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

Form 10-Q

(Mark One)

T 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: 0-26176

DISH Network Corporation

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

88-0336997

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

**9601 South Meridian Boulevard
Englewood, Colorado**

(Address of principal executive offices)

80112

(Zip code)

(303) 723-1000

(Registrant's telephone number, including area code)

Not Applicable

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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 May 1, 2014, the registrant's outstanding common stock consisted of 220,575,229 shares of Class A common stock and 238,435,208 shares of Class B common stock.

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PART I — FINANCIAL INFORMATION

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 plans, objectives and strategies, growth opportunities in our industries and businesses, our expectations regarding future results, financial condition, liquidity and capital requirements, our estimates regarding the impact of regulatory developments and legal proceedings, and other trends and projections. Forward-looking statements are not historical facts and may be identified by words such as “future,” “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “estimate,” “expect,” “predict,” “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 known and unknown risks, uncertainties and other factors, which may be beyond our control. 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, the following:

Competition and Economic Risks Affecting our Business

- We face intense and increasing competition from satellite television providers, cable companies and telecommunications companies, especially as the pay-TV industry has matured, which may require us to increase subscriber acquisition and retention spending or accept lower subscriber activations and higher subscriber churn.
- Competition from digital media companies that provide or facilitate the delivery of video content via the Internet may reduce our gross new subscriber activations and may cause our subscribers to purchase fewer services from us or to cancel our services altogether, resulting in less revenue to us.
- Sustained economic weakness, including continued high unemployment and reduced consumer spending, may adversely affect our ability to grow or maintain our business.
- Our competitors may be able to leverage their relationships with programmers to reduce their programming costs and offer exclusive content that will place them at a competitive advantage to us.
- We face increasing competition from other distributors of unique programming services such as foreign language and sports programming that may limit our ability to maintain subscribers that desire these unique programming services.

Operational and Service Delivery Risks Affecting our Business

- If we do not continue improving our operational performance and customer satisfaction, our gross new subscriber activations may decrease and our subscriber churn may increase.
- If our gross new subscriber activations decrease, or if our subscriber churn, subscriber acquisition costs or retention costs increase, our financial performance will be adversely affected.
- Programming expenses are increasing and could adversely affect our future financial condition and results of operations.
- We depend on others to provide the programming that we offer to our subscribers and, if we lose access to this programming, our gross new subscriber activations may decline and our subscriber churn may increase.
- We may not be able to obtain necessary retransmission consent agreements at acceptable rates, or at all, from local network stations.
- We may be required to make substantial additional investments to maintain competitive programming offerings.
- Any failure or inadequacy of our information technology infrastructure could disrupt or harm our business.
- We currently depend on EchoStar Corporation and its subsidiaries, or EchoStar, to design, develop and manufacture all of our new set-top boxes and certain related components, to provide a majority of our transponder capacity, and to provide digital broadcast operations and other services to us. Our business

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would be adversely affected if EchoStar ceases to provide these products and services to us and we are unable to obtain suitable replacement products and services from third parties.

- We operate in an extremely competitive environment and our success may depend in part on our timely introduction and implementation of, and effective investment in, new competitive products and services, the failure of which could negatively impact our business.
- Technology in our industry changes rapidly and our inability to offer new subscribers and upgrade existing subscribers with more advanced equipment could cause our products and services to become obsolete.
- We rely on a single vendor or a limited number of vendors to provide certain key products or services to us such as information technology support, billing systems, and security access devices, and the inability of these key vendors to meet our needs could have a material adverse effect on our business.
- Our sole supplier of new set-top boxes, EchoStar, relies on a few suppliers and in some cases a single supplier, for many components of our new set-top boxes, and any reduction or interruption in supplies or significant increase in the price of supplies could have a negative impact on our business.
- Our programming signals are subject to theft, and we are vulnerable to other forms of fraud that could require us to make significant expenditures to remedy.
- We depend on third parties to solicit orders for our services that represent a significant percentage of our total gross new subscriber activations.
- We have limited satellite capacity and failures or reduced capacity could adversely affect our business.
- Our satellites are subject to construction, launch, operational and environmental risks that could limit our ability to utilize these satellites.
- We generally do not carry commercial insurance for any of the in-orbit satellites that we use, other than certain satellites leased from third parties, and could face significant impairment charges if one of our satellites fails.
- We may have potential conflicts of interest with EchoStar due to our common ownership and management.
- We rely on key personnel and the loss of their services may negatively affect our businesses.

Acquisition and Capital Structure Risks Affecting our Business

- We made a substantial investment to acquire certain AWS-4 wireless spectrum licenses and other assets from DBSD North America Inc. (“DBSD North America”) and TerreStar Networks, Inc. (“TerreStar”), to acquire certain 700 MHz wireless spectrum licenses and to acquire certain H Block wireless spectrum licenses. We will need to make significant additional investments or partner with others to commercialize these licenses and assets.
- To the extent we commercialize our wireless spectrum licenses, we will face certain risks entering and competing in the wireless services industry and operating a wireless services business.
- We may pursue acquisitions and other strategic transactions to complement or expand our businesses that may not be successful and we may lose up to the entire value of our investment in these acquisitions and transactions.
- We may need additional capital, which may not be available on acceptable terms or at all, to continue investing in our businesses and to finance acquisitions and other strategic transactions.

- A portion of our investment portfolio is invested in securities that have experienced limited or no liquidity and may not be immediately accessible to support our financing needs, including investments in public companies that are highly speculative and have experienced and continue to experience volatility.
- We have substantial debt outstanding and may incur additional debt.
- It may be difficult for a third-party to acquire us, even if doing so may be beneficial to our shareholders, because of our ownership structure.
- We are controlled by one principal stockholder who is also our Chairman.

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Legal and Regulatory Risks Affecting our Business

- Our business depends on certain intellectual property rights and on not infringing the intellectual property rights of others.
- We are party to various lawsuits which, if adversely decided, could have a significant adverse impact on our business, particularly lawsuits regarding intellectual property.
- Our ability to distribute video content via the Internet involves regulatory risk.
- Changes in the Cable Act of 1992 (“Cable Act”), and/or the rules of the Federal Communications Commission (“FCC”) that implement the Cable Act, may limit our ability to access programming from cable-affiliated programmers at non-discriminatory rates.
- The injunction against our retransmission of distant networks, which is currently waived, may be reinstated.
- We are subject to significant regulatory oversight, and changes in applicable regulatory requirements, including any adoption or modification of laws or regulations relating to the Internet, could adversely affect our business.
- Our business depends on FCC licenses that can expire or be revoked or modified and applications for FCC licenses that may not be granted.
- We are subject to digital high-definition (“HD”) “carry-one, carry-all” requirements that cause capacity constraints.
- There can be no assurance that there will not be deficiencies leading to material weaknesses in our internal control over financial reporting.
- We may face other risks described from time to time in periodic and current reports we file with the Securities and Exchange Commission, or SEC.

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 (the “10-K”) filed with the 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 or referred to herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks and uncertainties described or referred to herein and should not place undue reliance on any forward-looking statements. The forward-looking statements speak only as of the date made, and we expressly disclaim any obligation to update these forward-looking statements.

Unless otherwise required by the context, in this report, the words “DISH Network,” the “Company,” “we,” “our” and “us” refer to DISH Network Corporation and its subsidiaries, “EchoStar” refers to EchoStar Corporation and its subsidiaries, and “DISH DBS” refers to DISH DBS Corporation and its subsidiaries, a wholly-owned, indirect subsidiary of DISH Network.

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Item 1. FINANCIAL STATEMENTS

DISH NETWORK CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share amounts)
(Unaudited)

	As of	
	March 31, 2014	December 31, 2013
Assets		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 4,168,687	\$ 4,700,022
Marketable investment securities	4,792,792	5,039,382
Trade accounts receivable - other, net of allowance for doubtful accounts of \$12,025 and \$15,981, respectively	856,426	902,416
Trade accounts receivable - EchoStar, net of allowance for doubtful accounts of zero	83,387	55,102
Inventory	522,890	512,707
Deferred tax assets	135,952	129,864

Prepaid income taxes	42,546	118,021
Current assets - discontinued operations (Note 2)	—	68,239
Derivative financial instruments	287,202	292,507
H Block FCC license deposit (Note 10)	1,564,000	328,134
Other current assets	134,897	167,052
Total current assets	12,588,779	12,313,446
Noncurrent Assets:		
Restricted cash and marketable investment securities	94,096	94,861
Property and equipment, net (Note 8)	3,703,846	4,097,711
FCC authorizations	3,296,665	3,296,665
Marketable and other investment securities (Note 6)	471,103	151,273
Noncurrent assets - discontinued operations (Note 2)	—	9,965
Other noncurrent assets, net	396,297	411,707
Total noncurrent assets	7,962,007	8,062,182
Total assets	\$ 20,550,786	\$ 20,375,628

Liabilities and Stockholders' Equity (Deficit)

Current Liabilities:

Trade accounts payable - other	\$ 164,346	\$ 281,932
Trade accounts payable - EchoStar	379,467	355,023
Deferred revenue and other	876,026	843,386
Accrued programming	1,369,847	1,242,129
Accrued interest	210,565	232,734
Other accrued expenses	606,117	512,081
Current liabilities - discontinued operations (Note 2)	—	49,471
Current portion of long-term debt and capital lease obligations	1,030,253	1,034,893
Total current liabilities	4,636,621	4,551,649

Long-Term Obligations, Net of Current Portion:

Long-term debt and capital lease obligations, net of current portion	12,570,232	12,615,991
Deferred tax liabilities	1,951,987	1,945,690
Long-term liabilities - discontinued operations (Note 2)	—	19,804
Long-term deferred revenue, distribution and carriage payments and other long-term liabilities	247,263	245,489
Total long-term obligations, net of current portion	14,769,482	14,826,974
Total liabilities	19,406,103	19,378,623

Commitments and Contingencies (Note 10)

Stockholders' Equity (Deficit):

Class A common stock, \$.01 par value, 1,600,000,000 shares authorized, 276,222,287 and 275,950,537 shares issued, 220,104,027 and 219,832,277 shares outstanding, respectively	2,762	2,760
Class B common stock, \$.01 par value, 800,000,000 shares authorized, 238,435,208 shares issued and outstanding	2,384	2,384
Additional paid-in capital	2,554,526	2,588,224
Accumulated other comprehensive income (loss)	184,397	173,872
Accumulated earnings (deficit)	(44,770)	(220,701)
Treasury stock, at cost	(1,569,459)	(1,569,459)
Total DISH Network stockholders' equity (deficit)	1,129,840	977,080
Noncontrolling interest	14,843	19,925
Total stockholders' equity (deficit)	1,144,683	997,005
Total liabilities and stockholders' equity (deficit)	\$ 20,550,786	\$ 20,375,628

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

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DISH NETWORK CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands, except per share amounts)
(Unaudited)

	For the Three Months Ended March 31,	
	2014	2013
Revenue:		
Subscriber-related revenue	\$ 3,556,187	\$ 3,348,167
Equipment sales and other revenue	22,239	25,223
Equipment sales, services and other revenue - EchoStar	15,772	2,140
Total revenue	3,594,198	3,375,530
Costs and Expenses (exclusive of depreciation shown separately below - Note 8):		
Subscriber-related expenses	2,069,132	1,911,593

