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.

“Demand Registration” has the meaning specified in Section 4.1(a) of this Agreement.

“Demand Request” has the meaning specified in Section 4.1(a) of this Agreement.

“Demand Shares” has the meaning specified in Section 4.1(a) of this Agreement.

“DISH Change of Control” means any transaction or series of transactions the result of which is that the Principal Shareholder and Related Parties cease to Beneficially Own Equity Interests in DISH Network Corporation (or any successor thereto) representing at least a majority of the aggregate voting power in DISH Network Corporation (or any successor thereto).

“DISH CoC Notice” has the meaning specified in Section 3.2(a) of this Agreement.

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“DISH CoC Right” has the meaning specified in Section 3.3(a)(iii) of this Agreement.

“DISH Companies” has the meaning specified in Section 1.1(c) of this Agreement.

“DISH Investor” means an Investor that is a DISH Company.

“Dispute” has the meaning specified in Section 8.12(b)(i) of this Agreement.

“Dispute Notice” has the meaning specified in Section 8.12(b)(i) of this Agreement.

“DNLLC” has the meaning specified in the Preamble of this Agreement. For purposes of any provision of this Agreement relating to the ownership of the Tracking Stock and the rights and obligations attendant thereto, the term “DNLLC” shall also include any Person that is a Permitted Transferee of DNLLC at the relevant time, became such in accordance with Section 2.1 or 8.2 of this Agreement, and has executed and is a party to this Agreement.

“DOLLC” has the meaning specified in the Preamble of this Agreement. For purposes of any provision of this Agreement relating to the ownership of the Tracking Stock and the rights and obligations attendant thereto, the term “DOLLC” shall also include any Person that is a Permitted Transferee of DOLLC at the relevant time, became such in accordance with Section 2.1 or 8.2 of this Agreement, and has executed and is a party to this Agreement.

“EchoStar” has the meaning specified in the Preamble of this Agreement.

“EchoStar Change of Control” means any transaction or series of transactions the result of which is that the Principal Shareholder and Related Parties cease to Beneficially Own Equity Interests in EchoStar (or any successor thereto) representing at least a majority of the aggregate voting power in EchoStar (or any successor thereto).

“EchoStar CoC Notice” has the meaning specified in Section 3.3(a)(i) of this Agreement.

“EchoStar CoC Right” has the meaning specified in Section 3.2(c) of this Agreement.

“EchoStar CoC Trading Price” means (i) in any EchoStar Change of Control in which all holders of Class A Common Stock are to receive consideration consisting solely of cash in exchange for all shares of Class A Common Stock held by them, the amount of cash per share of Class A Common Stock to be received by holders of Class A Common Stock in the EchoStar Change of Control, (ii) in any EchoStar Change of Control in which all holders of Class A Common Stock are to receive consideration other than consideration consisting solely of

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cash, in exchange for all shares of Class A Common Stock held by them, the average of the daily volume weighted average prices per share of Class A Common Stock (or any other securities into which such Class A Common Stock shall have been converted or exchanged) as reported on the NASDAQ, or if

such shares are not listed on the NASDAQ, as reported by the principal United States national or regional securities exchange or quotation system (including an over-the-counter market) on which such shares are then listed or quoted, for the five (5) consecutive trading days immediately preceding the EchoStar Change of Control and (iii) in any EchoStar Change of Control other than as described in (i) and (ii), such price as mutually agreed by EchoStar and the Investors.

“EchoStar Offer Notice” has the meaning specified in Section 3.4(a) of this Agreement.

“EchoStar Repurchase Offer” has the meaning specified in Section 3.4(a) of this Agreement.

“EchoStar Tracking Stock” means the Hughes Retail Preferred Tracking Stock, par value \$0.001 per share, of EchoStar, having the terms set forth in the EchoStar Tracking Stock COD.

“EchoStar Tracking Stock COD” means the Certificate of Designation of EchoStar with respect to the EchoStar Tracking Stock, as filed with the Secretary of State of the State of Nevada on or prior to the Closing Date.

“EchoStar Tracking Stock Consideration Shares” has the meaning specified in the recitals of this Agreement.

“Economic Interest Percentage” means, with respect to any shares of the Tracking Stock as of any date of determination, the Preferred Tracking Stock Allocation Percentage (as defined in the EchoStar Tracking Stock COD or the HSSC Tracking Stock COD, as applicable) (or any portion thereof) represented by such shares of the Tracking Stock, as in effect as of such date of determination.

“EDGAR” means that certain Electronic Data Gathering, Analysis and Retrieval system utilized by the SEC.

“Effective Period” has the meaning specified in Section 4.2(a)(iii) of this Agreement.

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

“Exchange Act” means the United States 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.

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“Exchanged Tracking Stock Shares” has the meaning specified in Section 4.5 of this Agreement.

“GAAP” means accounting principles generally accepted in the United States.

“Governmental Body” means any Federal, state, local, municipal, foreign 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.

“HRG Financial Statements” means, with respect to any quarterly or annual period, unaudited attributed financial information of the Hughes Retail Group

“HRG Holding Company” has the meaning specified in Section 5.3 of this Agreement.

“HSSC Indentures” means (i) the Indenture relating to the 6½% Senior Secured Notes due 2019 of HSSC, dated as of June 1, 2011, by and among HSSC, the guarantors listed on the signature page thereto and Wells Fargo Bank, National Association, as collateral agent and trustee, (ii) the Indenture relating to the 7½% Senior Notes due 2021 of HSSC, dated as of June 1, 2011, by and among HSSC, the guarantors listed on the signature page thereto and Wells Fargo Bank, National Association, as trustee, and (iii) any other existing or future loan agreements, promissory notes, indentures, security agreements, collateral agreements or other operative agreements evidencing or governing any Indebtedness in excess of *** of the Issuers or their Subsidiaries that directly or indirectly hold material assets of the Hughes Retail Group (individually or in the aggregate), in the case of each of (i), (ii) and (iii) above, as amended and supplemented from time to time.

“HSSC” has the meaning specified in the Preamble of this Agreement.

“HSSC Tracking Stock” means the Hughes Retail Preferred Tracking Stock, par value \$0.001 per share, of HSSC, having the terms set forth in the HSSC Tracking Stock COD.

“HSSC Tracking Stock COD” means the Certificate of Designation of HSSC with respect to the HSSC Tracking Stock, as filed with the Secretary of State of the State of Colorado on or prior to the Closing Date.

“Hughes Retail Group” has the meaning specified in the EchoStar Tracking Stock COD and the HSSC Tracking Stock COD.

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“Hughes Retail Subscribers” has the meaning specified in the EchoStar Tracking Stock COD and the HSSC Tracking Stock COD.

“Indebtedness” means, with respect to the Issuers or any of their Subsidiaries that directly or indirectly hold material assets of the Hughes Retail Group, (a) all obligations for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (b) all off balance sheet financing, including synthetic leases and project financing; and (c) all indebtedness referred to in clauses (a) through (b) above of any Person which is either guaranteed by, or secured by a security interest upon, the Issuers or any of their or their Subsidiaries’ respective assets.

“Investment” has the meaning specified in the recitals of this Agreement.

“Investors” has the meaning specified in the Preamble of this Agreement. For purposes of any provision of this Agreement relating to the ownership of the Tracking Stock and the rights and obligations attendant thereto, the term “Investors” shall also include any Person that is a Permitted Transferee at the relevant time, became such in accordance with Section 2.1 or 8.2 of this Agreement, and has executed and is a party to this Agreement.

“Issuer” has the meaning specified in the Preamble of this Agreement.

“Lien” means any mortgage, pledge, hypothecation, security interest, lien, 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.

“Majority Investor” means an Investor that, together with any Affiliates of such Investor, Beneficially Owns shares of the Tracking Stock representing an Economic Interest Percentage that is at least a majority of the Economic Interest Percentage represented by all of the shares of the Tracking Stock then outstanding.

“Market Value” means, with respect to any shares of Tracking Stock or Class A Common Stock (or any other securities into which such Class A Common Stock shall have been converted or exchanged), the average of the daily volume weighted average prices per share of such shares for the twenty (20) consecutive trading days immediately preceding the day as of which such Market Value is being determined, as reported on the NASDAQ or the New York Stock Exchange, as the case may be, or if such shares are not listed on the NASDAQ or the New York Stock Exchange, as reported by the principal United States national or regional securities exchange or quotation system (including an over-the-counter market) on which such shares are then listed or quoted.

“NASDAQ” means The NASDAQ Stock Market LLC.

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“Negotiating Period End Date” has the meaning specified in Section 3.5(c) of this Agreement.

“Permitted Transferee” has the meaning specified in Section 2.1(c) of this Agreement. Each Person that is a Permitted Transferee at any relevant time shall be deemed to be a party to this Agreement for all purposes of this Agreement.

“Person” means any natural person, corporation, general partnership, limited partnership, limited liability company, joint venture, trust, proprietorship, Governmental Body or other entity, association or organization of any nature, however and wherever organized or constituted (whether or not having a separate legal personality).

“Principal Shareholder” means Charles W. Ergen.

“Proposed Transfer Notice” means a written notice from an Investor setting forth the terms and conditions of a proposed Transfer as required under Section 3.1(a) of this Agreement.