Satellite and transmission expenses:		
EchoStar	138,891	112,933
Other	10,605	10,248
Cost of sales - equipment, services and other	27,793	21,800
Subscriber acquisition costs:		
Cost of sales - subscriber promotion subsidies	62,875	77,487
Other subscriber acquisition costs	252,464	267,482
Subscriber acquisition advertising	133,807	118,931
Total subscriber acquisition costs	449,146	463,900
General and administrative expenses - EchoStar	24,800	18,422
General and administrative expenses	178,313	154,847
Depreciation and amortization (Note 8)	249,220	230,170
Total costs and expenses	3,147,900	2,923,913
Operating income (loss)	446,298	451,617
Other Income (Expense):		
Interest income	14,164	37,152
Interest expense, net of amounts capitalized	(175,994)	(161,516)
Other, net	(5,189)	11,400
Total other income (expense)	(167,019)	(112,964)
Income (loss) before income taxes	279,279	338,653
Income tax (provision) benefit, net	(108,462)	(126,419)
Income (loss) from continuing operations	170,817	212,234
Income (loss) from discontinued operations, net of tax	—	(1,558)
Net income (loss)	170,817	210,676
Less: Net income (loss) attributable to noncontrolling interest	(5,114)	(4,922)
Net income (loss) attributable to DISH Network	\$ 175,931	\$ 215,598
Weighted-average common shares outstanding - Class A and B common stock:		
Basic	458,422	453,242
Diluted	461,361	456,192
Earnings per share - Class A and B common stock:		
Basic net income (loss) per share from continuing operations attributable to DISH Network	\$ 0.38	\$ 0.48
Basic net income (loss) per share from discontinued operations	—	—
Basic net income (loss) per share attributable to DISH Network	\$ 0.38	\$ 0.48
Diluted net income (loss) per share from continuing operations attributable to DISH Network	\$ 0.38	\$ 0.48
Diluted net income (loss) per share from discontinued operations	—	(0.01)
Diluted net income (loss) per share attributable to DISH Network	\$ 0.38	\$ 0.47
Comprehensive Income (Loss):		
Net income (loss)	\$ 170,817	\$ 210,676
Other comprehensive income (loss):		
Foreign currency translation adjustments	3,878	2,737
Unrealized holding gains (losses) on available-for-sale securities	9,983	17,783
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	493	1,362
Deferred income tax (expense) benefit, net	(3,829)	(6,996)
Total other comprehensive income (loss), net of tax	10,525	14,886
Comprehensive income (loss)	181,342	225,562
Less: Comprehensive income (loss) attributable to noncontrolling interest	(5,114)	(4,922)
Comprehensive income (loss) attributable to DISH Network	\$ 186,456	\$ 230,484

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

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DISH NETWORK 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 (loss)	\$ 170,817	\$ 210,676
Less: Income (loss) from discontinued operations, net of tax	—	(1,558)
Income (loss) from continuing operations	\$ 170,817	\$ 212,234
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	249,220	230,170

Realized and unrealized losses (gains) on investments	1,521	(11,262)
Non-cash, stock-based compensation	9,863	10,758
Deferred tax expense (benefit)	25,088	46,568
Other, net	39,709	60,783
Changes in current assets and current liabilities	174,487	159,130
Net cash flows from operating activities from continuing operations	670,705	708,381
Net cash flows from operating activities from discontinued operations, net	(30,007)	(21,919)
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(1,290,940)	(1,316,229)
Sales and maturities of marketable investment securities	1,575,374	817,230
Purchases of derivative financial instruments (Note 2)	—	(550,000)
Purchases of property and equipment	(287,645)	(310,933)
Change in restricted cash and marketable investment securities	765	42,956
H Block FCC license deposit (Note 10)	(1,235,866)	—
Other, net	36,067	(41,688)
Net cash flows from investing activities from continuing operations	(1,202,245)	(1,358,664)
Net cash flows from investing activities from discontinued operations, net, including \$0 and \$594 of purchases of property and equipment, respectively	20,847	(6,072)
Cash Flows From Financing Activities:		
Repayment of long-term debt and capital lease obligations	(7,724)	(8,479)
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	6,014	10,887
Other	1,915	388
Net cash flows from financing activities from continuing operations	205	2,796
Net cash flows from financing activities from discontinued operations, net	—	(48)
Effect of exchange rates on cash and cash equivalents from discontinued operations	—	228
Net increase (decrease) in cash and cash equivalents from continuing operations	(531,335)	(647,487)
Cash and cash equivalents, beginning of period from continuing operations	4,700,022	3,573,742
Cash and cash equivalents, end of period from continuing operations	<u>\$ 4,168,687</u>	<u>\$ 2,926,255</u>
Net increase (decrease) in cash and cash equivalents from discontinued operations	(9,160)	(27,811)
Cash and cash equivalents, beginning of period from discontinued operations	9,160	32,398
Cash and cash equivalents, end of period from discontinued operations	<u>\$ —</u>	<u>\$ 4,587</u>

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

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DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Business Activities

Principal Business

DISH Network Corporation is a holding company. Its subsidiaries (which together with DISH Network Corporation are referred to as “DISH Network,” the “Company,” “we,” “us” and/or “our,” unless otherwise required by the context) operate two primary business segments.

- **DISH.** The DISH® branded pay-TV service (“DISH”) had 14.097 million subscribers in the United States as of March 31, 2014. The DISH branded pay-TV service consists of, among other things, Federal Communications Commission (“FCC”) licenses authorizing us to use direct broadcast satellite (“DBS”) and Fixed Satellite Service (“FSS”) spectrum, our owned and leased satellites, receiver systems, third-party broadcast operations, customer service facilities, a leased fiber network, in-home service and call center operations, and certain other assets utilized in our operations. In addition, we market broadband services under the dishNET™ brand. This service utilizes advanced technology and high-powered satellites launched by Hughes Communications, Inc. (“Hughes”) and ViaSat, Inc. (“ViaSat”) to provide broadband coverage nationwide. This service primarily targets approximately 15 million rural residents that are underserved, or unserved, by wireline broadband. In addition to the dishNET branded satellite broadband service, we also offer wireline voice and broadband services under the dishNET brand as a competitive local exchange carrier to consumers living in a 14-state region in the western United States. We primarily bundle our dishNET branded services with our DISH branded pay-TV service.
- **Wireless.** In 2008, we paid \$712 million to acquire certain 700 MHz wireless spectrum licenses, which were granted to us by the FCC in February 2009 subject to certain interim and final build-out requirements. On March 9, 2012, we completed the acquisitions of 100% of the equity of reorganized DBSD North America, Inc. (“DBSD North America”) and substantially all of the assets of TerreStar Networks, Inc. (“TerreStar”), pursuant to which we acquired, among other things, 40 MHz of AWS-4 wireless spectrum licenses held by DBSD North America (the “DBSD Transaction”) and TerreStar (the “TerreStar Transaction”). The total consideration to acquire the DBSD North America and TerreStar assets was approximately \$2.860 billion. In addition, we were the winning bidder for all 176 wireless spectrum licenses in the recent H Block auction with an aggregate bid of \$1.564 billion. On April 29, 2014, the FCC issued an order granting our application to acquire these H Block spectrum licenses. As we review our options for the commercialization of our wireless spectrum, we may incur significant additional expenses and may have to make significant investments related to,

among other things, research and development, wireless testing and wireless network infrastructure, as well as the acquisition of additional wireless spectrum. See Note 10 for further discussion.

Recent Developments

Satellite and Tracking Stock Transaction with EchoStar. To improve our position in the growing consumer satellite broadband market, among other reasons, on February 20, 2014, we entered into agreements with EchoStar Corporation (“EchoStar”) to implement a transaction pursuant to which, among other things: (i) on March 1, 2014, we transferred to EchoStar and Hughes Satellite Systems Corporation (“HSSC”), a wholly-owned subsidiary of EchoStar, five satellites (EchoStar I, EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV (collectively the “Transferred Satellites”), including related in-orbit incentive obligations and cash interest payments of approximately \$59 million), and approximately \$11 million in cash in exchange for an aggregate of 6,290,499 shares of a series of preferred tracking stock issued by EchoStar and an aggregate of 81.128 shares of a series of preferred tracking stock issued by HSSC (collectively, the “Tracking Stock”); and (ii) beginning on March 1, 2014, we lease back certain satellite capacity on the Transferred Satellites (collectively, the “Satellite and Tracking Stock Transaction”). The Tracking Stock generally tracks the residential retail satellite broadband business of Hughes Network Systems, LLC (“HNS”), a wholly-owned subsidiary of HSSC, including without limitation the operations, assets and liabilities attributed to the Hughes residential retail satellite broadband business (collectively, the “Hughes

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DISH NETWORK CORPORATION **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued** (Unaudited)

Retail Group”). The shares of the Tracking Stock issued to us represent an aggregate 80% economic interest in the Hughes Retail Group. Although our investment in the Tracking Stock represents an aggregate 80% economic interest in the Hughes Retail Group, we have no operational control or significant influence over the Hughes Retail Group business, and currently there is no public market for the Tracking Stock.

2. 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 United States (“GAAP”) and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these statements do not include all of the information and notes required for complete financial statements prepared under 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. Certain prior period amounts have been reclassified to conform to the current period presentation.

Principles of Consolidation

We consolidate all majority owned subsidiaries, investments in entities in which we have controlling influence and variable interest entities where we have been determined to be the primary beneficiary. Minority interests are recorded as noncontrolling interest. Non-majority owned investments are accounted for using the equity method when we have the ability to significantly influence the operating decisions of the investee. When we do not have the ability to significantly influence the operating decisions of an investee, the cost method is used. All significant intercompany accounts and transactions have been eliminated in consolidation.

Discontinued Operations

As of December 31, 2013, Blockbuster had ceased material operations. Accordingly, our Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) and Condensed Consolidated Statements of Cash Flows have been recast to present the operations of Blockbuster as discontinued for all periods presented and the amounts presented in the Notes to our Condensed Consolidated Financial Statements relate only to our continuing operations, unless otherwise noted. On January 14, 2014, we completed the sale of our Blockbuster operations in Mexico.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense for each reporting period. Estimates are used in accounting for, among other things, allowances for doubtful accounts, self-insurance obligations, deferred taxes and related valuation allowances, uncertain tax positions, loss contingencies, fair value of financial instruments, fair value of options granted under our stock-based compensation plans, fair value of assets and liabilities acquired in business combinations, fair value of multi-element arrangements, capital leases, asset impairments, estimates of future cash flows used to evaluate impairments, useful lives of property, equipment and intangible assets, retailer incentives, programming expenses, subscriber lives and royalty obligations. Weak economic conditions have increased the inherent uncertainty in the estimates and assumptions indicated above. Actual results may differ from previously estimated amounts, and such differences may be material to our Condensed Consolidated Financial Statements.

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DISH NETWORK CORPORATION **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**

Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected prospectively in the period they occur.

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 apply the following hierarchy in determining fair value:

- Level 1, defined as observable inputs being quoted prices in active markets for identical assets, including U.S. treasury notes;
- 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; model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and derivative financial instruments indexed to marketable investment securities; 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.

As of March 31, 2014 and December 31, 2013, the carrying value for cash and cash equivalents, trade accounts receivable (net of allowance for doubtful accounts) and current liabilities (excluding the “Current portion of long-term debt and capital lease obligations”) is equal to or approximates fair value due to their short-term nature or proximity to current market rates. See Note 6 for the fair value of our marketable investment securities and see below for the fair value of our derivative financial instruments.

Fair values for our publicly traded debt securities are based on quoted market prices, when available. The fair values of private debt are estimated based on an analysis in which we evaluate market conditions, related securities, various public and private offerings, and other publicly available information. In performing this analysis, we make various assumptions regarding, among other things, credit spreads, and the impact of these factors on the value of the debt securities. See Note 9 for the fair value of our long-term debt.

Derivative Financial Instruments

We may purchase and hold derivative financial instruments for, among other reasons, strategic or speculative purposes. We record all derivative financial instruments on our Condensed Consolidated Balance Sheets at fair value as either assets or liabilities. Changes in the fair values of derivative financial instruments are recognized in our results of operations and included in “Other, net” within “Other Income (Expense)” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). We currently have not designated any derivative financial instrument for hedge accounting.

As of March 31, 2014 and December 31, 2013, we held derivative financial instruments indexed to the trading price of common equity securities with a fair value of \$287 million and \$293 million, respectively. The fair value of the derivative financial instruments is dependent on the trading price of the indexed common equity which may be volatile and vary depending on, among other things, the issuer’s financial and operational performance and market conditions.

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DISH NETWORK CORPORATION **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued** (Unaudited)

3. Basic and Diluted Net Income (Loss) Per Share

We present both basic earnings per share (“EPS”) and diluted EPS. Basic EPS excludes potential dilution and is computed by dividing “Net income (loss) attributable to DISH Network” by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if stock awards were exercised. The potential dilution from stock awards was computed using the treasury stock method based on the average market value of our Class A common stock. The following table presents EPS amounts for all periods and the basic and diluted weighted-average shares outstanding used in the calculation.

	For the Three Months Ended March 31,	
	2014	2013
	(In thousands, except per share amounts)	
Income (loss) from continuing operations	\$ 170,817	\$ 212,234
Less: Net income (loss) attributable to noncontrolling interest	(5,114)	(4,922)
Income (loss) from continuing operations attributable to DISH Network	<u>175,931</u>	<u>217,156</u>
Income (loss) from discontinued operations, net of tax	—	(1,558)
Net income (loss) attributable to DISH Network	<u><u>\$ 175,931</u></u>	<u><u>\$ 215,598</u></u>
Weighted-average common shares outstanding - Class A and B common stock:		
Basic	458,422	453,242
Dilutive impact of stock awards outstanding	2,939	2,950
Diluted	<u>461,361</u>	<u>456,192</u>
Earnings per share - Class A and B common stock:		

Basic net income (loss) per share from continuing operations attributable to DISH Network	\$	0.38	\$	0.48
Basic net income (loss) per share from discontinued operations		—		—
Basic net income (loss) per share attributable to DISH Network	\$	0.38	\$	0.48
Diluted net income (loss) per share from continuing operations attributable to DISH Network	\$	0.38	\$	0.48
Diluted net income (loss) per share from discontinued operations		—		(0.01)
Diluted net income (loss) per share attributable to DISH Network	\$	0.38	\$	0.47

As of March 31, 2014 and 2013, there were stock awards to purchase 0.1 million and 1.9 million shares, respectively, of Class A common stock outstanding, not included in the weighted-average common shares outstanding above, as their effect is anti-dilutive.

Vesting of options and rights to acquire shares of our Class A common stock granted pursuant to our performance-based stock incentive plans (“Restricted Performance Units”) is contingent upon meeting certain goals, some of which are not yet probable of being achieved. As a consequence, the following are also not included in the diluted EPS calculation.

	As of March 31,	
	2014	2013
	(In thousands)	
Performance based options	7,766	9,791
Restricted Performance Units	1,866	2,118
Total	9,632	11,909

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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4. Supplemental Data — Statements of Cash Flows

The following table presents our supplemental cash flow and other non-cash data.

	For the Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Cash paid for interest (including capitalized interest)	\$ 230,312	\$ 219,959
Cash received for interest	33,273	15,292
Cash paid for income taxes	9,427	2,025
Capitalized interest	36,281	35,290
Satellite and Tracking Stock Transaction with EchoStar:		
Transfer of property and equipment, net	432,080	—
Investment in EchoStar and HSSC preferred tracking stock - cost method	316,204	—
Transfer of liabilities and other	44,540	—
Capital distribution to EchoStar, net of deferred taxes of \$31,274	51,466	—

5. Other Comprehensive Income (Loss)

The following table presents the tax effects on each component of “Other comprehensive income (loss).”

	For the Three Months Ended March 31,					
	2014		2013			
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
	(In thousands)					
Foreign currency translation adjustments	\$ 3,878	\$ —	\$ 3,878	\$ 2,737	\$ —	\$ 2,737
Unrealized holding gains (losses) on available-for-sale securities	9,983	(3,649)	6,334	17,783	(6,498)	11,285
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	493	(180)	313	1,362	(498)	864
Other comprehensive income (loss)	<u>\$ 14,354</u>	<u>\$ (3,829)</u>	<u>\$ 10,525</u>	<u>\$ 21,882</u>	<u>\$ (6,996)</u>	<u>\$ 14,886</u>

The “Accumulated other comprehensive income (loss)” is detailed in the following table.

Accumulated Other Comprehensive Income (Loss)	Foreign Currency Translation Adjustment	Unrealized / Recognized Gains (Losses) (1)	Total
	(In thousands)		
Balance as of December 31, 2013	\$ (3,878)	\$ 177,750	\$ 173,872
Other comprehensive income (loss) before reclassification	—	6,334	6,334
Amounts reclassified from accumulated other comprehensive income(loss)	3,878	313	4,191
Balance as of March 31, 2014	<u>\$ —</u>	<u>\$ 184,397</u>	<u>\$ 184,397</u>

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DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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6. Marketable Investment Securities, Restricted Cash and Cash Equivalents, and Other Investment Securities

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

	As of	
	March 31, 2014	December 31, 2013
(In thousands)		
Marketable investment securities:		
Current marketable investment securities - VRDNs	\$ 113,970	\$ 116,570
Current marketable investment securities - strategic	531,614	534,449
Current marketable investment securities - other	4,147,208	4,388,363
<i>Total current marketable investment securities</i>	<u>4,792,792</u>	<u>5,039,382</u>
Restricted marketable investment securities (1)	73,446	81,371
Noncurrent marketable investment securities - ARS and other (2)	137,278	133,652
Total marketable investment securities	<u>5,003,516</u>	<u>5,254,405</u>
Restricted cash and cash equivalents (1)	<u>20,650</u>	<u>13,490</u>
Other investment securities:		
Investment in EchoStar preferred tracking stock - cost method (2)	228,795	—
Investment in HSSC preferred tracking stock - cost method (2)	87,409	—
Other investment securities - cost method (2)	17,621	17,621
Total other investment securities	<u>333,825</u>	<u>17,621</u>
Total marketable investment securities, restricted cash and cash equivalents, and other investment securities	<u>\$ 5,357,991</u>	<u>\$ 5,285,516</u>

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

(2) Noncurrent marketable investment securities — auction rate securities (“ARS”) and other investment securities are included in “Marketable and other investment securities” on 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, except as specified below.

Current Marketable Investment Securities - VRDNs

Variable rate demand notes (“VRDNs”) are long-term floating rate municipal 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 mainly of investments in municipalities, which are backed by financial institutions or other highly rated obligors 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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DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Current Marketable Investment Securities - Strategic

Our current strategic marketable investment securities include strategic and financial debt and equity investments in public companies that are highly speculative and have experienced and continue to experience volatility. As of March 31, 2014, our strategic investment portfolio consisted of securities of a small number of issuers, and as a result the value of that portfolio depends, among other things, on the performance of those issuers. The fair value of certain of the debt and equity securities in our investment portfolio can be adversely impacted by, among other things, the issuers’ respective performance and ability to obtain any necessary additional financing on acceptable terms, or at all.

Current Marketable Investment Securities - Other

Our current marketable investment securities portfolio includes investments in various debt instruments including corporate and 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 and for litigation. During the first quarter 2013, we released \$42 million of restricted cash related to litigation. See Note 10 for further information.

Noncurrent Marketable Investment Securities — ARS and Other Investment Securities

We have investments in ARS and other investment securities which are either classified as available-for-sale securities or are accounted for under the fair value method. Previous events in the credit markets reduced or eliminated current liquidity for certain of our ARS and other investment securities. As a result, we classify these investments as noncurrent assets, as we intend to hold these investments until they recover or mature.

The valuation of our ARS and other investment securities investments portfolio is subject to uncertainties that are difficult to estimate. Due to the lack of observable market quotes for identical assets, we utilize analyses that rely on Level 2 and/or Level 3 inputs, as defined in “Fair Value Measurements.” These inputs include, among other things, observed prices on similar assets as well as our assumptions and estimates related to the counterparty credit quality, default risk underlying the security and overall capital market liquidity. These securities were also compared, when possible, to other observable market data for financial instruments with similar characteristics.

Fair Value Election. As of March 31, 2014, our ARS and other noncurrent marketable investment securities portfolio of \$137 million included \$93 million of securities accounted for under the fair value method.

Other Investment Securities

We have strategic investments in certain debt and equity securities that are included in noncurrent “Marketable and other investment securities” on our Condensed Consolidated Balance Sheets and accounted for using the cost, equity and/or fair value methods of accounting.

Our ability to realize value from our strategic investments in securities that are not publicly traded depends on the success of the issuers’ businesses and their ability to obtain sufficient capital, on acceptable terms or at all, and 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.

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Investment in Tracking Stock

During the first quarter 2014, as part of the Satellite and Tracking Stock Transaction with EchoStar, we received an aggregate of 6,290,499 shares of preferred tracking stock issued by EchoStar and an aggregate of 81,128 shares of preferred tracking stock issued by HSSC (collectively, the “Tracking Stock”). The Tracking Stock generally tracks the Hughes Retail Group. The shares of the Tracking Stock issued to us represent an aggregate 80% economic interest in the Hughes Retail Group. Since the Satellite and Tracking Stock Transaction is among entities under common control, we recorded the Tracking Stock at EchoStar and HSSC’s historical cost basis for these instruments of \$229 million and \$87 million, respectively. The difference between the historical cost basis of the Tracking Stock received and the net carrying value of the Transferred Satellites of \$356 million (including debt obligations, net of deferred taxes), plus the \$11 million in cash, resulted in a \$51 million capital transaction recorded in “Additional paid-in capital” on our Condensed Consolidated Balance Sheet. Although our investment in the Tracking Stock represents an aggregate 80% economic interest in the Hughes Retail Group, we have no operational control or significant influence over the Hughes Retail Group business, and currently there is no public market for the Tracking Stock. As such, the Tracking Stock is accounted for on a cost basis.

On February 20, 2014, DISH Operating L.L.C. (“DOLLC”) and DISH Network L.L.C. (“DNLLC”), each indirect wholly-owned subsidiaries of us, entered into an Investor Rights Agreement with EchoStar and HSSC with respect to the Tracking Stock (the “Investor Rights Agreement”). The Investor Rights Agreement provides, among other things, certain information and consultation rights for us; certain transfer restrictions on the Tracking Stock and certain rights and obligations to offer and sell under certain circumstances (including a prohibition on transfers of the Tracking Stock for one year, with continuing transfer restrictions (including a right of first offer in favor of EchoStar) thereafter, an obligation to sell the Tracking Stock to EchoStar in connection with a change of control of us and a right to require EchoStar to repurchase the Tracking Stock in connection with a change of control of EchoStar, in each case subject to certain terms and conditions); certain registration rights; certain obligations to provide conversion and exchange rights of the Tracking Stock under certain circumstances; and certain protective covenants afforded to holders of the Tracking Stock. The Investor Rights Agreement generally will terminate with respect to our interest should we no longer hold any shares of the HSSC-issued Tracking Stock and any registrable securities under the Investor Rights Agreement.