“Registrable Securities” means (i) any EchoStar Tracking Stock Consideration Shares, (ii) any Exchanged Tracking Stock Shares, (iii) any shares of the Class A Common Stock into which any EchoStar Tracking Stock Consideration Shares or any Exchanged Tracking Stock Shares are converted, and (iv) any shares of Capital Stock of EchoStar or any other Person issued on or after the Closing Date with respect to, in exchange for or in replacement of any of the Registrable Securities referred to in clauses (i), (ii) or (iii) hereof, whether as a result of any stock split or combination, stock dividend, recapitalization, reclassification, exchange, merger, consolidation, reorganization or similar event or otherwise. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (i) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (ii) such securities shall have been distributed pursuant to Rule 144 (or any successor provision) under the Securities Act, (iii) such securities become eligible for resale without volume or manner-of-sale restrictions pursuant to Rule 144 or (iv) such securities shall have ceased to be outstanding.

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

“Representatives” has the meaning specified in Section 1.2(a) of this Agreement.

“Response” has the meaning specified in Section 8.12(b)(i) of this Agreement.

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“ROFO” has the meaning specified in Section 3.1(a)(ii) of this Agreement.

“ROFO Acceptance Notice” has the meaning specified in Section 3.1(a)(ii) of this Agreement.

“ROFO Accepted Securities” has the meaning specified in Section 3.1(a)(ii) of this Agreement.

“ROFO Closing Date” has the meaning specified in Section 3.1(a)(ii) of this Agreement.

“ROFO Election Notice” has the meaning specified in Section 3.1(a)(iii) of this Agreement.

“ROFO Offer Date” has the meaning specified in Section 3.1(a)(ii) of this Agreement.

“ROFO Offer Price” has the meaning specified in Section 3.1(a)(i) of this Agreement.

“ROFO Offered Securities” has the meaning specified in Section 3.1(a)(i) of this Agreement.

“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.

“Senior Party Representative” has the meaning specified in Section 8.12(b)(i) of this Agreement.

“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.

“Tracking Stock” means, collectively, the EchoStar Tracking Stock and the HSSC Tracking Stock.

“Tracking Stock Policy” means, collectively, (i) the EchoStar Corporation Policy Statement Regarding Hughes Retail Preferred Tracking Stock and (ii) the Hughes Satellite Systems Corporation Policy Statement Regarding Hughes Retail Preferred Tracking Stock, in

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each case as attached as Exhibit I hereto and as may be amended or modified from time to time pursuant to the terms thereof and hereof.

“Transaction Agreement” has the meaning specified in the recitals of this Agreement.

“Transaction Documents” has the meaning specified in the Transaction Agreement.

“Transfer” means, with respect to any securities, any direct or indirect sale (including forward sale), transfer or other disposition of such securities in whole or in part to any Person by operation of law or otherwise, with or without consideration, including any derivative, hedging or other transaction which results in the economic equivalent of a Transfer to any Person, including Transfers resulting from the exercise of any remedy by any Person to which such securities have been pledged; provided that, for the avoidance of doubt, the bona fide pledge of any shares of the Tracking Stock held by an Investor in connection with

a loan by a financial institution, or any transfer back to an Investor by the pledgee of such shares following the termination of any such bona fide pledge, shall not be deemed a Transfer of such shares for purposes of this Agreement.

“Triggering Event” has the meaning specified in Section 3.5(b) of this Agreement.

“Ultimate Parent” means the ultimate parent entity or Person that directly or indirectly Controls EchoStar (or any successor to EchoStar) and that is not itself Controlled by any other Person (disregarding any natural Persons).

Section 7.2 Rules of Interpretation. For all purposes of this Agreement, except as otherwise expressly provided:

- (i) Words importing the singular number or plural number include the plural number and singular number respectively;
- (ii) Words importing the masculine gender include the feminine and neuter genders and vice versa;
- (iii) 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 and pursuant to such agreement, instrument or other document);
- (iv) 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

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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;

- (v) Reference to “include,” “includes” and “including” will be deemed to be followed by the phrase “without limitation”;
- (vi) References herein to “\$,” “USD” or “dollars” means lawful currency of the United States of America;
- (vii) Reference in this Agreement to “herein,” “hereby,” “hereof” or “hereunder,” or any similar formulation, will be deemed to refer to this Agreement;
- (viii) Unless otherwise indicated, all references to time of day refer to Eastern Standard Time or Eastern Daylight Saving 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;
- (ix) 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; and

The use of the term “shall,” “will” or “must” indicates a mandatory action and the use of the term “may” indicates a permissive action.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Injunctive Relief. Each party hereto acknowledges that it would be impossible to determine the amount of damages that would result from any breach of any of the provisions of this Agreement and that the remedy at law for any breach, or threatened breach, of any of such provisions would likely be inadequate and, accordingly, agrees that each other party shall, in addition to any other rights or remedies which it may have, be entitled to seek such equitable and injunctive relief as may be available from any court of competent jurisdiction to

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compel specific performance of, or restrain any party from violating, any of such provisions. In connection with any action or proceeding for injunctive relief, each party hereto hereby waives the claim or defense that a remedy at law alone is adequate and agrees, to the maximum extent permitted by

Applicable Law, to have each provision of this Agreement specifically enforced against it, without the necessity of posting bond or other security against it, and consents to the entry of injunctive relief against it enjoining or restraining any breach or threatened breach of such provisions of this Agreement.

Section 8.2 Assignment; 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; provided that each Investor may assign, delegate or otherwise transfer this Agreement or any of its rights or obligations hereunder (other than (x), in the case of a transferee that is not a Permitted Transferee, any right or obligation under this Agreement that by its terms applies solely with respect to the DISH Investors or the DISH Companies and (y) any right or obligation under this Agreement that by its terms applies solely with respect to the Majority Investor), without the prior written consent of the other parties, to one or more Permitted Transferees or to any Person to whom shares of Tracking Stock are Transferred (other than pursuant to an offering conducted under a Demand Registration) in accordance with Article II of this Agreement; provided that prior to such Transfer such transferee agrees in writing with the Issuers to be bound by all the provisions of this Agreement as if such transferee were an Investor (and in which case all references to such Investor in this Agreement shall include such transferee with respect to such transferee's shares of the Tracking Stock). 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 8.3 Amendments; Waiver.

(a) This Agreement shall not be amended or modified except by written instrument duly executed by each of the parties hereto; provided that (i) any provision of this Agreement that by its terms applies solely with respect to the DISH Investors or the DISH Companies may be amended or modified by written instrument duly executed by EchoStar and all of the DISH Investors and (ii) any provision of this Agreement that by its terms applies solely with respect to the Majority Investor may be amended or modified by written instrument duly executed by EchoStar and the Majority Investor.

(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 8.4 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

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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 EchoStar or HSSC:

EchoStar Corporation
100 Inverness Terrace East
Englewood Colorado 80112
Attention: General Counsel
Fax number: ***

If to an Investor:

DISH Network L.L.C.
9601 South Meridian Blvd.
Englewood, Colorado 80112
Attention: ***
Fax number: ***

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

DISH Network L.L.C.
9601 South Meridian Blvd.
Englewood, Colorado 80112
Attention: General Counsel
Fax number: ***

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 8.5 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.

Section 8.6 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 8.7 Entire Agreement. This Agreement, the other Transaction Documents and the Annex, Schedules and Exhibits hereto and thereto constitute the entire agreement between the parties hereto with respect to the subject matter hereof and thereof and

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supersede all previous agreements, negotiations, discussions, understandings, writings, commitments and conversations between the parties hereto with respect to such subject matter. No agreements or understandings exist between the parties hereto other than those set forth or referred to herein or therein.

Section 8.8 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 hereto. Upon such determination, the parties hereto 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 hereto. 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 hereto; the remaining terms and conditions of this Agreement shall not be affected by such alteration.

Section 8.9 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 thereto and delivered to the other party or parties. Each party hereto acknowledges that it and the other parties hereto may execute this Agreement by facsimile, stamp or pdf signature. Each party hereto 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 hereto 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 8.10 Anti-Dilution Adjustments. Any references herein to any number of shares of any class or series of stock, or any price per share with respect to such shares, shall be appropriately adjusted, without duplication of any other provision of this Agreement, to reflect any stock split, reverse stock split, stock dividend or distribution or similar recapitalization of such shares.

Section 8.11 No Third Party Beneficiaries. Except as provided in Sections 4.4 and 8.2 of this Agreement, (a) the provisions of this Agreement are solely for the benefit of the parties hereto and thereto and their respective successors and permitted assigns and are not intended to confer upon any Person, except the parties hereto and thereto and their respective successors and permitted assigns, any rights or remedies hereunder and (b) there are no third party beneficiaries of this Agreement; and this Agreement 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.

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Section 8.12 Dispute Resolution.

(a) Agreement to Resolve Disputes. Except as otherwise specifically provided in this Agreement, the procedures for discussion, negotiation and dispute resolution set forth in this Section 8.12 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. Each party hereto agrees that the procedures set forth in this Section 8.12 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 Body, except as otherwise required by Applicable Law.

(b) Dispute Resolution; Mediation.

- (i) Any party hereto may commence the dispute resolution process of this Section 8.12(b) by giving the applicable party hereto 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 hereto shall attempt in good faith to resolve any Dispute by negotiation between executives of each party hereto ("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 *** 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 hereto will attempt to settle the Dispute. Within *** after the delivery of the Dispute Notice, the Senior Party Representatives of the parties hereto 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 hereto 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 *** after delivery of the Dispute Notice, or if the parties hereto fail to meet within *** after delivery of the Dispute Notice as hereinabove provided, the parties hereto shall make a good faith attempt to settle the Dispute by mediation pursuant to the provisions of this Section 8.12(b) before resorting to arbitration contemplated by Section 8.12(c) or any other dispute resolution procedure that may be agreed by the parties hereto.

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- (iii) All negotiations, conferences and discussions pursuant to this Section 8.12(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 hereto 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 hereto.
- (v) Within *** after the mediator has been selected as provided above, the parties hereto 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, either party hereto 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 hereto shall be responsible for its own expenses.

(c) Arbitration.

- (i) Subject to Section 8.12(c)(ii), if the Dispute has not been resolved by the dispute resolution process described in Section 8.12(b), the parties hereto 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 hereto and may be entered as a judgment by the parties hereto. 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 hereto. However, the parties hereto to the Dispute shall

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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 hereto shall be responsible for its own expenses.

(d) Continuity of Service and Performance. Unless otherwise agreed in writing, the parties hereto will continue to honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of this Section 8.12 with respect to all matters not subject to such Dispute.

Section 8.13 Conflicts. In the event of a conflict between this Agreement and any other Transaction Document, this Agreement shall control notwithstanding that it was executed as part of a larger transaction in conjunction with the execution of the other Transaction Documents. To the extent that there is a conflict between the terms of this Agreement and any other Transaction Document, the parties shall work together to resolve such conflict.

[Signature page follows.]

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective authorized officers as of the date set forth at the head of this Agreement.

ECHOSTAR CORPORATION

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

HUGHES SATELLITE SYSTEMS CORPORATION

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

DISH NETWORK L.L.C.

By: /s/ Robert E. Olson
Name: Robert E. Olson
Title: EVP and CFO

DISH OPERATING L.L.C.

By: /s/ Robert E. Olson
Name: Robert E. Olson
Title: EVP and CFO

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[Signature Page to Investor Rights Agreement]

[FORM OF]

ECHOSTAR SATELLITE OPERATING CORPORATION
SATELLITE TRANSPONDER SERVICE AGREEMENT

THIS SATELLITE TRANSPONDER SERVICE AGREEMENT (the “Agreement”) by and between EchoStar Satellite Operating Corporation (“SATS”), a Colorado corporation with a place of business at 100 Inverness Terrace East, Englewood, Colorado 80112 and DISH Operating L.L.C. (“Customer”), a Colorado limited liability company with a place of business at 9601 South Meridian Blvd., Englewood, Colorado 80112 is made and effective as of this 20th day of February, 2014 (the “Effective Date”).

ARTICLE I.
Service Provided

1.1 Scope

During the Service Term, SATS will provide to Customer *** (the “Service”). For the avoidance of doubt, as of the Effective Date there are *** on the Satellite at the [] orbital position. Without limitation to Customer’s other rights under this Agreement (which are hereby expressly reserved), to the extent Customer desires to use a different number of Transponders on the Satellite, depending on frequency availability, the parties will work together in good faith to modify the terms of this Agreement. Service will be provided subject to and in accordance with the terms and conditions set forth in this Agreement, including, without limitation, Attachment A (Transponder Performance Specifications) and Attachment B (SATS Satellite Users’ Guide), which are hereby incorporated by reference in their entirety.

The Satellite is currently authorized to be and is located at the [] orbital position (the “[] Orbital Position”). At Customer’s request as set forth in Section 1.4, the Satellite may, however, be located at any other orbital position now or hereafter authorized by the Federal Communications Commission or any bureau or subdivision thereof acting under delegated authority (the “FCC”) or any another governmental entity of competent jurisdiction. Technical performance criteria for the Satellite are described in the Transponder Performance Specifications set forth in Attachment A.

1.2 Term

(a) Initial Service Term. The initial term of this Agreement (the “Initial Service Term”) shall commence on March 1, 2014 and, except as otherwise provided in this Agreement, shall continue, unless terminated earlier in accordance the terms and conditions of this Agreement, until the earliest of: (i) the End-of-Life of the Satellite; (ii) the date the Satellite becomes a Satellite Failure; or (iii) [] (such date the “Projected Termination Date”).

(b) Customer Renewal Option. The Service Term on the Satellite may be extended at Customer’s sole option (the “Customer Renewal Option”), provided that a Satellite Failure has not occurred, on a year-to-year basis (each a “Renewal Service Term” and collectively with the Initial Service Term, the “Service Term”), upon prior written notice to SATS given at least *** prior to the end of the Initial Service Term and/or the then-current

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Renewal Service Term; provided that, at the time of such renewal, Customer is in full compliance with all of its obligations under this Agreement.

(c) Intentionally Omitted.

1.3 *** Non-Preemptible Service

Each Transponder will be provided to Customer on the following “*** Non-Preemptible” basis:

If it becomes necessary to discontinue or suspend service on one or more Transponders on the Satellite on which Service is provided to Customer, and operational circumstances allow SATS to select the Transponder or Transponders to be discontinued or suspended, SATS shall consult with Customer and implement Customer’s preferred course of action, such consultation to take place prior to action by SATS unless more immediate action is necessary. Customer shall be entitled to ***

SATS shall use commercially reasonable efforts to keep Customer apprised of actions taken to restore Service in the event of a Transponder Failure or an Interruption on the Satellite.

1.4 Relocation of Satellite

At any time following commencement of the Service Term, *** Prior to the arrival of the Satellite at an Alternate Orbital Position, the parties shall use commercially reasonable efforts to amend the Transponder Performance Specifications set forth in Attachment A and the SATS Satellite Users’ Guide set forth in Attachment B to reflect the use of the Service from the Alternate Orbital Position. ***

1.5 Loss of Life

In the event that the Satellite is relocated pursuant to Section 1.4 above, *** “Predicted Life” means the length of time, as determined from time-to-time, from the date that the Satellite began operating to the predicted End-of-Life of the Satellite, such prediction to be based on standard fuel budgeting methodologies as utilized between the parties as of the date of this Agreement. The parties shall mutually agree on the Predicted Life as of the Effective Date. The provisions of this Section 1.5 will survive expiration or termination of this Agreement (for any reason or no reason whatsoever) indefinitely.

1.6 Interim/Supplemental Capacity

During the Service Term, at any time and from time to time, Customer shall have the right to ***

Customer shall obtain, at its sole cost and expense, all necessary Authorizations (except that SATS shall be responsible for obtaining and maintaining, at its own cost and expense, any and all Authorizations relating to the Alternate Orbital Position in the event that the

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Satellite is relocated to any of the Alternate Orbital Positions listed in Attachment C) prior to moving an Interim Satellite to the [] Orbital Position, including, without limitation, any required frequency coordination agreements, and shall maintain, at its sole cost and expense, all such Authorizations for so long as the Interim Satellite is located at the [] Orbital Position. In the event that frequency coordination is required to permit operation of the Interim Satellite at the [] Orbital Position or any of the Alternate Orbital Positions listed in Attachment C, as the case may be, Customer may request EchoStar Corporation to use commercially reasonable efforts to complete any such necessary frequency coordination pursuant to that certain Professional Services Agreement by and between DISH Network Corporation and EchoStar Corporation effective as of January 1, 2010 (the "Professional Services Agreement"), including, without limitation, the fees paid to EchoStar Corporation for its efforts to complete such frequency coordination. In the event that Customer requests SATS use commercially reasonable efforts, on Customer's behalf and at Customer's direction, to complete any necessary frequency coordination to permit operation of the Interim Satellite at the [] Orbital Position or any of the Alternate Orbital Positions listed in Attachment C, as the case may be, and such request is outside the scope of the Professional Services Agreement, then SATS shall use commercially reasonable efforts, at the sole cost and expense of Customer, to complete any necessary frequency coordination to permit operation of the Interim Satellite at the [] Orbital Position or Alternate Orbital Position, as the case may be. In accordance with requests made and instructions given by Customers, SATS shall use commercially reasonable efforts to support Customer's efforts in obtaining all necessary Authorizations.

1.7 Notices

All notices regarding technical or operational matters requiring immediate attention will be given by telephone to the telephone numbers set forth below and will be followed by written notification. All other notices or requests that are required or permitted to be given hereunder will be in writing and will 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 party. 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) will constitute the giving thereof.

If to be given to Customer:

Attn: []
DISH Network L.L.C.

If by overnight courier:
9601 South Meridian Blvd.
Englewood, Colorado 80112

If by U.S. mail:

Fax #: []

If to be given to SATS:

Attn: []
EchoStar Satellite Operating Corporation

If by overnight courier:
100 Inverness Circle East
Englewood, Colorado 80112

If by U.S. mail:

Fax #: []

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cc: DISH Network L.L.C.
Attention: Office of the General Counsel
Same address as above
Fax #: []

cc: EchoStar Satellite Operating Corporation
Attention: Office of the General Counsel
Same address as above
Fax #: []

SATS' 24 Hour Emergency Telephone # for Technical/Operational Issues:
Tel #: []

Customer's 24 Hour Emergency Telephone # for Technical/Operational Issues:
Tel #: []

2.1 Monthly Recurring Service Charge

During the Service Term, Customer will pay SATS for Service a monthly recurring service charge of [] per month per *** on which Service is provided to Customer in accordance with this Agreement during any portion of the applicable month (each, an "MRC" and collectively, the "MRCs").

2.2 Billing and Payment

Unless mutually agreed upon otherwise, invoices will be issued *** in advance of the month in which Service is to be provided and are payable no later than the *** by wire transfer as per the remittance instructions on the respective monthly invoice. On payments not received by the due date ("Delinquent Payment(s)"), SATS will assess, until such time as payment in full is made, a late payment charge of the Delinquent Payment multiplied by the lesser of: (a) one and one-half percent (1.5%) per month compounded monthly; or (b) the maximum rate permitted by applicable law. A failure or delay by SATS to send an invoice will not relieve Customer either of its obligation to pay for Service on a timely basis or of its obligation to pay late payment charges in the event of late payment. In addition to any other rights SATS may have under this Agreement, at law, in equity, under contract (including, without limitation, this Agreement) or otherwise (all of which are hereby expressly reserved), SATS may suspend provision of Service *** for Customer's failure to pay any sums due to SATS and/or any of its Affiliates.