Unrealized Gains (Losses) on Marketable Investment Securities

As of March 31, 2014 and December 31, 2013, we had accumulated net unrealized gains of \$192 million and \$181 million, respectively. These amounts, net of related tax effect, were \$184 million and \$178 million, respectively. All of these amounts are included in “Accumulated other comprehensive income (loss)” within “Total stockholders’ equity (deficit).” The components of our available-for-sale investments are summarized in the table below.

Marketable Investment Securities	As of March 31, 2014			Marketable Investment Securities	As of December 31, 2013		
	Gains	Unrealized			Gains	Unrealized	
		Losses	Net			Losses	Net
(In thousands)							

Debt securities:										
VRDNs	\$	113,970	\$	—	\$	—	\$	116,570	\$	—
ARS and other		44,379		1,859		(3,189)		(1,330)		45,030
ARS fair value election		92,899		—		—		88,622		—
Other (including restricted)		4,416,343		86,522		(901)		85,621		4,668,532
										83,363
										(4,741)
										78,622
Equity securities		335,925		107,542		—		107,542		335,651
										106,684
										—
Total	\$	5,003,516	\$	195,923	\$	(4,090)	\$	191,833	\$	5,254,405
										191,235
										(9,879)
										181,356

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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As of March 31, 2014, restricted and non-restricted marketable investment securities include debt securities of \$3.822 billion with contractual maturities within one year, \$625 million with contractual maturities extending longer than one year through and including five years, \$1 million with contractual maturities extending longer than five years through and including ten years and \$220 million with contractual maturities longer than ten years. Actual maturities may differ from contractual maturities as a result of our ability to sell these securities prior to maturity.

Marketable Investment Securities in a Loss Position

The following table reflects the length of time that the individual securities, accounted for as available-for-sale, have been in an unrealized loss position, aggregated by investment category. As of March 31, 2014, the unrealized losses on our investments in debt securities primarily represent investments in ARS and corporate bonds. We have the ability to hold and do not intend to sell our investments in these debt securities before they recover or mature, and it is more likely than not that we will hold these investments until that time. In addition, we are not aware of any specific factors indicating that the underlying issuers of these debt 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 marketable investment securities are related to temporary market fluctuations.

	As of			
	March 31, 2014		December 31, 2013	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(In thousands)			
Debt Securities:				
Less than 12 months	\$ 1,382,273	\$ (834)	\$ 2,208,930	\$ (3,106)
12 months or more	68,563	(3,256)	84,915	(6,773)
Total	\$ 1,450,836	\$ (4,090)	\$ 2,293,845	\$ (9,879)

Fair Value Measurements

Our investments measured at fair value on a recurring basis were as follows:

	As of							
	March 31, 2014				December 31, 2013			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	(In thousands)							
Cash Equivalents (including restricted)	\$ 3,997,451	\$ 51,718	\$ 3,945,733	\$ —	\$ 4,387,252	\$ 323,638	\$ 4,063,614	\$ —
Debt securities:								
VRDNs	\$ 113,970	\$ —	\$ 113,970	\$ —	\$ 116,570	\$ —	\$ 116,570	\$ —
ARS and other	137,278	—	459	136,819	133,652	—	678	132,974
Other (including restricted)	4,416,343	11,465	4,396,968	7,910	4,668,532	11,015	4,644,471	13,046
Equity securities	335,925	335,925	—	—	335,651	335,651	—	—
Subtotal	\$ 5,003,516	\$ 347,390	\$ 4,511,397	\$ 144,729	\$ 5,254,405	\$ 346,666	\$ 4,761,719	\$ 146,020
Derivative financial instruments	287,202	—	287,202	—	292,507	—	292,507	—
Total	\$ 5,290,718	\$ 347,390	\$ 4,798,599	\$ 144,729	\$ 5,546,912	\$ 346,666	\$ 5,054,226	\$ 146,020

As of March 31, 2014 and December 31, 2013, our Level 3 investments consisted predominately of ARS and other investment securities. On a quarterly basis we evaluate the reasonableness of significant unobservable inputs used in those measurements. The valuation models used for some of our ARS investments require an evaluation of the

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underlying instruments held by the trusts that issue these securities. For our other ARS and other investment securities, our evaluation uses, among other things, the terms of the underlying instruments, the credit ratings of the issuers, current market conditions, and other relevant factors. Based on these factors, we assess the risk of realizing expected cash flows and we apply an observable discount rate that reflects this risk. We may also reduce our valuations to reflect a liquidity discount based on the lack of an active market for these securities.

Changes in Level 3 instruments were as follows:

	Level 3 Investment Securities (In thousands)
Balance as of December 31, 2013	\$ 146,020
Net realized and unrealized gains (losses) included in earnings	(1,815)
Net realized and unrealized gains (losses) included in other comprehensive income (loss)	3,681
Purchases	—
Settlements	(3,157)
Issuances	—
Transfers into or out of Level 3	—
Balance as of March 31, 2014	<u>\$ 144,729</u>

During the three months ended March 31, 2014, we had no transfers in or out of Level 1 and Level 2 fair value measurements.

Gains and Losses on Sales and Changes in Carrying Values of Investments

“Other, net” within “Other Income (Expense)” included on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) is as follows:

Other Income (Expense):	For the Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Marketable investment securities - gains (losses) on sales/exchanges	\$ 5,637	\$ 557
Marketable investment securities - unrealized gains (losses) on investments accounted for at fair value	4,276	4,266
Derivative financial instruments - net unrealized gains (losses)	(5,304)	8,358
Marketable investment securities - other-than-temporary impairments	(6,130)	(1,919)
Other	(3,668)	138
Total	<u>\$ (5,189)</u>	<u>\$ 11,400</u>

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

7. Inventory

Inventory consisted of the following:

	As of	
	March 31, 2014	December 31, 2013
	(In thousands)	
Finished goods	\$ 282,678	\$ 299,975
Raw materials	130,113	102,563
Work-in-process	110,099	110,169
Total	<u>\$ 522,890</u>	<u>\$ 512,707</u>

8. Property and Equipment

Property and equipment consisted of the following:

	Depreciable Life (In Years)	As of	
		March 31, 2014	December 31, 2013
		(In thousands)	
Equipment leased to customers	2-5	\$ 3,634,781	\$ 3,596,310
EchoStar I (1)	12	—	201,607
EchoStar VII (1)	15	—	177,000
EchoStar X (1)	15	—	177,192
EchoStar XI (1)	15	—	200,198
EchoStar XIV (1)	15	—	316,541
EchoStar XV	15	277,658	277,658
D1	15	150,000	150,000
T1	15	401,721	401,721
Satellites acquired under capital lease agreements	10-15	499,819	499,819
Furniture, fixtures, equipment and other	1-10	726,380	720,570
Buildings and improvements	1-40	84,125	83,531
Land	—	5,504	5,692
Construction in progress	—	580,357	515,447
Total property and equipment		<u>6,360,345</u>	<u>7,323,286</u>
Accumulated depreciation (1)		(2,656,499)	(3,225,575)
Property and equipment, net		<u>\$ 3,703,846</u>	<u>\$ 4,097,711</u>

- (1) The decrease in property and equipment and accumulated depreciation resulted from the Satellite and Tracking Stock Transaction. See Note 1 and Note 12 for further discussion.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Construction in progress consisted of the following:

	As of	
	March 31, 2014	December 31, 2013
	(In thousands)	
Pay-TV Satellites	\$ 165,369	\$ 143,839
T2	40,000	40,000
Wireless ground equipment, including capitalized interest	328,609	290,642
Software related projects	16,690	15,049
Other	29,689	25,917
Construction in progress	<u>\$ 580,357</u>	<u>\$ 515,447</u>

As we prepare for commercialization of our AWS-4 wireless spectrum licenses which are recorded in FCC Authorizations, interest expense related to their carrying value is being capitalized within "Property and equipment, net" on our Condensed Consolidated Balance Sheets based on our average borrowing rate for our debt. During the three months ended March 31, 2014 and 2013, we recorded capitalized interest of \$36 million and \$35 million, respectively, primarily related to the build-out of our AWS-4 wireless spectrum licenses.

Depreciation and amortization expense consisted of the following:

	For the Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Equipment leased to customers	\$ 195,214	\$ 167,212
Satellites	29,896	33,866
Buildings, furniture, fixtures, equipment and other	24,110	29,092
Total depreciation and amortization	<u>\$ 249,220</u>	<u>\$ 230,170</u>

Cost of sales and operating expense categories included in our accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) do not include depreciation expense related to satellites or equipment leased to customers.

Pay-TV Satellites. We currently utilize 14 owned and leased satellites in geostationary orbit approximately 22,300 miles above the equator, one of which we own and depreciate over the useful life of the satellite. We currently utilize capacity on 11 satellites that we lease from EchoStar, which are accounted for as operating leases. We also lease two satellites from third parties, which are accounted for as capital leases and are depreciated over the shorter of the economic life of the satellite or the term of the satellite agreement.

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As of March 31, 2014, our pay-TV satellite fleet consisted of the following:

Satellites	Launch Date	Degree Orbital Location	Estimated Useful Life (Years)
Owned:			
EchoStar XV (1)	July 2010	45	15
Leased from EchoStar:			
EchoStar I (1)(2)(3)(4)	December 1995	77	NA
EchoStar VII (1)(2)(3)(4)	February 2002	119	NA
EchoStar VIII (1)(2)	August 2002	77	NA
EchoStar IX (1)(2)	August 2003	121	NA
EchoStar X (1)(2)(3)(4)	February 2006	110	NA
EchoStar XI (1)(2)(3)(4)	July 2008	110	NA
EchoStar XII (1)(2)(3)	July 2003	61.5	NA
EchoStar XIV (1)(2)(3)(4)	March 2010	119	NA
EchoStar XVI (1)	November 2012	61.5	NA

Nimiq 5 (1)(2)	September 2009	72.7	NA
QuetzSat-1 (1)(2)	September 2011	77	NA
Leased from Other Third Party:			
Anik F3	April 2007	118.7	NA
Ciel II	December 2008	129	NA
Under Construction:			
EchoStar XVIII	2015	110	15

- (1) See Note 12 for further discussion of our Related Party Transactions with EchoStar.
- (2) We lease a portion of the capacity on these satellites.
- (3) We generally have the option to renew each lease on a year-to-year basis through the end of the respective satellite's useful life.
- (4) On February 20, 2014, we entered into the Satellite and Tracking Stock Transaction with EchoStar pursuant to which, among other things, we transferred these satellites to EchoStar and lease back certain satellite capacity on these satellites. See Note 1 for further discussion.

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9. Long-Term Debt

Fair Value of our Long-Term Debt

The following table summarizes the carrying and fair values of our debt facilities as of March 31, 2014 and December 31, 2013:

	March 31, 2014		As of December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
6 5/8% Senior Notes due 2014 (1)	\$ 1,000,000	\$ 1,026,880	\$ 1,000,000	\$ 1,040,200
7 3/4% Senior Notes due 2015	750,000	804,563	750,000	813,750
7 1/8% Senior Notes due 2016	1,500,000	1,642,500	1,500,000	1,657,500
4 5/8% Senior Notes due 2017	900,000	957,600	900,000	946,962
4 1/4% Senior Notes due 2018	1,200,000	1,253,400	1,200,000	1,221,792
7 7/8% Senior Notes due 2019	1,400,000	1,659,700	1,400,000	1,603,000
5 1/8% Senior Notes due 2020	1,100,000	1,144,121	1,100,000	1,104,950
6 3/4% Senior Notes due 2021	2,000,000	2,249,500	2,000,000	2,122,500
5 7/8% Senior Notes due 2022	2,000,000	2,143,400	2,000,000	1,997,500
5 % Senior Notes due 2023	1,500,000	1,507,200	1,500,000	1,458,090
Mortgages and other notes payable (2)	36,545	36,545	80,769	80,769
Subtotal	13,386,545	\$ 14,425,409	13,430,769	\$ 14,047,013
Capital lease obligations (3)	213,940	NA	220,115	NA
Total long-term debt and capital lease obligations (including current portion)	<u>\$ 13,600,485</u>		<u>\$ 13,650,884</u>	

- (1) Our 6 5/8% Senior Notes with an aggregate principal balance of \$1.0 billion mature on October 1, 2014.
- (2) On February 20, 2014, we entered into the Satellite and Tracking Stock Transaction, which resulted in a decrease in "Mortgages and other notes payable" of \$44 million related to the in-orbit incentive obligations associated with the Transferred Satellites. See Note 1 and Note 12 for further discussion.
- (3) Disclosure regarding fair value of capital leases is not required.