2.3 Taxes and Other Charges

All charges under this Agreement (including, without limitation, the MRCs) are exclusive of taxes, duties and other fees or charges levied by governmental authority (including, without limitation, Universal Service Fund contributions, if applicable) on the Service or the facilities used to provide the Service as a result of Customer's particular use of the satellite and/or Service, provided that Customer shall not be liable for any taxes that attach to SATS due

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to being a satellite operator. Customer shall pay directly or reimburse SATS for all such taxes, duties and other fees or charges, including, without limitation, Universal Service Fund contributions, if applicable. The provisions of this Section 2.3 will survive expiration or termination of this Agreement (for any reason or no reason whatsoever) indefinitely.

ARTICLE III. Service Parameters

3.1 Credits

Credits for Interruptions in Service of five (5) minutes or more (an "Interruption Credit") will be granted to Customer as follows:

Interruption Credit = (Number of minutes in Interruption/43,200) multiplied by the MRC

The length of an Interruption will be measured from the time SATS becomes aware of the Interruption until Service is restored.

3.2 Exceptions

Notwithstanding any contrary provision herein, SATS shall not be responsible for and shall not be in default or breach of this Agreement as a result of, nor shall it be held liable for any Interruption Credits or other damages, claims, losses, or costs and expenses on account of, any interruption of the Service, in the event such interruption or failure occurs due to any of the following: ***. Any Interruption Credit will be reflected on the first invoice issued by SATS following an Interruption. The aforementioned credit will be Customer's sole and exclusive remedy for unavailability of Service and/or failure of Service to meet the Transponder Performance Specifications set forth in Attachment A.

3.3 Transponder Assignment/Reassignment

Customer agrees that the Services will be used solely for the transmission of digital signals. SATS acknowledges and agrees that it may not change, alter or modify Transponder assignments without Customer's prior, written consent, which consent may be withheld, conditioned or delayed in Customer's sole and absolute discretion for any reason or no reason.

ARTICLE IV. Service Responsibilities

4.1 Laws and Regulations Governing Service

Location and operation of the Satellite, SATS' satellite system and the parties' respective abilities to perform are subject to all applicable laws and regulations, including, without limitation, the Communications Act of 1934, as amended, and the rules and regulations of the FCC. Customer, as the licensee for the Satellite, shall use commercially reasonable

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efforts, at Customer's sole cost and expense, to maintain any required Authorizations for the Satellite. Further, SATS shall not take any action to prevent Customer from fulfilling its responsibilities under any of Customer's required Authorizations for the Satellite, including, without limitation, Customer's compliance with all applicable communications laws and FCC rules, orders and policies. In the event SATS can no longer provide the Service to Customer due to compliance with the Transponder Authority, or lack thereof, SATS shall not be in breach of this Agreement and shall not be liable to Customer for not providing such Service in compliance with this Agreement. In the event that and for so long as SATS is the licensee for the Satellite, SATS shall use commercially reasonable efforts, at SATS' sole cost and expense, to maintain any required Authorizations for the Satellite and Customer shall not take any action to prevent SATS from fulfilling its responsibilities under any of SATS' required Authorizations for the Satellite, including, without limitation, SATS' compliance with all applicable communications laws and FCC rules, orders and policies.

4.2 Use Conditions

Customer's use of the Service and use of the Service by any other person or entity ("Customer's Designees") shall be: (a) in compliance with all applicable laws and the Transponder Authority; and (b) only within the United States of America or such other jurisdiction(s) as permitted by applicable law. Customer will not use, and will cause Customer's Designees not to use the Service: (y) for any unlawful purpose, including, without limitation, violation of laws governing the content of material transmitted using the Service; and/or (z) without first obtaining any and all necessary Transponder Authority. Customer is permitted to allow Customer's Designees to access use of the Service for the purpose of transmitting digital signals to the extent that such use is not prohibited by rule, regulation or law and subject to the terms and conditions of this Agreement. Customer shall provide SATS with at least five (5) business days' prior written notice of any use of Service by Customer's Designees and of the identity of any such Customer's Designee. Should Customer permit use of such Service by any Customer's Designee, Customer shall be a guarantor of compliance by each such Customer's Designee with all of the terms, conditions, representations and warranties of this Agreement and any breach or default of any of the terms, conditions, representations and/or warranties of this Agreement by any such Customer's Designee will be deemed to be a breach or default of this Agreement by Customer and any acts or omissions of Customer's Designees related to the use of the Service will be deemed to be acts or omissions of Customer for purposes of this Agreement. In the event that Customer's or Customer's Designees' use of Service or non-compliance with the terms and conditions of this Agreement (including, without limitation, this Section 4.2): (i) causes, or would reasonably be expected to cause, interference to or threatens the availability or operation of any services or facilities provided by SATS; or (ii) would reasonably be expected to result in (A) a claim against the SATS Group, or (B) the institution of criminal proceedings or administrative proceedings that would reasonably be expected to result in sanctions or other non-monetary remedies against SATS and/or any of its Affiliates, then, in addition to any other remedies that may be available to SATS hereunder, SATS shall be entitled to suspend and/or restrict such non-compliant use of the Service to the extent, but only to the extent, necessary and for the time necessary to remove the applicable action or threat of action or resolve it in SATS' favor; provided, however, that without limitation to Customer's obligations set forth in Article 6, Customer shall determine, at any time and from time to time in its sole and absolute discretion

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for any reason or no reason, the content of the programming and/or other transmissions to be provided via the Satellite.

ARTICLE V. Operational Matters

5.1 Service Access; TT&C Service

Customer is responsible for providing, operating and maintaining the equipment necessary to access the Satellite and Service. SATS shall be responsible for providing TT&C service for the Satellite and all other lease costs and expenses for the Satellite (including, without limitation, the costs and expenses of Authorizations relating to orbital positions licensed to SATS) at its own cost and expense (it being understood that such costs and expenses are included in the MRC), and shall perform TT&C service to customary industry standards (and in any event with no less than a reasonable degree of care). As long as the Satellite is licensed to Customer, the TT&C services provided by SATS under this Agreement and will be subject to the control of Customer. Customer shall have the right to direct SATS to deactivate any Transponder and use of any frequency on the Satellite, or to take actions other than deactivation, if, in Customer's reasonable judgment, such deactivation or other actions are necessary. SATS shall promptly cease the provision of such Transponder to Customer following SATS' receipt of such request made by Customer pursuant to Section 1.7. For the avoidance of doubt, in the event of a request from Customer as set forth in the immediately preceding sentence, Customer shall continue to be obligated to pay MRCs for such Transponder(s) that SATS has ceased providing to Customer in accordance with Customer's request. In the event that a Transponder has been deactivated, then SATS will not re-activate such Transponder unless and until SATS receives formal written direction from Customer. Customer, at its expense, shall provide SATS with any descrambling or decoding devices that may be required for signal monitoring. At a mutually agreed time, and prior to Customer transmitting from its earth station(s), Customer will demonstrate to SATS' designated Technical Operations Center that its earth station(s) comply with the satellite access specifications contained in the SATS Satellite Users' Guide.

5.2 Resolution of Harmful Interference; FCC Reporting Obligations

As long as the Satellite is licensed to Customer, both Customer and SATS shall take steps to prevent or resolve harmful interference from the Satellite; provided, however, that Customer shall be ultimately responsible for the resolution of instances of such harmful interference. As long as the Satellite is licensed to Customer, SATS shall provide Customer with sufficient information about the Satellite's health and performance and any incidents affecting the Satellite's health or performance to enable Customer to comply with all reporting and other obligations to the FCC.

5.3 Action to Protect Satellite

As long as the Satellite is licensed to Customer, if circumstances occur that threaten the stable operation of the Satellite, then SATS shall consult with Customer and implement Customer's preferred course of action with respect to such threat, such consultation to take place prior to any action by SATS unless more immediate action is necessary in SATS'

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reasonable judgment, in which case, SATS shall have the right to take any and all actions it reasonably believes are necessary or advisable to protect the Satellite, including discontinuance or suspension of operation of the Satellite, the Transponder(s) or any other transponder, without any liability to Customer, except that Customer may receive an Interruption Credit computed as provided in Article III of this Agreement. In the event the Satellite is not licensed to Customer, if circumstances occur, which in SATS' reasonable judgment pose a threat to the stable operation of the Satellite, SATS shall have the right to take any and all actions it reasonably believes are necessary or advisable to protect the Satellite, including discontinuance or suspension of operation of the Satellite, the Transponder(s) or any other transponder, without any liability to Customer, except that Customer may receive an Interruption Credit computed as provided in Article III of this Agreement. SATS shall give Customer as much notice as practical under the circumstances of any such discontinuance or suspension. If it becomes necessary to discontinue or suspend service on one or more transponders on the Satellite, and operational circumstances allow SATS to select the transponder or transponders to be discontinued or suspended, SATS will follow the procedures set forth in Section 1.3 above. Notwithstanding any other provision set forth in this Agreement, SATS shall not be required to take any action that, in SATS' reasonable technical judgment, may cause harm to the Satellite.

ARTICLE VI.
Indemnification

*** The provisions of this Article VI will survive expiration or termination of this Agreement (for any reason or no reason whatsoever) indefinitely.

ARTICLE VII.
Warranty Disclaimer; Limitation of Liability

7.1 Warranty Disclaimer

NO WARRANTIES, EXPRESS, IMPLIED, OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, APPLY TO SERVICE PROVIDED HEREUNDER OR THE EQUIPMENT AND FACILITIES USED TO PROVIDE SERVICE. THE CONVEYING BY SATS OF PROPRIETARY INFORMATION OR OTHER INFORMATION TO CUSTOMER SHALL IN NO WAY ALTER THIS DISCLAIMER.

7.2 Limitation of Liability

As a material condition of entering into this Agreement at the price specified herein, and in regard to any and all causes arising out of or relating to this Agreement, including, without limitation, claims of negligence, breach of contract or warranty, failure of a remedy to accomplish its essential purpose or otherwise, Customer agrees that SATS' and SATS' Affiliates' entire liability will not exceed in the aggregate, the MRCs paid by Customer to SATS for Services in the month preceding the event that is the cause of liability, plus any credits or refunds that are due under this Agreement with respect to such event pursuant to Article III or Section 9.3, respectively, *** Customer agrees that in no event shall SATS or any of its Affiliates or the manufacturer or launch service provider of the Satellite be liable for: (a) any

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indirect, incidental, consequential, punitive, special or other similar damages (whether in contract, tort (including, without limitation, negligence), strict liability or under any other theory of liability), including, without limitation, loss of actual or anticipated revenues or profits, loss of business, customers or goodwill, or damages and expenses arising out of third party claims; or (b) any damages of whatever kind, in the event the Satellite is positioned at an orbital location other than as specified in Section 1.1. The foregoing exclusions will apply even if such party(s) has been advised of the possibility of such damages.

7.3 The provisions of this Article VII will survive expiration or termination of this Agreement (for any reason or no reason whatsoever) indefinitely.

ARTICLE VIII.
Confidentiality and Nondisclosure

8.1 Certain Information Regarding Service

Customer hereby agrees not to disclose to third parties (without the prior written consent of SATS, which consent may be withheld in the sole and absolute discretion of SATS for any reason or no reason) the terms and conditions of this Agreement (including, without limitation, the prices, payment terms, schedules, protection arrangements, and restoration provisions of this Agreement) and/or any information provided to Customer related to the design and performance characteristics of the Service, the Satellite, and/or any related equipment, subsystems and/or components thereof, including, without limitation, the Transponder(s).

8.2 Proprietary Information

To the extent that either party discloses to the other any other information which it considers proprietary, said party shall identify such information as proprietary when disclosing it to the other party by marking it clearly and conspicuously as proprietary information. Any proprietary disclosure to either party, in the event made orally, will be identified as proprietary information at the time of disclosure. Any such information disclosed under this Agreement will be used by the recipient thereof only in its performance under this Agreement. Neither party shall be liable for the inadvertent or accidental disclosure of such information marked as proprietary, in the event such disclosure occurs despite the exercising of the same degree of care as the receiving party normally takes to preserve and safeguard its own proprietary information (but not less than reasonable care) or in the event such information: (a) is or becomes lawfully available to the public from a source other than the receiving party; (b) is released in writing by the disclosing party without restrictions; (c) is lawfully obtained by the receiving party from a third party or parties without obligation of confidentiality; (d) is lawfully known by the receiving party prior to such disclosure; or (e) is at any time lawfully developed by the receiving party completely independently of any such disclosure or disclosures from the disclosing party. In addition, neither party shall be liable for the disclosure of any proprietary information which it receives under this Agreement pursuant to judicial action or decree, or pursuant to any requirement of any government or any agency or department thereof, having jurisdiction over such party; provided that in the reasonable opinion of counsel for such party such disclosure is required; and provided further that such party to the extent reasonably practical, shall have given the other party notice prior to such disclosure.

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8.3 The provisions of this Article VIII will survive expiration or termination of this Agreement (for any reason or no reason whatsoever) indefinitely.

ARTICLE IX.
Termination

9.1 Termination for Convenience

Customer may terminate this Agreement at its convenience for any reason or no reason by providing at least *** prior written notice of such termination to SATS.

9.2 Termination for Cause

In addition to any rights of termination provided in other Articles of this Agreement, Customer may terminate this Agreement by giving SATS written notice thereof in the event: (a) SATS materially breaches this Agreement and fails to cure such breach within *** following receipt of written notice thereof, provided, however, except for failure of SATS to pay amounts due under this Agreement, that if the event for which the notice is given is of a nature that may not reasonably be cured within said *** period, then Customer shall not have the right to terminate this Agreement under this Section 9.2 for so long as SATS commences good faith efforts to cure such breach within said *** period and diligently pursues such efforts to conclusion; or (b) SATS is unable to perform its obligations as a result of its becoming insolvent or the subject of insolvency proceedings, including, without limitation, in the event SATS is judicially declared insolvent or bankrupt, or in the event any assignment is made of SATS' property for the benefit of its creditors, or in the event a receiver, conservator, trustee in bankruptcy or other similar officer is appointed by a court of competent jurisdiction to take charge of all or any substantial part of SATS' property, or in the event a petition is filed by or against SATS under any provision of the Bankruptcy Act now or hereafter enacted, and such proceeding is not dismissed within *** following filing; or (c) fifty percent (50%) or more of the Transponders on the Satellite as of the Effective Date experience (i) a Transponder Failure and/or (ii) an Interruption of ***; or (d) Service is not provided for *** in the aggregate due to a Force Majeure Event(s).

In addition to any rights of termination provided in other Articles of this Agreement, SATS may terminate this Agreement by giving Customer written notice thereof in the event: (y) Customer materially breaches its payment obligations under this Agreement and fails to cure such breach within *** following receipt of written notice thereof; or (z) Customer is unable to perform its obligations as a result of its becoming insolvent or the subject of insolvency proceedings, including, without limitation, in the event Customer is judicially declared insolvent or bankrupt, or in the event any assignment is made of Customer's property for the benefit of its creditors, or in the event a receiver, conservator, trustee in bankruptcy or other similar officer is appointed by a court of competent jurisdiction to take charge of all or any substantial part of Customer's property, or in the event a petition is filed by or against Customer under any provision of the Bankruptcy Act now or hereafter enacted, and such proceeding is not dismissed within *** following filing.

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9.3 Refunds

In the event of the expiration of this Agreement pursuant to Section 1.2, then SATS shall be entitled to retain all amounts paid by Customer to SATS under this Agreement, except that SATS shall refund any portion of amounts paid by Customer to SATS that relate to Service not provided by SATS plus any Interruption Credits that may be due to Customer pursuant to Article III.

9.4 Termination Liability

In the event of termination of this Agreement for ***

9.5 Inability to Regain Transponder

In the event that, upon expiration or termination of this Agreement for any reason or no reason by either party, SATS is unable to regain the use of all, or any part of, the Transponder(s) free and clear of any claims (including, without limitation, claims of a debtor in bankruptcy) or liens arising as a result of the use of the Transponder(s) by Customer or Customer's Designees, then in addition to all other remedies available to SATS pursuant to this Agreement, at law, in equity, or otherwise (all of which are hereby expressly reserved), Customer shall be obligated, without regard to any such termination or expiration, to continue to pay SATS the payments provided for in Section 2.1 for a period not to exceed End-of-Life of the Satellite or Satellite Failure.

ARTICLE X.
General Provisions

10.1 Force Majeure

Neither party will be liable to the other by reason of any failure in performance of this Agreement if the failure arises out of acts of God or of the public enemy, acts of the other party, acts of any local, county, state, federal or other government in its sovereign or contractual capacity, fires, floods, adverse weather conditions (including, without limitation, solar flares or sun outages with respect to satellite transmission interference), epidemics, quarantines, restrictions, sabotage, acts of terrorism, acts of third parties, strikes or other labor disturbances, freight embargoes, whole or partial satellite malfunctions, uplink failure, or any other event which is beyond the reasonable control of that party (each, a "Force Majeure Event"). In no event shall Customer's failure to make payment when due be excused by a Force Majeure Event.

10.2 No Implied License

The provision of services or the conveying of any information under this Agreement will not convey any license by implication, estoppel or otherwise, under any patents or other intellectual property rights of Customer or SATS, and/or their Affiliates, contractors and/or vendors.

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10.3 No Third-Party Rights; No Fiduciary Relationship

Nothing contained in this Agreement will be deemed or construed by the parties or by any third party to create any rights, obligations or interests in third parties, or to create the relationship of principal and agent, partnership or joint venture or any other fiduciary relationship or association between the parties.

10.4 No Waiver; Remedies Cumulative

No waiver, alteration, or modification of any of the terms of this Agreement will be binding unless in writing and signed by both parties. All remedies and rights hereunder and those available at law, in equity, under contract (including, without limitation, this Agreement) and otherwise (all of which are hereby expressly reserved) will be cumulative, and the exercise by a party of any such right or remedy will not preclude the exercise of any other right or remedy available under this Agreement at law, in equity, under contract or otherwise (all of which are hereby expressly reserved). The failure of any party to insist upon strict performance of any provision of this Agreement will not be construed as a waiver of any subsequent breach of the same or similar nature.

10.5 Costs and Attorneys' Fees

In addition to all other amounts payable under this Agreement, SATS shall be entitled to recover from Customer: (a) costs of collection of any amounts, including reasonable attorneys' fees and disbursements; and (b) costs, including reasonable attorneys' fees and disbursements, incurred in seeking to prevent use of Service contrary to the terms of this Agreement. The provisions of this Section 10.5 will survive expiration or termination of this Agreement (for any reason or no reason whatsoever) indefinitely.