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

10. Commitments and Contingencies

Commitments

Wireless Spectrum

700 MHz Licenses. In 2008, we paid \$712 million to acquire certain 700 MHz wireless spectrum licenses, which were granted to us by the FCC in February 2009. At the time they were granted, these licenses were subject to certain interim and final build-out requirements. By June 2013, we were required to provide signal coverage and offer service to at least 35% of the geographic area in each area covered by each individual license (the "700 MHz Interim Build-Out Requirement"). By June 2019, we were required to provide signal coverage and offer service to at least 70% of the geographic area in each area covered by each individual license (the "700 MHz Final Build-Out Requirement"). As discussed below, these requirements have since been modified by the FCC.

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On September 9, 2013, we filed a letter with the FCC in support of a voluntary industry solution to resolve certain interoperability issues affecting the lower 700 MHz spectrum band (the “Interoperability Solution”). On October 29, 2013, the FCC issued an order approving the Interoperability Solution (the “Interoperability Solution Order”), which requires us to reduce power emissions on our 700 MHz licenses. As part of the Interoperability Solution Order, the FCC, among other things, approved our request to modify the 700 MHz Interim Build-Out Requirement so that by March 2017 (rather than the previous deadline of June 2013), we must provide signal coverage and offer service to at least 40% of our total E Block population (the “Modified 700 MHz Interim Build-Out Requirement”). The FCC also approved our request to modify the 700 MHz Final Build-Out Requirement so that by March 2021 (rather than the previous deadline of June 2019), we must provide signal coverage and offer service to at least 70% of the population in each of our E Block license areas (the “Modified 700 MHz Final Build-Out Requirement”). These requirements replaced the previous build-out requirements associated with our 700 MHz licenses. While the modifications to our 700 MHz licenses would provide us additional time to complete the build-out requirements, the reduction in power emissions could have an adverse impact on our ability to fully utilize our 700 MHz licenses. If we fail to meet the Modified 700 MHz Interim Build-Out Requirement, the Modified 700 MHz Final Build-Out Requirement may be accelerated by one year, from March 2021 to March 2020, and we could face the reduction of license area(s). If we fail to meet the Modified 700 MHz Final Build-Out Requirement, our authorization may terminate for the geographic portion of each license in which we are not providing service.

AWS-4 Licenses. On March 2, 2012, the FCC approved the transfer of 40 MHz of AWS-4 wireless spectrum licenses held by DBSD North America and TerreStar to us. On March 9, 2012, we completed the DBSD Transaction and the TerreStar Transaction, pursuant to which we acquired, among other things, certain satellite assets and wireless spectrum licenses held by DBSD North America and TerreStar. The total consideration to acquire the DBSD North America and TerreStar assets was approximately \$2.860 billion.

Our consolidated FCC applications for approval of the license transfers from DBSD North America and TerreStar were accompanied by requests for waiver of the FCC’s Mobile Satellite Service (“MSS”) “integrated service” and spare satellite requirements and various technical provisions. On March 21, 2012, the FCC released a Notice of Proposed Rule Making proposing the elimination of the integrated service, spare satellite and various technical requirements associated with the AWS-4 licenses. On December 11, 2012, the FCC approved rules that eliminated these requirements and gave notice of its proposed modification of our AWS-4 authorizations to, among other things, allow us to offer single-mode terrestrial terminals to customers who do not desire satellite functionality. On February 15, 2013, the FCC issued an order, which became effective on March 7, 2013, modifying our AWS-4 licenses to expand our terrestrial operating authority. That order imposed certain limitations on the use of a portion of this spectrum, including interference protections for other spectrum users and power and emission limits that we presently believe could render 5 MHz of our uplink spectrum (2000-2005 MHz) effectively unusable for terrestrial services and limit our ability to fully utilize the remaining 15 MHz of our uplink spectrum (2005-2020 MHz) for terrestrial services. These limitations could, among other things, impact the ongoing development of technical standards associated with our wireless business, and may have a material adverse effect on our ability to commercialize these licenses. That order also mandated certain interim and final build-out requirements for the licenses. By March 2017, we must provide terrestrial signal coverage and offer terrestrial service to at least 40% of the aggregate population represented by all of the areas covered by the licenses (the “AWS-4 Interim Build-Out Requirement”). By March 2020, we were required to provide terrestrial signal coverage and offer terrestrial service to at least 70% of the population in each area covered by an individual license (the “AWS-4 Final Build-Out Requirement”).

On December 20, 2013, the FCC issued a further order that, among other things, extended the AWS-4 Final Build-Out Requirement by one year to March 2021 (the “Modified AWS-4 Final Build-Out Requirement”). If we fail to meet the AWS-4 Interim Build-Out Requirement, the Modified AWS-4 Final Build-Out Requirement may be accelerated by one year, from March 2021 to March 2020. If we fail to meet the Modified AWS-4 Final Build-Out Requirement, our terrestrial authorization for each license area in which we fail to meet the requirement may

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terminate. The FCC’s December 20, 2013 order also conditionally waived certain FCC rules for our AWS-4 spectrum licenses to allow us to repurpose all 20 MHz of our uplink spectrum (2000-2020 MHz) for downlink (the “AWS-4 Downlink Waiver”). The AWS-4 Downlink Waiver and the Modified AWS-4 Final Build-Out Requirement were conditioned upon us bidding at least a net clearing price equal to the aggregate reserve price of \$1.564 billion in the auction of wireless spectrum known as the “H Block.” We have satisfied that condition. If we fail to notify the FCC whether we intend to use our uplink spectrum for downlink by June 20, 2016, the AWS-4 Downlink Waiver will terminate, and the Modified AWS-4 Final Build-Out Requirement will revert back to the AWS-4 Final Build-Out Requirement.

H Block Licenses. The H Block auction commenced on January 22, 2014 and concluded on February 27, 2014. We were the winning bidder for all 176 wireless spectrum licenses in the H Block auction with an aggregate bid of \$1.564 billion. On December 17, 2013, we paid approximately \$328 million to the FCC as a deposit for the H Block auction. We paid the remaining balance of our winning bid of approximately \$1.236 billion for the H Block spectrum licenses on March 28, 2014. On April 29, 2014, the FCC issued an order granting our application to acquire these H Block spectrum licenses. As a result, we are also required to pay approximately \$13 million to UTAM, Inc. for clearance costs associated with the lower H Block spectrum and approximately \$95 million to Sprint for clearance costs associated with the upper H Block spectrum by May 29, 2014 in connection with the issuance of the H Block licenses. The H Block spectrum licenses are subject to certain interim and final build-out requirements. By April 2018, we must provide reliable signal coverage and offer service to at least 40% of the population in each area covered by an individual H Block spectrum license (the “H Block Interim Build-Out Requirement”). By April 2024, we must provide reliable signal coverage and offer service to at least 75% of the population in each area covered by an individual H Block spectrum license (the “H Block Final Build-Out Requirement”). If we fail to meet the H Block Interim Build-Out Requirement, the H Block license term and the H Block Final Build-Out Requirement may be accelerated by two years (from April 2024 to April 2022) for each H Block license area in which we fail to meet the requirement. If we fail to meet the H Block Final Build-Out Requirement, our authorization for each H Block spectrum license area in which we fail to meet the requirement may terminate. The FCC has adopted rules for the H Block spectrum band that is adjacent to our AWS-4 spectrum licenses. Depending on the outcome of the standard-setting process for the H Block and our ultimate decision regarding the AWS-4 Downlink

Waiver, the rules that the FCC adopted for the H Block could further impact the remaining 15 MHz of our AWS-4 uplink spectrum (2005-2020 MHz), which may have a material adverse effect on our ability to commercialize the AWS-4 licenses.

We may also determine that additional spectrum licenses may be required to commercialize our wireless business and to compete with other wireless service providers. We will need to make significant additional investments or partner with others to, among other things, finance the commercialization and build-out requirements of our licenses and any additional acquired licenses and our integration efforts, including compliance with regulations applicable to acquired licenses. Depending on the nature and scope of such commercialization, build-out, and integration efforts, any such investment or partnership could vary significantly. There can be no assurance that we will be able to develop and implement a business model that will realize a return on these spectrum licenses or that we will be able to profitably deploy the assets represented by these spectrum licenses, which may affect the carrying value of these assets and our future financial condition or results of operations.

Guarantees

On January 1, 2008, we completed the distribution of our technology and set-top box business and certain infrastructure assets (the “Spin-off”) into a separate publicly-traded company, EchoStar.

In connection with the Spin-off, we distributed certain satellite lease agreements to EchoStar and remained the guarantor under those capital leases for payments totaling approximately \$36 million over approximately the next 11 months.

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During the third quarter 2009, EchoStar entered into a new satellite transponder service agreement for Nimiq 5 through 2024. We sublease this capacity from EchoStar and also guarantee a certain portion of EchoStar’s obligation under its satellite transponder service agreement through 2019. As of March 31, 2014, the remaining obligation of our guarantee was \$359 million.

As of March 31, 2014, we have not recorded a liability on the balance sheet for any of these guarantees.

Contingencies

Separation Agreement

In connection with the Spin-off, we entered into a separation agreement with EchoStar that provides, among other things, for the division of certain liabilities, including liabilities resulting from litigation. Under the terms of the separation agreement, EchoStar has assumed certain liabilities that relate to its 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, EchoStar will only be liable for its acts or omissions following the Spin-off and we will indemnify EchoStar for any liabilities or damages resulting from intellectual property claims relating to the period prior to the Spin-off as well as our 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.

For certain cases described on the following pages, 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; (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 (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 complaints against us and our wholly-owned subsidiaries DISH Network L.L.C. and dishNET Satellite Broadband L.L.C., as well as Hughes Communications, Inc. and Hughes Network Systems, LLC, which are wholly-owned subsidiaries of EchoStar, in the United States District Court for the Central District of California. The complaint alleges infringement of United States Patent Nos. 7,116,710 (the “710 patent”); 7,421,032 (the “032 patent”); 7,916,781 (the “781 patent”) and 8,284,833 (the “833 patent”), each of which is entitled “Serial Concatenation of Interleaved Convolutional Codes forming Turbo-Like Codes.” Caltech alleges 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 our Hopper set-top box, as well as the Hughes defendants’ satellite broadband products and services, infringe the asserted patents by implementing the DVB-S2 standard.

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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.

ClearPlay, Inc.

On March 13, 2014, ClearPlay, Inc. ("ClearPlay") filed a complaint against us, our wholly-owned subsidiary DISH Network L.L.C., EchoStar, and its 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 our 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.