10.6 Governing Law and Jurisdiction

Except as otherwise agreed to by the parties, the relationship between the parties and their present and future Affiliates, including, without limitation, all disputes, controversies or claims, whether arising in contract, tort, under statute or otherwise, will be governed by and construed in accordance with the laws of the State of Colorado, applicable to contracts to be made and performed entirely within the State of Colorado by residents of the State of Colorado, without giving any effect to its conflict of law provisions. The parties and their present and future Affiliates consent to and submit to the in personam jurisdiction of the United States District Court for the District of Colorado and the appropriate State Court located in Arapahoe County, State of Colorado for the purposes set forth in this Section 10.6 and waive, fully and completely, any objection to venue and right to dismiss and/or transfer any action pursuant to Title 28 U.S.C. Section 1404 or 1406 (or any successor statute). In the event that the United States District Court for the District of Colorado does not have subject matter jurisdiction over any such matter, then such matter will be litigated solely and exclusively before the appropriate state court of competent jurisdiction located in Arapahoe County, State of Colorado. The provisions of this Section 10.6 will survive expiration or termination of this Agreement (for any reason or no reason whatsoever) indefinitely.

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10.7 Injunctive Relief

The parties acknowledge and agree that any breach, or threatened breach, of the terms and conditions of this Agreement will cause substantial and irreparable harm and injury to the non-breaching party for which monetary damages alone would be an inadequate remedy, and which damages are difficult to accurately measure. Accordingly, the parties acknowledge and agree that, in addition to any other remedies available to the non-breaching Party at law, in equity, under contract (including, without limitation, this Agreement) or otherwise (all of which are hereby expressly reserved), the non-breaching party shall be entitled to obtain immediate injunctive relief (without the necessity of posting or filing a bond or other security) to restrain the threatened or actual violation by the other party, as well as other legal and/or equitable relief allowed by the federal and state courts. The provisions of this Section 10.7 will survive expiration or termination of this Agreement (for any reason or no reason whatsoever) indefinitely.

10.8 Headings; Severability; Customer Purchase Orders

All titles and headings in this Agreement are for reference purposes only and will not affect the meaning or construction of the terms of this Agreement. The parties agree that each provision of this Agreement will be construed as separable and divisible from every other provision and that the enforceability of any one provision will not limit the enforceability, in whole or in part, of any other provision hereof. In the event that any one or more of the provisions contained herein, or the application thereof to any person, entity, or circumstance, for any reason are held to be invalid, illegal, or unenforceable in any respect, then such provision(s) will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will be unaffected thereby and will remain in full force and effect. Customer agrees that any purchase order or other similar document that Customer may issue in connection with this Agreement will be for Customer's internal purposes only and, therefore, even if acknowledged by SATS, will not in any way add to, subtract from, or in any way modify the terms and conditions of this Agreement.

10.9 Assignment

10.10 Construction

Customer and SATS hereby represent, warrant, acknowledge and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement, including, without limitation, any amendments hereto.

10.11 Facsimile Signatures; Counterparts

This Agreement may be executed by facsimile and/or in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

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10.12 Trademarks

Nothing in this Agreement will be construed to give Customer any rights to use any SATS trademarks, service marks, or logos without the express prior written consent of SATS, which consent may be withheld for any reason or no reason in the sole and absolute discretion of SATS.

10.13 Entire Agreement/Amendments

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement. Except as otherwise expressly provided herein, neither party shall be bound by any communications between them on the subject matter of this Agreement, unless the communication is: (a) in writing; (b) bears a date contemporaneous with or subsequent to the date of this Agreement; and (c) is signed by all parties to this Agreement. The parties specifically acknowledge there are no unwritten side agreements or oral agreements between the parties regarding the subject matter of this Agreement which alter, amend, modify or supplement this Agreement. In the event of any conflict or inconsistency between the terms and conditions set forth in the body of this Agreement and the terms and conditions set forth in any Attachment hereto, the terms and conditions set forth in the body of this Agreement will control. In addition to any provisions of this Agreement that expressly survive termination or expiration, any provision of this Agreement that logically would be expected to survive termination or expiration, will survive for a reasonable time period under the circumstances.

10.14 ***

ARTICLE XI. Definitions

The following definitions will apply to all capitalized terms, whether used in the singular or plural form, which are not otherwise defined in this Agreement:

“[] Orbital Position” has the meaning set forth in Section 1.1 of this Agreement.

“Affiliate” means any person or entity directly or indirectly controlling, controlled by or under common control with another person or entity.

“Agreement” has the meaning set forth in the preamble of this Agreement.

“Alternate Orbital Position” and “Alternate Orbital Positions” has the meaning set forth in Section 1.4 of this Agreement.

“Authorization(s)” means any authorization, order, permit, approval, forbearance, decision, grant, license, consent, right, franchise, privilege and/or certificate of any governmental entity of competent jurisdiction, whether or not having the force of law.

“Customer” has the meaning set forth in the preamble of this Agreement.

*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

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“Customer’s Designees” has the meaning set forth in Section 4.2 of this Agreement.

“Customer Renewal Option” has the meaning set forth in Section 1.2(b) of this Agreement.

“Delinquent Payment(s)” has the meaning set forth in Section 2.2 of this Agreement.

“DISH” means DISH Network Corporation (or any successor thereto).

“Effective Date” has the meaning set forth in the preamble of this Agreement.

“End-of-Life” means the date on which, in SATS’ reasonable judgment, a satellite should be taken out of service because of insufficient fuel.

“FCC” has the meaning set forth in Section 1.1 of this Agreement.

“Force Majeure Event” has the meaning set forth in Section 10.1 of this Agreement.

“Individual Service Request” means an order for Services submitted to SATS by Customer.

“Initial Service Term” has the meaning set forth in Section 1.2(a) of this Agreement.

“Interim Satellite” and “Interim Satellites” has the meaning set forth in Section 1.6 of this Agreement.

“Interruption(s)” means any period during which a Transponder fails to meet the Transponder Performance Specifications set forth in Attachment A (or, following a reassignment or relocation pursuant to Section 1.4, the substantial equivalent thereof).

“Interruption Credit” has the meaning set forth in Section 3.1 of this Agreement.

“*** Non-Preemptible” has the meaning set forth in Section 1.3 of this Agreement.

“Lost Life Payment” has the meaning set forth in Section 1.5 of this Agreement.

“Lost MRC(s)” has the meaning set forth in Section 1.5 of this Agreement.

“MRC” and “MRCs” has the meaning set forth in Section 2.1 of this Agreement.

“Predicted Life” has the meaning set forth in Section 1.5 of this Agreement.

“Projected Termination Date” has the meaning set forth in Section 1.2(a) of this Agreement.

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“Renewal Service Term” has the meaning set forth in Section 1.2(b) of this Agreement.

“SATS” has the meaning set forth in the preamble of this Agreement.

“SATS Group” has the meaning set forth in Article VI of this Agreement.

“Satellite” means the communications spacecraft designated [] to be operated by SATS. When used in the lower case, “satellite” means a domestic communications satellite operating in Ku-band.

“Satellite Failure” means a satellite:

1) on which one or more of the basic subsystems fail, rendering the use of the satellite for its intended purposes impractical, as determined by SATS in its reasonable business judgment; and

2) that SATS has declared a failure.

“Service” has the meaning set forth in Section 1.1 of this Agreement.

“Service Term” has the meaning set forth in Section 1.2(b) of this Agreement.

“TT&C” means telemetry, tracking and control.

“TWTA” and “TWTAs” has the meaning set forth in Section 1.3 of this Agreement.

“Termination Value” has the meaning set forth in Section 9.4 of this Agreement.

“Transponder(s)” means a Ku-band radio frequency transmission channel on the Satellite, used to provide service to Customer pursuant to the terms of this Agreement. Customer acknowledges and agrees that due to circumstances, including, without limitation, the characteristics of Customer’s traffic, Customer’s ground segment configuration, and the characteristics of traffic on cross polarized transponders on the Satellite and of carriers on satellites in proximity to the Satellite, the entire bandwidth of the Transponder may not be usable by Customer for the operation of all types of carriers. When used in the lower case, “transponder” means a Ku-band radio frequency transmission channel on a communications satellite.

“Transponder Authority” means all retransmission consents and any and all other consents, authorizations and approvals required by law or under contract and/or pursuant to any governmental action (including, without limitation, any consent, authorization and/or approval required under the rules and regulations of the Federal Communications Commission) for Customer’s use of the Services, Satellite and/or Transponder.

“Transponder Failure” means, with respect to any Transponder used to provide service to Customer under this Agreement, any of the following events:

*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

- 1) such Transponder fails to meet the Transponder Performance Specifications set forth in Attachment A (or, following a reassignment or relocation pursuant to Section 1.1 or Section 3.3, the substantial equivalent thereof) in any material respect for any period of five (5) consecutive days;
- 2) twenty (20) or more creditable Interruptions of fifteen (15) minutes or more in duration will occur within any ninety (90) consecutive days; or
- 3) such Transponder will fail to meet the Transponder Performance Specifications set forth in Attachment A (or, following a relocation or reassignment pursuant to Section 1.1 or Section 3.3, the substantial equivalent thereof) in any material respect for any period of time under circumstances that make it clearly ascertainable or predictable, based on satellite industry engineering standards, that a failure set forth in Paragraphs 1) or 2) above will occur.

For the purpose of this definition, measurement of periods of failure hereunder will commence when Customer has vacated its signal to permit verification of the existence of the failure by SATS.

[SIGNATURE PAGE FOLLOWS]

*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement as of the Effective Date.

ECHOSTAR SATELLITE OPERATING CORPORATION

By: /s/ Dean A. Manson
Name: Dean A. Manson
Title: Executive Vice President, General Counsel and Secretary

DISH OPERATING L.L.C.

By: /s/ Robert E. Olson
Name: Robert E. Olson
Title: EVP and CFO



CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Michael T. Dugan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EchoStar Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2014

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

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification**

I, David J. Rayner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EchoStar Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2014

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

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

In connection with the quarterly report for the quarter ended March 31, 2014 on Form 10-Q (the "Quarterly Report") of EchoStar Corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof, we, Michael T. Dugan and David J. Rayner, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

- (i) the Quarterly Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2014

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

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

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

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

Unaudited Condensed Attributed Financial Information for Hughes Retail Group

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

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

Holders of the Tracking Stock and our common stock are holders of capital stock of the issuer (EchoStar or HSS) and are subject to risks associated with an investment in the issuer and all of its businesses, assets and liabilities. The issuance of the Tracking Stock does not affect the rights of our creditors or the creditors of our subsidiaries. Notwithstanding the following attribution of assets, liabilities, revenue, expenses and cash flows to the Hughes Retail Group and the EchoStar Group, our tracking stock structure does not affect the ownership or the legal title to our assets or responsibility for our liabilities.

The accompanying condensed attributed financial information as of, and for, the quarter ended March 31, 2014, March 31, 2013, and December 31, 2013 are unaudited. The Company’s management is solely responsible for this financial information and believes that it has been prepared in conformity with accounting principles generally accepted in the United States.

The following tables present our consolidated assets and liabilities as of March 31, 2014 and December 31, 2013 and our consolidated revenue, expenses and cash flows for the three months ended March 31, 2014 and 2013. The tables further present our assets, liabilities, revenue, expenses and cash flows that are attributed to the Hughes Retail Group as if that business and its assets had been attributed to that group at the beginning of each period. As a result of our policy statement adopted as of March 1, 2014, we used different attribution methods for certain items in periods prior to March 1, 2014. Therefore, the attributed financial position, results of operations and cash flows of HRG and all other operations are not directly comparable to the corresponding attributed financial information for periods after March 1, 2014. The financial information in this Exhibit should be read in conjunction with our unaudited condensed consolidated financial statements for the three months ended March 31, 2014 included in our Quarterly Report on Form 10-Q.

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CONDENSED ATTRIBUTED BALANCE SHEETS

(In thousands)

(Unaudited)

	Attributed As of March 31, 2014				Attributed As of December 31, 2013			
	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated
Assets								
Current Assets:								
Cash, cash equivalents and marketable investment securities	\$ —	\$ 1,708,265	\$ —	\$ 1,708,265	\$ —	\$ 1,620,652	\$ —	\$ 1,620,652
Trade accounts receivable, net	24,756	130,962	—	155,718	24,466	134,826	—	159,292
Trade accounts receivable - DISH Network, net	—	379,470	—	379,470	—	355,135	—	355,135
Inventory	9,825	56,421	(1,624)	64,622	10,004	56,080	—	66,084
Deferred tax assets	4,645	65,090	—	69,735	4,143	65,490	—	69,633
Inter - group advances	2,326	—	(2,326)	—	—	—	—	—
Prepays and deposits	397	59,752	—	60,149	814	54,586	—	55,400
Other current assets	—	11,277	—	11,277	—	29,930	—	29,930
Total current assets	41,949	2,411,237	(3,950)	2,449,236	39,427	2,316,699	—	2,356,126
Noncurrent Assets:								
Restricted cash and marketable investment securities	—	19,104	—	19,104	—	16,137	—	16,137
Property and equipment, net	155,175	2,849,359	—	3,004,534	151,023	2,395,354	—	2,546,377
Regulatory authorizations, net	—	584,641	—	584,641	—	583,900	—	583,900
Goodwill	260,000	244,173	—	504,173	260,000	244,173	—	504,173
Other intangible assets, net	69,232	170,647	—	239,879	75,280	186,759	—	262,039
Economic interest in Hughes Retail Group	—	97,673	(97,673)	—	—	488,852	(488,852)	—
Other investments	—	165,523	—	165,523	—	169,771	—	169,771
Other receivable - DISH Network	—	90,083	—	90,083	—	89,811	—	89,811
Other noncurrent assets, net	45,183	136,236	—	181,419	40,272	133,357	—	173,629
Total noncurrent assets	529,590	4,357,439	(97,673)	4,789,356	526,575	4,308,114	(488,852)	4,345,837
Total assets	\$ 571,539	\$ 6,768,676	\$ (101,623)	\$ 7,238,592	\$ 566,002	\$ 6,624,813	\$ (488,852)	\$ 6,701,963
Liabilities and Stockholders' Equity								
Current Liabilities:								
Trade accounts payable	\$ 14,095	\$ 193,244	\$ —	\$ 207,339	\$ —	\$ 201,416	\$ —	\$ 201,416
Trade accounts payable - DISH Network	—	83,920	—	83,920	—	55,743	—	55,743
Current portion of long-term debt and capital lease obligations	—	61,404	—	61,404	—	69,791	—	69,791
Deferred revenue and prepayment	22,421	35,831	—	58,252	20,999	36,593	—	57,592
Accrued compensation	—	34,070	—	34,070	—	30,940	—	30,940
Accrued royalties	—	22,731	—	22,731	—	24,010	—	24,010
Accrued interest	—	44,440	—	44,440	—	7,838	—	7,838
Inter - group advances	—	2,326	(2,326)	—	—	—	—	—
Accrued expenses and other	4,780	117,546	—	122,326	6,108	105,007	—	111,115
Total current liabilities	41,296	595,512	(2,326)	634,482	27,107	531,338	—	558,445
Noncurrent Liabilities:								
Long-term debt and capital lease obligations, net of current portion	—	2,345,199	—	2,345,199	—	2,352,597	—	2,352,597
Deferred tax liabilities	33,754	597,816	—	631,570	40,225	447,981	—	488,206
Other noncurrent liabilities	8,125	105,077	—	113,202	9,818	66,666	—	76,484
Total noncurrent liabilities	41,879	3,048,092	—	3,089,971	50,043	2,867,244	—	2,917,287

Total liabilities	83,175	3,643,604	(2,326)	3,724,453	77,150	3,398,582	—	3,475,732
Commitments and Contingencies								
Stockholders' Equity								
Equity/Attributed net assets (liabilities)	488,364	3,028,830	(99,297)	3,417,897	488,852	3,217,370	(488,852)	3,217,370
Noncontrolling interest in HSS Tracking								
Stock	—	86,847	—	86,847	—	—	—	—
Other noncontrolling interests	—	9,395	—	9,395	—	8,861	—	8,861
Equity/Attributed net assets (liabilities)	488,364	3,125,072	(99,297)	3,514,139	488,852	3,226,231	(488,852)	3,226,231
Total liabilities and equity/attributed net assets (liabilities)	\$ 571,539	\$ 6,768,676	\$ (101,623)	\$ 7,238,592	\$ 566,002	\$ 6,624,813	\$ (488,852)	\$ 6,701,963

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CONDENSED ATTRIBUTED STATEMENT OF OPERATIONS

(In thousands)

(Unaudited)

Attributed
For the Three Months Ended
March 31, 2014

	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated
Revenue:				
Services and Equipment revenue - other	\$ 136,731	\$ 226,280	\$ (27,234)	\$ 335,777
Services and Equipment revenue - DISH Network	—	490,246	—	490,246
Total revenue	136,731	716,526	(27,234)	826,023
Costs and Expenses:				
Cost of sales - (exclusive of depreciation and amortization)	68,224	488,149	(25,610)	530,763
Selling, general and administrative expenses	35,550	52,082	—	87,632
Research and development expenses	878	13,704	—	14,582
Depreciation and amortization	31,956	101,270	—	133,226
Total costs and expenses	136,608	655,205	(25,610)	766,203
Operating income (loss)	123	61,321	(1,624)	59,820
Other Income (Expense):				
Interest income	1	2,598	(1)	2,598
Interest expense, net of amounts capitalized	—	(46,045)	1	(46,044)
Realized gains on marketable investment securities and other investments, net	—	28	—	28
Equity in losses of unconsolidated affiliates, net	—	(1,851)	—	(1,851)
Economic interest in earnings (loss) of Hughes Retail Group	—	998	(998)	—
Other, net	—	636	—	636
Total other income (expense), net	1	(43,636)	(998)	(44,633)
Income (loss) before income taxes	124	17,685	(2,622)	15,187
Income tax provision, net	(48)	(3,109)	—	(3,157)
Net income (loss)	76	14,576	(2,622)	12,030
Less: Net loss attributable to noncontrolling interests in HSS Tracking				
Stock	—	(324)	—	(324)
Less: Net income attributable to other noncontrolling interests	—	299	—	299
Net income (loss) attributable to EchoStar	\$ 76	\$ 14,601	\$ (2,622)	\$ 12,055

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CONDENSED ATTRIBUTED STATEMENT OF OPERATIONS

(In thousands)

(Unaudited)

Attributed
For the Three Months Ended
March 31, 2013

	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated
Revenue:				
Services and Equipment revenue - other	\$ 123,774	\$ 222,880	\$ —	\$ 346,654
Services and Equipment revenue - DISH Network	—	448,800	—	448,800
Total revenue	123,774	671,680	—	795,454
Costs and Expenses:				
Cost of sales - (exclusive of depreciation and amortization)	63,616	469,533	—	533,149
Selling, general and administrative expenses	32,814	61,362	—	94,176
Research and development expenses	1,990	15,504	—	17,494
Depreciation and amortization	30,026	96,673	—	126,699
Total costs and expenses	128,446	643,072	—	771,518
Operating income (loss)	(4,672)	28,608	—	23,936
Other Income (Expense):				
Interest income	—	1,977	—	1,977