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

On January 17, 2014, CRFD Research, Inc. ("CRFD") filed a complaint against us, our wholly-owned subsidiaries DISH DBS and DISH Network L.L.C., EchoStar, and its wholly-owned subsidiary EchoStar Technologies L.L.C., in the 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 our Hopper and Joey set-top boxes infringe the 233 patent. On the same day, CRFD filed similar 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.

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.

Custom Media Technologies LLC

On August 15, 2013, Custom Media Technologies LLC ("Custom Media") filed complaints against us; AT&T Inc.; Charter Communications, Inc.; Comcast Corp.; Cox Communications, Inc.; DirecTV; Time Warner Cable Inc. and Verizon Communications, Inc., in the United States District Court for the District of Delaware, alleging infringement of United States Patent No. 6,269,275 (the "275 patent"). The 275 patent, which is entitled "Method and System for Customizing and Distributing Presentations for User Sites," relates to the provision of customized presentations to viewers over a network, such as "a cable television network, an Internet or other computer network, a broadcast television network, and/or a satellite system." Custom Media is an entity that seeks to license an

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acquired patent portfolio without itself practicing any of the claims recited therein. Pursuant to a stipulation between the parties, on November 6, 2013, the Court entered an order substituting DISH Network L.L.C., our wholly-owned subsidiary, as the defendant in our place.

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.

Do Not Call Litigation

On March 25, 2009, our wholly-owned subsidiary DISH Network L.L.C. was sued in a civil action by the United States Attorney General and several states in the United States District Court for the Central District of Illinois, alleging violations of the Telephone Consumer Protection Act and Telephone Sales Rules, as well as analogous state statutes and state consumer protection laws. The plaintiffs allege that we, directly and through certain independent third-party retailers and their affiliates, committed certain telemarketing violations. On December 23, 2013, the plaintiffs filed a motion for summary judgment, which indicated for the first time that the state plaintiffs are seeking civil penalties and damages of approximately \$270 million and that the federal plaintiff is seeking an unspecified amount of civil penalties (which could substantially exceed the civil penalties and damages being sought by the state plaintiffs). The plaintiffs are also seeking injunctive relief that if granted would, among other things, enjoin DISH Network L.L.C., whether acting directly or indirectly through authorized telemarketers or independent third-party retailers, from placing any outbound telemarketing calls to market or promote its goods or services for five years, and enjoin DISH Network L.L.C. from accepting activations or sales from certain existing independent third-party retailers and from certain new independent third-party retailers, except under certain circumstances. We have also filed a motion for summary judgment, seeking dismissal of all claims.

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

On December 20, 2013, Dragon Intellectual Property, LLC (“Dragon IP”) filed complaints against our wholly-owned subsidiary DISH Network L.L.C., as well as Apple Inc.; AT&T, Inc.; Charter Communications, Inc.; Comcast Corp.; Cox Communications, Inc.; DirecTV; Sirius XM Radio Inc.; Time Warner Cable Inc. and Verizon Communications, Inc., in the United States District Court for the District of Delaware, alleging infringement of United States Patent No. 5,930,444 (the “444 patent”), which is entitled “Simultaneous Recording and Playback Apparatus.” Dragon IP alleges that various of our DVR receivers infringe the 444 patent. Dragon IP is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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

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ESPN

During 2008, our wholly-owned subsidiary DISH Network L.L.C. filed a lawsuit against ESPN, Inc.; ESPN Classic, Inc.; ABC Cable Networks Group; Soapnet L.L.C. and International Family Entertainment (collectively, “ESPN”) for breach of contract in New York State Supreme Court. Our complaint alleged that ESPN failed to provide us with certain HD feeds of the Disney Channel, ESPN News, Toon and ABC Family. In October 2011, the jury returned a verdict in favor of the defendants, which the New York State Supreme Court, Appellate Division, First Department (the “First Department”) affirmed on April 2, 2013. We sought leave to further appeal, which the New York Court of Appeals denied on August 27, 2013 on jurisdictional grounds. On September 19, 2013, we appealed the trial court’s final judgment to the First Department. On March 6, 2014, pursuant to a settlement and release agreement between the parties, we dismissed our appeal.

ESPN had asserted a counterclaim alleging that we owed approximately \$35 million under the applicable affiliation agreements. On April 15, 2009, the New York State Supreme Court granted, in part, ESPN’s motion for summary judgment on the counterclaim, finding that we were liable for some of the amount alleged to be owing but that the actual amount owing was disputed. On December 29, 2010, the First Department affirmed the partial grant of ESPN’s motion for summary judgment on the counterclaim. After the partial grant of ESPN’s motion for summary judgment, ESPN sought an additional \$30 million under the applicable affiliation agreements. On March 15, 2010, the New York State Supreme Court ruled that we owed the full amount of approximately \$66 million under the applicable affiliation agreements. As of December 31, 2010, we had \$42 million recorded as a “Litigation accrual” on our Consolidated Balance Sheets.

On June 21, 2011, the First Department affirmed the New York State Supreme Court’s ruling that we owed approximately \$66 million under the applicable affiliation agreements and, on October 18, 2011, denied our motion for leave to appeal that decision to New York’s highest court, the New York Court of Appeals. We sought leave to appeal directly to the New York Court of Appeals and, on January 10, 2012, the New York Court of Appeals dismissed our motion for leave on the ground that the ruling upon which we appealed did not fully resolve all claims in the action. As a result of the First Department’s June 2011 ruling, we recorded \$24 million of “Litigation Expense” on our Consolidated Statements of Operations and Comprehensive Income (Loss) during 2011. On October 11, 2012, the New York State Supreme Court awarded ESPN \$5 million in attorneys’ fees as the prevailing party on both our claim and ESPN’s counterclaim. As a result, we recorded \$5 million of “General and administrative expenses” and increased our “Litigation accrual” to a total of \$71 million related to this case as of December 31, 2012. During the first quarter 2013, we paid \$71 million to ESPN related to the counterclaim and attorneys’ fees and \$12 million for accrued interest. As a result of the parties’ settlement and release, no further appeals are possible, and this matter is now concluded.

Garnet Digital, LLC

On September 9, 2013, Garnet Digital, LLC (“Garnet Digital”) filed a complaint against us and our wholly-owned subsidiary DISH Network L.L.C., in the United States District Court for the Eastern District of Texas, alleging infringement of United States Patent No. 5,379,421 (the “421 patent”), which is entitled “Interactive Terminal for the Access of Remote Database Information.” The 421 patent relates to methods for accessing information from a remote computerized database and related devices. On the same day, Garnet Digital filed similar complaints in the same court against 15 other defendants, including AT&T Inc.; Comcast Corp.; DirecTV; TiVo, Inc. and Verizon Communications, Inc. Garnet Digital is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. A trial date has been set for May 9, 2016.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction

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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, our wholly-owned subsidiary, DISH Network L.L.C., filed a lawsuit in the United States District Court for the Southern District of New York against American Broadcasting Companies, Inc.; CBS Corporation; Fox Entertainment Group, Inc.; Fox Television Holdings, Inc.; Fox Cable Network Services, L.L.C. and NBCUniversal, LLC. In the lawsuit, we are seeking a declaratory judgment that we are not infringing any defendant's copyright, or breaching any defendant's retransmission consent agreement, by virtue of the PrimeTime Anytime™ and AutoHop features of our Hopper set-top box. 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 us and DISH Network L.L.C. in the United States District Court for the Central District of California, alleging that the PrimeTime Anytime feature, the AutoHop feature, as well as 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, LLC filed a lawsuit against us and DISH Network L.L.C. 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 us and DISH Network L.L.C. 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 venue-related motions brought in both the New York and California actions, and certain networks' filing various counterclaims and amended complaints, the claims have proceeded in the following venues: (1) the copyright and contract claims regarding the ABC and CBS parties in New York; and (2) the copyright and contract claims regarding the Fox and NBC parties in California.

California Actions. The NBC plaintiffs and Fox plaintiffs filed amended complaints in their respective California actions adding copyright claims against EchoStar and EchoStar Technologies L.L.C. ("EchoStar Technologies"), a wholly-owned subsidiary of EchoStar. In addition, the Fox plaintiffs' amended complaint added claims challenging the Hopper Transfers™ feature of our second-generation Hopper set-top box.

On November 7, 2012, the California court denied the Fox plaintiffs' motion for a preliminary injunction to enjoin the Hopper set-top box's PrimeTime Anytime and AutoHop features, and the Fox plaintiffs appealed. On March 27, 2013, at the request of the parties, the Central District of California granted a stay of all proceedings in the action brought by the NBC plaintiffs, pending resolution of the appeal by the Fox plaintiffs. On July 24, 2013, the United States Court of Appeals for the Ninth Circuit affirmed the denial of the Fox plaintiffs' motion for a preliminary injunction as to the PrimeTime Anytime and AutoHop features. On August 7, 2013, the Fox plaintiffs filed a petition for rehearing and rehearing en banc, which was denied on January 24, 2014. The United States Supreme Court 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) us seeking to enjoin the Hopper Transfers feature in our second-generation Hopper set-top box, alleging breach of their retransmission consent agreement; and (ii) us and EchoStar Technologies seeking to enjoin the Sling placeshifting functionality in our second-generation Hopper set-top box, alleging copyright infringement and breach of their retransmission consent agreement. On September 23, 2013, the California court denied the Fox plaintiffs' motion.

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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.

New York Actions. Both the ABC and CBS parties filed counterclaims in the New York action adding copyright claims against EchoStar Technologies, and the CBS parties have filed a counterclaim alleging that we fraudulently concealed the AutoHop feature when negotiating renewal of our 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, or are in breach of any of the retransmission consent agreements, 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 consumers. In addition, as a result of this litigation, we may not be able to renew certain of our retransmission consent agreements and other programming agreements on favorable terms or at all. If we are unable to renew these agreements, there can be no assurance that we would be able to obtain substitute programming, or that such substitute programming would be comparable in quality or cost to our existing programming. Loss of access to existing programming could have a material adverse effect on our business, financial condition and results of operations, including, among other things, our gross new subscriber activations and subscriber churn rate. We cannot predict with any degree of certainty the outcome of these suits or determine the extent of any potential liability or damages.

Joao Control & Monitoring Systems LLC

On April 23, 2014, Joao Control & Monitoring Systems, LLC ("Joao Control") filed a complaint against us in the United States District Court for the District of Delaware, alleging infringement of United States Patent No. 6,549,130 (the "130 patent"), which is entitled "Control Apparatus and Method for Vehicles and/or for Premises." Joao alleges that we infringe the 130 patent by making, using, providing and/or importing remotely-accessed DVRs. On the same day, Joao Control also filed actions against DirecTV; Verizon Communications, Inc.; Time Warner Cable Inc.; Cox Communications, Inc.; and Cablevision Systems Corporation, among others. Joao Control is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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

LightSquared/Harbinger Capital Partners LLC (LightSquared Bankruptcy)

As previously disclosed in our public filings, L-Band Acquisition, LLC (“LBAC”), our wholly-owned subsidiary, entered into a Plan Support Agreement (the “PSA”) with certain senior secured lenders to LightSquared LP (the “LightSquared LP Lenders”) on July 23, 2013, which contemplated the purchase by LBAC of substantially all of the assets of LightSquared LP and certain of its subsidiaries (the “LBAC Bid”) that are debtors and debtors in possession 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).

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Pursuant to the PSA, LBAC was entitled to terminate the PSA in certain circumstances, certain of which required three business days’ written notice, including, without limitation, in the event that certain milestones specified in the PSA were not met. On January 7, 2014, LBAC delivered written notice of termination of the PSA to the LightSquared LP Lenders. As a result, the PSA terminated effective on January 10, 2014, and the LBAC Bid was withdrawn.

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 us, LBAC, EchoStar, Charles W. Ergen (our Chairman), SP Special Opportunities, LLC (“SPSO”) (an entity controlled by Mr. Ergen), and certain other parties, in the Bankruptcy Court. Harbinger alleged, among other things, claims based on fraud, unfair competition, civil conspiracy and tortious interference with prospective economic advantage related to certain purchases of LightSquared secured debt by SPSO. Subsequently, LightSquared intervened to join in certain claims alleged against certain defendants other than us, LBAC and EchoStar.

On October 29, 2013, the Bankruptcy Court dismissed all of the claims 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, EchoStar, 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 us, EchoStar 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.

LightSquared Transaction Shareholder Derivative Actions

On August 9, 2013, a purported shareholder of the Company, Jacksonville Police and Fire Pension Fund (“Jacksonville PFPF”), filed a putative shareholder derivative action in the District Court for Clark County, Nevada alleging, among other things, breach of fiduciary duty claims against the members of the Company’s Board of Directors as of that date: Charles W. Ergen; Joseph P. Clayton; James DeFranco; Cantey M. Ergen; Steven R. Goodbarn; David K. Moskowitz; Tom A. Ortolfo; and Carl E. Vogel (collectively, the “Director Defendants”). In its operative amended complaint, Jacksonville PFPF claims that Mr. Ergen breached his fiduciary duty to the Company in connection with certain purchases of LightSquared debt by SPSO, an entity controlled by Mr. Ergen, and that the other Director Defendants aided and abetted that alleged breach of duty. The Jacksonville PFPF claims allege that (1) the debt purchases created an impermissible conflict of interest and (2) put at risk the LBAC Bid, which as noted above has been withdrawn. Jacksonville PFPF further claims that most members of the Company’s Board of Directors are beholden to Mr. Ergen to an extent that prevents them from discharging their duties in connection with the Company’s participation in the LightSquared bankruptcy auction process. Jacksonville PFPF is seeking an unspecified amount of damages. Jacksonville PFPF dismissed its claims against Mr. Goodbarn on October 8, 2013.

Jacksonville PFPF sought a preliminary injunction that would enjoin Mr. Ergen and all of the Director Defendants other than Mr. Goodbarn from influencing the Company’s efforts to acquire certain assets of LightSquared in the bankruptcy proceeding. On November 27, 2013, the Court denied that request but granted narrower relief enjoining Mr. Ergen and anyone acting on his behalf from participating in negotiations related to one aspect of the LBAC Bid, which, as noted above, has been withdrawn.

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Five alleged shareholders have filed substantially similar putative derivative complaints in state and federal courts alleging the same or substantially similar claims. On September 18, 2013, DCM Multi-Manager Fund, LLC filed a duplicative putative derivative complaint in the District Court for Clark County, Nevada, which was consolidated with the Jacksonville PFPF action on October 9, 2013. Between September 25, 2013 and October 2, 2013, City of Daytona Beach Police Officers and Firefighters Retirement System, Louisiana Municipal Police Employees’ Retirement System and Iron Worker Mid-South Pension Fund filed duplicative putative derivative complaints in the United States District Court for the District of Colorado. Also on October 2, 2013, Iron Workers District Council (Philadelphia and Vicinity) Retirement and Pension Plan filed its complaint in the United States District Court for the District of Nevada. None of the plaintiffs in these actions is seeking a preliminary injunction.

On October 11, 2013, Iron Worker Mid-South Pension Fund dismissed its claims without prejudice. On October 30, 2013, Louisiana Municipal Police Employees' Retirement System dismissed its claims without prejudice and, on January 2, 2014, filed a new complaint in the District Court for Clark County, Nevada. On December 13, 2013, City of Daytona Beach Police Officers and Firefighters Retirement System voluntarily dismissed its claims without prejudice. On March 28, 2014, Iron Workers District Council (Philadelphia and Vicinity) Retirement and Pension Plan voluntarily dismissed its claims without prejudice.

Our Board of Directors has established a Special Litigation Committee to review the factual allegations and legal claims in these actions. We cannot predict with any degree of certainty the outcome of these suits or determine the extent of any potential liability or damages.

Norman IP Holdings, LLC

On September 15, 2011, Norman IP Holdings, LLC ("Norman") filed a patent infringement complaint (the "2011 Action") against Lexmark International Corporation ("Lexmark") and Brother International Corporation ("Brother"), in the United States District Court for the Eastern District of Texas, alleging infringement of United States Patent Nos. 5,592,555 (the "555 patent"); 5,530,597 (the "597 patent") and 5,502,689 (the "689 patent") by Lexmark, and infringement of the 555 patent and the 689 patent by Brother. On January 27, 2012, Norman filed a second amended complaint in the 2011 Action that added us as a defendant, among others, in which it asserted the 555 patent and the 689 patent against us. On September 21, 2012, Norman served us with preliminary infringement contentions related to the 555 patent and the 689 patent, as well as the 597 patent, which outlined Norman's claims with respect to certain DISH products. On February 8, 2013, Norman filed a third amended complaint in the 2011 Action, in which it added claims against us alleging infringement of the 597 patent. On April 8, 2013, Norman filed a fourth amended complaint in the 2011 Action, in which it added new claims against us alleging infringement of additional DISH products. On May 1, 2013, Norman filed a fifth amended complaint in the 2011 Action, in which it named Mercedes-Benz USA, LLC; Volkswagen Group of America, Inc.; Xerox Corporation; ZTE (USA) Inc. and ZTE Solutions, Inc. as defendants, in addition to us. On July 9, 2013, the Court ordered Norman to file a new sixth amended complaint limiting Norman's claims against us to those specifically referenced in its September 21, 2012 preliminary infringement contentions. As a result, on July 10, 2013, Norman filed a sixth amended complaint in the 2011 Action, in which it asserted claims against our wholly-owned subsidiary DISH Network L.L.C. replacing us as defendant, alleging that the use of certain Broadcom chipsets in DISH DVR systems infringes the 689 patent. In addition, Norman withdrew all infringement claims against us regarding the 555 patent and the 597 patent. On July 12, 2013, we filed a motion to dismiss the 2011 Action, because Norman failed to comply with the Court's July 9, 2013 order.

In addition, on May 10, 2013, Norman filed a separate patent infringement complaint (the "2013 Action") against us in the United States District Court for the Eastern District of Texas, asserting infringement of the 555, 597 and 689 patents, as well as United States Patent Nos. 5,608,873 (the "873 patent") and 5,771,394 (the "394 patent"). The infringement claims asserted in the 2013 Action relate to different DISH products than Norman identified in the 2011 Action.

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On October 18, 2013, the parties stipulated that Norman will dismiss all of its claims against DISH Network L.L.C. in the 2011 Action, and re-assert them in the 2013 Action.

The 689 patent relates to a clock generator capable of shut-down mode and clock generation method, the 555 patent relates to a wireless communications privacy method and system, the 597 patent relates to an interrupt enable circuit that allows devices to exit processes without using a hardware reset, the 873 patent relates to a device and method for providing inter-processor communication in a multi-processor architecture, and the 394 patent relates to a servo loop control apparatus having a master microprocessor and at least one autonomous streamlined signal processor. Norman is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

Pursuant to a settlement on April 15, 2014, we will pay an immaterial amount to Norman in exchange for a release and dismissal of the 2013 Action and a license for EchoStar and us to certain patents and patent applications.

Personalized Media Communications, Inc.

During 2008, Personalized Media Communications, Inc. ("PMC") filed suit against us; EchoStar 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 us and EchoStar 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 we and EchoStar 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 cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Preservation Technologies, LLC

In December 2011, Preservation Technologies, LLC ("Preservation Technologies") filed suit against us in the United States District Court for the Central District of California. In the Operative Seventh Amended Complaint, filed on March 22, 2013, Preservation Technologies also names Netflix, Inc.; Hulu, LLC; AT&T Services, Inc.; Cox Communications, Inc.; Disney Online; American Broadcasting Companies, Inc.; Yahoo! Inc.; Wal-Mart Stores, Inc.; Vudu, Inc. and ESPN Internet Ventures as defendants. Preservation Technologies alleges that our BLOCKBUSTER On Demand, DISH branded pay-TV and DISH Online services and our Hopper and Joey® set-top boxes infringe United States Patent Nos. 5,813,014; 5,832,499; 6,092,080; 6,353,831; 6,574,638; 6,199,060; 5,832,495; 6,549,911; 6,212,527 and 6,477,537. The patents relate to digital libraries, the management of multimedia assets and the cataloging of

multimedia data. Preservation Technologies is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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

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Ronald A. Katz Technology Licensing, L.P.

During 2007, Ronald A. Katz Technology Licensing, L.P. (“Katz”) filed a patent infringement action against our wholly-owned subsidiary DISH Network L.L.C., in the United States District Court for the Northern District of California. The suit originally alleged infringement of 19 patents owned by Katz. The patents relate to interactive voice response, or IVR, technology. The case has been transferred and consolidated for pretrial purposes in the United States District Court for the Central District of California by order of the Judicial Panel on Multidistrict Litigation. Only four patents remain in the case against us, of which all are expired and two are subject to granted reexamination proceedings 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 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 cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Technology Development and Licensing L.L.C.

On January 22, 2009, Technology Development and Licensing L.L.C. (“TDL”) filed suit against us and EchoStar, 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 cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Tse

On May 30, 2012, Ho Keung Tse filed a complaint against our wholly-owned subsidiary Blockbuster L.L.C., in the United States District Court for the Eastern District of Texas, alleging infringement of United States Patent No. 6,665,797 (the “797 patent”), which is entitled “Protection of Software Again [sic] Against Unauthorized Use.” Mr. Tse is the named inventor on the 797 patent. On the same day that he sued Blockbuster, Mr. Tse filed a separate action in the same court alleging infringement of the same patent against Google Inc.; Samsung Telecommunications America, LLC and HTC America Inc. He also has earlier-filed litigation on the same patent pending in the United States District Court for the Northern District of California against Sony Connect, Inc.; Napster, Inc.; Apple Computer, Inc.; Realnetworks, Inc. and MusicMatch, Inc. On March 8, 2013, the Court granted Blockbuster’s motion to transfer the matter to the United States District Court for the Northern District of California, the same venue where the matter against Google Inc.; Samsung Telecommunications America, LLC and HTC America Inc. also was transferred. On December 11, 2013, the Court granted our motion for summary judgment based on invalidity of the 797 patent. Mr. Tse filed a notice of appeal on January 8, 2014.

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

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Waste Disposal Inquiry

The California Attorney General and the Alameda County (California) District Attorney are investigating whether certain of our waste disposal policies, procedures and practices are in violation of the California Business and Professions Code and the California Health and Safety Code. We expect that these entities will seek injunctive and monetary relief. The investigation appears to be part of a broader effort to investigate waste handling and disposal processes of a number of industries. While we are unable to predict the outcome of this investigation, we do not believe that the outcome will have a material effect on our results of operations, financial condition or cash flows.

Other

In addition to the above actions, we are subject to various other legal proceedings and claims which arise in the ordinary course of business, including, among other things, disputes with programmers regarding fees. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to

materially affect our financial condition, 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.

11. Segment Reporting

Operating segments are components of an enterprise for which separate financial information is available and regularly evaluated by the chief operating decision maker(s) of an enterprise. Operating income is the primary measure used by our chief operating decision maker to evaluate segment operating performance. We currently operate two primary business segments.