Interest expense, net of amounts capitalized	—	(49,100)	—	(49,100)
Realized gains on marketable investment securities and other investments, net	—	19,463	—	19,463
Equity in losses of unconsolidated affiliates, net	—	(3,905)	—	(3,905)
Economic interest in earnings (loss) of Hughes Retail Group	—	(2,823)	2,823	—
Other, net	—	5,481	—	5,481
Total other expense, net	—	(28,907)	2,823	(26,084)
Income (loss) before income taxes	(4,672)	(299)	2,823	(2,148)
Income tax benefit, net	1,849	3,797	—	5,646
Net income (loss)	(2,823)	3,498	2,823	3,498
Less: Net income attributable to other noncontrolling interests	—	40	—	40
Net income (loss) attributable to EchoStar	<u>\$ (2,823)</u>	<u>\$ 3,458</u>	<u>\$ 2,823</u>	<u>\$ 3,458</u>

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CONDENSED ATTRIBUTED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Attributed For the Three Months Ended March 31, 2014				Attributed For the Three Months Ended March 31, 2013			
	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated	Hughes Retail Group	EchoStar Group	Inter-Group Eliminations	EchoStar Consolidated
Cash Flows from Operating Activities:								
Net income (loss)	\$ 76	\$ 14,576	\$ (2,622)	\$ 12,030	\$ (2,823)	\$ 3,498	\$ 2,823	\$ 3,498
Adjustments to reconcile net income (loss) to net cash flows from operating activities:								
Depreciation and amortization	31,956	101,270	—	133,226	30,026	96,673	—	126,699
Equity in losses of unconsolidated affiliates, net	—	1,851	—	1,851	—	3,905	—	3,905
Economic interest in loss (earnings) of Hughes Retail Group	—	(998)	998	—	—	2,823	(2,823)	—
Realized gains on marketable investment securities and other investments, net	—	(28)	—	(28)	—	(19,463)	—	(19,463)
Stock-based compensation	—	3,557	—	3,557	—	4,984	—	4,984
Deferred tax benefit (provision)	—	22	—	22	—	(9,189)	—	(9,189)
Changes in current assets and current liabilities, net	6,100	40,100	1,624	47,824	2,621	(66,621)	—	(64,000)
Changes in noncurrent assets and noncurrent liabilities, net	(5,182)	(1,952)	—	(7,134)	(10,633)	14,632	—	3,999
Other, net	—	10,124	—	10,124	—	(249)	—	(249)
Net cash flows from operating activities	<u>32,950</u>	<u>168,522</u>	<u>—</u>	<u>201,472</u>	<u>19,191</u>	<u>30,993</u>	<u>—</u>	<u>50,184</u>
Cash Flows from Investing Activities:								
Purchases of marketable investment securities	—	(299,563)	—	(299,563)	—	(181,709)	—	(181,709)
Sales and maturities of marketable investment securities	—	285,985	—	285,985	—	213,577	—	213,577
Purchases of property and equipment	(30,060)	(83,565)	—	(113,625)	(28,204)	(44,416)	—	(72,620)
Change in restricted cash and cash equivalents	—	(2,967)	—	(2,967)	—	7,577	—	7,577
Purchase of strategic investments	—	(16)	—	(16)	—	(7,156)	—	(7,156)
Inter-group advances	(2,326)	—	2,326	—	—	—	—	—
Other, net	—	(2,818)	—	(2,818)	—	(2,889)	—	(2,889)
Net cash flows from investing activities	<u>(32,386)</u>	<u>(102,944)</u>	<u>2,326</u>	<u>(133,004)</u>	<u>(28,204)</u>	<u>(15,016)</u>	<u>—</u>	<u>(43,220)</u>
Cash Flows from Financing Activities:								
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	—	5,588	—	5,588	—	19,934	—	19,934
Repayment of long-term debt and capital lease obligations	—	(18,528)	—	(18,528)	—	(21,450)	—	(21,450)
Net proceeds from issuance of Tracking Stock	—	10,720	—	10,720	—	—	—	—
Inter-group advances	—	2,326	(2,326)	—	—	—	—	—
Inter-group equity contributions (distributions), net	(564)	564	—	—	9,013	(9,013)	—	—
Other	—	514	—	514	—	292	—	292
Net cash flows from financing activities	<u>(564)</u>	<u>1,184</u>	<u>(2,326)</u>	<u>(1,706)</u>	<u>9,013</u>	<u>(10,237)</u>	<u>—</u>	<u>(1,224)</u>
Effect of exchange rates on cash and cash equivalents	—	1,126	—	1,126	—	56	—	56

Net increase in cash and cash equivalents	—	67,888	—	67,888	—	5,796	—	5,796
Cash and cash equivalents, beginning of period	—	634,119	—	634,119	—	731,614	—	731,614
Cash and cash equivalents, end of period	<u>\$ —</u>	<u>\$ 702,007</u>	<u>\$ —</u>	<u>\$ 702,007</u>	<u>\$ —</u>	<u>\$ 737,410</u>	<u>\$ —</u>	<u>\$ 737,410</u>

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NOTES TO CONDENSED ATTRIBUTED FINANCIAL INFORMATION
(Unaudited)

Note 1. Business Description

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

Note 2. Basis of Presentation

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

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

Policy Statement

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

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

The various attributions, allocations and inter-group charges provided for in the Policy Statement generally do not affect the amounts reported in EchoStar’s Condensed Consolidated Financial Statements, except for effects on the attribution of equity and net income or loss between the holders of Tracking Stock and EchoStar’s common stockholders.

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NOTES TO CONDENSED ATTRIBUTED FINANCIAL INFORMATION — Continued
(Unaudited)

The Policy Statement also does not significantly affect the way that the Hughes segment management assesses operating performance and allocates resources. In addition, our chief operating decision maker reviews the HRG financial information only to the extent such information is included in our periodic filings with the SEC. Therefore we do not consider HRG to be a separate operating segment.

Balance Sheet Attributions

Assets attributed to the Hughes Retail Group based on specific identification consist primarily of trade accounts receivable from retail broadband subscribers, property and equipment (primarily customer rental equipment) used solely in the retail business, and deferred subscriber acquisition costs included in other

noncurrent assets. Goodwill and other intangible assets (primarily customer relationships, developed technology and trademarks), which were recognized in connection with our acquisition of Hughes Communications, Inc. in June 2011, were attributed to the Hughes Retail Group based on an analysis of information for the retail business that was available at the acquisition date.

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

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

Revenue and Expense Attributions

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

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

Cash Flow Attributions

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

Cash receipts from retail broadband subscribers and payments of certain expenses attributed to the Hughes Retail Group on a specific identification basis generally are reflected in the attributed statements of cash flows in the period the cash is received or paid. It is not practicable to determine the timing of related cash disbursements under the centralized cash management system for other costs and expenses attributed to the Hughes Retail Group. The accompanying statements of cash flows generally presents cash flows related to such transactions when they are

NOTES TO CONDENSED ATTRIBUTED FINANCIAL INFORMATION — Continued (Unaudited)

recognized on an accrual basis in an inter-group receivable or payable account. Periodic changes in inter-group receivables or payables generally are indicative of amounts received or paid by the EchoStar Group on behalf of the Hughes Retail Group and are reported in the accompanying attributed statements of cash flows as investing activity for the Group with a net receivable balance or as financing activity for the Group with a net payable balance.

Attributions for Periods Prior to Adoption of the Policy Statement

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

Note 3. Property and Equipment

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

	Depreciable Life (In Years)	As of	
		March 31, 2014	December 31, 2013
(In thousands)			
Customer rental equipment	2-4	\$ 391,736	\$ 361,248
Accumulated depreciation		(236,561)	(210,225)

Depreciation expense associated with the Hughes Retail Group property and equipment consisted of the following:

	For the Three Months Ended March 31,	
	2014	2013
Customer rental equipment	\$ 25,908	\$ 22,479
Total depreciation expense	\$ 25,908	\$ 22,479

Note 4. Goodwill and Other Intangible Assets

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

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NOTES TO CONDENSED ATTRIBUTED FINANCIAL INFORMATION — Continued (Unaudited)

Intangible assets for the Hughes Retail Group consisted of the following:

	As of					
	March 31, 2014			December 31, 2013		
	Cost	Accumulated Amortization	Carrying Amount	Cost	Accumulated Amortization	Carrying Amount
	(In thousands)					
Customer relationships	\$ 145,100	\$ (99,961)	\$ 45,139	\$ 145,100	\$ (95,063)	\$ 50,037
Technology-based	23,500	(11,097)	12,403	23,500	(10,118)	13,382
Trademark portfolio	13,620	(1,930)	11,690	13,620	(1,759)	11,861
Total other intangible assets	\$ 182,220	\$ (112,988)	\$ 69,232	\$ 182,220	\$ (106,940)	\$ 75,280

Note 5. Income Taxes

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

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

Note 6. Equity/Attributed Net Assets

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

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

	As of	
	March 31, 2014	December 31, 2013
	(in thousands)	
Attributed paid-in capital	\$ 456,122	\$ 456,686
Attributed accumulated earnings (deficit):		
Periods prior to March 1, 2014	33,395	32,166
Periods beginning March 1, 2014	(1,153)	—
Total	32,242	32,166
Total equity/attribution net assets	\$ 488,364	\$ 488,852

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