- DISH.** The DISH branded pay-TV service had 14.097 million subscribers in the United States as of March 31, 2014. The DISH branded pay-TV service consists of, among other things, FCC licenses authorizing us to use DBS and FSS spectrum, our owned and leased satellites, receiver systems, third-party broadcast operations, customer service facilities, a leased fiber network, in-home service and call center operations, and certain other assets utilized in our operations. In addition, we market broadband services under the dishNET brand. This service utilizes advanced technology and high-powered satellites launched by Hughes and ViaSat to provide broadband coverage nationwide. This service primarily targets approximately 15 million rural residents that are underserved, or unserved, by wireline broadband. In addition to the dishNET branded satellite broadband service, we also offer wireline voice and broadband services under the dishNET brand as a competitive local exchange carrier to consumers living in a 14-state region in the western United States. We primarily bundle our dishNET branded services with our DISH branded pay-TV service.
- Wireless.** In 2008, we paid \$712 million to acquire certain 700 MHz wireless spectrum licenses, which were granted to us by the FCC in February 2009 subject to certain interim and final build-out requirements. On March 9, 2012, we completed the DBSD Transaction and the TerreStar Transaction, pursuant to which we acquired, among other things, 40 MHz of AWS-4 wireless spectrum licenses held by DBSD North America and TerreStar. The total consideration to acquire the DBSD North America and TerreStar assets was approximately \$2.860 billion. In addition, we were the winning bidder for all 176 wireless spectrum licenses in the recent H Block auction with an aggregate bid of \$1.564 billion. On April 29, 2014, the FCC issued an order granting our application to acquire these H Block spectrum licenses. As we review our options for the commercialization of our wireless spectrum, we may incur significant additional expenses and may have to make significant investments related to, among other things, research and development, wireless testing and wireless network infrastructure, as well as the acquisition of additional wireless spectrum. See Note 10 for further discussion.

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The total assets, revenue and operating income by segment were as follows:

	As of	
	March 31, 2014	December 31, 2013
	(In thousands)	
Total assets:		
DISH	\$ 19,972,000	\$ 19,713,853
Wireless	5,848,433	4,625,505
Eliminations	(5,269,647)	(4,041,934)
Total assets from continuing operations	20,550,786	20,297,424
Assets from discontinued operations	—	78,204
Total assets	<u>\$ 20,550,786</u>	<u>\$ 20,375,628</u>
	For the Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Revenue:		
DISH	\$ 3,594,032	\$ 3,374,880
Wireless	166	650
Total revenue	<u>\$ 3,594,198</u>	<u>\$ 3,375,530</u>
Operating income (loss):		
DISH	\$ 469,930	\$ 469,619
Wireless	(23,632)	(18,002)
Total operating income (loss)	<u>\$ 446,298</u>	<u>\$ 451,617</u>

Geographic Information. Revenues are attributed to geographic regions based upon the location where the products are delivered and services are provided. All revenue from continuing operations were in the United States.

12. Related Party Transactions

Related Party Transactions with EchoStar

Following the Spin-off, we and EchoStar have operated as separate publicly-traded companies, and, except for the Satellite and Tracking Stock Transaction described in Note 1 and below, neither entity has any ownership interest in the other. However, 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.

EchoStar is our primary supplier of set-top boxes and digital broadcast operations and a supplier of a majority of our transponder capacity. Generally, the amounts we pay EchoStar for products and services are based on pricing equal to EchoStar's cost plus a fixed margin (unless noted differently below), which

will vary depending on the nature of the products and services provided.

In connection with and following the Spin-off, we and EchoStar have entered into certain agreements pursuant to which we obtain certain products, services and rights from EchoStar, EchoStar obtains certain products, services and rights from us, and we and EchoStar have indemnified each other against certain liabilities arising from our respective businesses. We also may enter into additional agreements with EchoStar in the future. The following is a

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summary of the terms of our principal agreements with EchoStar that may have an impact on our financial condition and results of operations.

“Equipment sales, services and other revenue - EchoStar”

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

Professional Services Agreement. Prior to 2010, in connection with the Spin-off, we entered into various agreements with EchoStar 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 EchoStar agreed that EchoStar shall continue to have the right, but not the obligation, to receive the following services from us, 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 EchoStar agreed that we shall continue to have the right, but not the obligation, to engage EchoStar to manage the process of procuring new satellite capacity for us (previously provided under the Satellite Procurement Agreement) and receive logistics, procurement and quality assurance services from EchoStar (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 until January 1, 2015 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.

Management Services Agreement. In connection with the Spin-off, we entered into a Management Services Agreement with EchoStar pursuant to which we have made certain of our officers available to provide services (which were primarily legal and accounting services) to EchoStar. Effective June 15, 2013, the Management Services Agreement was terminated by EchoStar. EchoStar made payments to us based upon an allocable portion of the personnel costs and expenses incurred by us with respect to any such officers (taking into account wages and fringe benefits). These allocations were based upon the estimated percentages of time spent by our executive officers performing services for EchoStar under the Management Services Agreement. EchoStar also reimbursed us for direct out-of-pocket costs incurred by us for management services provided to EchoStar. We and EchoStar evaluated all charges for reasonableness at least annually and made any adjustments to these charges as we and EchoStar mutually agreed upon.

Satellite Capacity Leased to EchoStar. Since the Spin-off, we have entered into certain satellite capacity agreements pursuant to which EchoStar leases certain satellite capacity on certain satellites owned by us. The fees for the services provided under these satellite capacity agreements depend, among other things, upon the orbital location of the applicable satellite, the number of transponders that are leased on the applicable satellite and the length of the lease. The term of each lease is set forth below:

- *D1.* Effective November 1, 2012, we entered into a satellite capacity agreement pursuant to which Hughes Network Systems, LLC (“HNS”), a wholly-owned subsidiary of Hughes Communications, Inc. (“Hughes”), leases certain satellite capacity from us on D1 for research and development. This lease generally 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.

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- *EchoStar XV.* During May 2013, we began leasing satellite capacity to EchoStar on EchoStar XV and relocated the satellite for testing at EchoStar’s Brazilian authorization at the 45 degree orbital location. Effective March 1, 2014, this lease converted to a month-to-month lease. Both parties have the right to terminate this lease with 30 days notice. Upon termination, EchoStar is responsible, among other things, for relocating this satellite from the 45 degree orbital location back to the 61.5 degree orbital location.

Real Estate Lease Agreements. Since the Spin-off, we have entered into lease agreements pursuant to which we lease certain real estate to EchoStar. 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 areas, and EchoStar is responsible for its portion of the taxes, insurance, utilities and maintenance of the premises. The term of each lease is set forth below:

- *El Paso Lease Agreement.* During 2012, we leased certain space at 1285 Joe Battle Blvd., El Paso, Texas to EchoStar for a period ending on August 1, 2015, which also provides EchoStar with renewal options for four consecutive three-year terms.

American Fork Occupancy License Agreement. During 2013, we subleased certain space at 796 East Utah Valley Drive, American Fork, Utah to EchoStar for a period ending on July 31, 2017.

“Satellite and transmission expenses — EchoStar”

Broadcast Agreement. Effective January 1, 2012, we and EchoStar entered into a broadcast agreement (the “2012 Broadcast Agreement”) pursuant to which EchoStar provides broadcast services to us, 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 fees for services provided under the 2012 Broadcast Agreement are calculated at either: (a) EchoStar’s cost of providing the relevant service plus a fixed dollar fee, which is subject to certain adjustments; or (b) EchoStar’s cost of providing the relevant service plus a fixed margin, which will depend on the nature of the services provided. We have 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 EchoStar. If we terminate the teleport services provided under the 2012 Broadcast Agreement for a reason other than EchoStar’s breach, we are generally obligated to reimburse EchoStar for any direct costs EchoStar incurs related to any such termination that it cannot reasonably mitigate.

Broadcast Agreement for Certain Sports Related Programming. During May 2010, we and EchoStar entered into a broadcast agreement pursuant to which EchoStar provides certain broadcast services to us in connection with our carriage of certain sports related programming. The term of this agreement is for ten years. If we terminate this agreement for a reason other than EchoStar’s breach, we are generally obligated to reimburse EchoStar for any direct costs EchoStar incurs related to any such termination that it 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 Capacity Leased from EchoStar. Since the Spin-off, we have entered into certain satellite capacity agreements pursuant to which we lease certain satellite capacity on certain satellites owned or leased by EchoStar. The fees for the services provided under these satellite capacity agreements depend, among other things, upon the orbital location of the applicable satellite, the number of transponders that are leased on the applicable satellite and the length of the lease. The term of each lease is set forth below:

EchoStar I, VII, X, XI and XIV. On March 1, 2014, we began leasing certain capacity from EchoStar on the EchoStar I, VII, X, XI and XIV satellites. The term of each satellite capacity agreement generally terminates upon the earlier of: (i) the end-of-life of the satellite; (ii) the date the satellite fails; or (iii) a

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certain date, which depends upon, among other things, the estimated useful life of the satellite. We generally have 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.* During May 2013, we began leasing capacity from EchoStar on EchoStar VIII as an in-orbit spare. Effective March 1, 2014, this lease converted to a month-to-month lease. Both parties have the right to terminate this lease with 30 days notice.
- EchoStar IX.* We lease certain satellite capacity from EchoStar on EchoStar IX. Subject to availability, we generally have the right to continue to lease satellite capacity from EchoStar on EchoStar IX on a month-to-month basis.
- EchoStar XII.* The lease for EchoStar XII generally terminates upon the earlier of: (i) the end-of-life or replacement of the satellite (unless we determine to renew on a year-to-year basis); (ii) the date the satellite fails; (iii) the date the transponders on which service is being provided fails; or (iv) a certain date, which depends upon, among other things, the estimated useful life of the satellite, whether the replacement satellite fails at launch or in orbit prior to being placed into service and the exercise of certain renewal options. We generally have the option to renew the lease 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 a transponder service agreement with EchoStar to lease all of the capacity on EchoStar XVI, a DBS satellite, after its service commencement date. EchoStar XVI was launched during November 2012 to replace EchoStar XV at the 61.5 degree orbital location and is currently in service. Under the original transponder service agreement, the initial term generally expired upon the earlier of: (i) the end-of-life or replacement of the satellite; (ii) the date the satellite failed; (iii) the date the transponder(s) on which service was being provided under the agreement failed; or (iv) ten years following the actual service commencement date. Prior to expiration of the initial term, we also had the option to renew on a year-to-year basis through the end-of-life of the satellite. Effective December 21, 2012, we and EchoStar 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 have the option to renew for an additional six-year period. Prior to expiration of the initial term, EchoStar also has the right, upon certain conditions, to renew for an additional six-year period. If either we or EchoStar exercise our respective six-year renewal options, then we have the option to renew for an additional five-year period prior to expiration of the then-current term. There can be no assurance that any options to renew this agreement will be exercised.

Nimiq 5 Agreement. During 2009, EchoStar 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 orbital location (the “Telesat Transponder Agreement”). During 2009, EchoStar also entered into a satellite service agreement (the “DISH Nimiq 5 Agreement”) with us, pursuant to which we currently receive service from EchoStar on all 32 of the DBS transponders covered by the Telesat Transponder Agreement. We have also guaranteed certain obligations of EchoStar under the Telesat Transponder Agreement. See discussion under “Guarantees” in Note 10.

Under the terms of the DISH Nimiq 5 Agreement, we make certain monthly payments to EchoStar that commenced in September 2009 when the Nimiq 5 satellite was placed into service and continue through the service term. Unless earlier terminated under the terms and conditions of the DISH Nimiq 5

Agreement, the service term will expire ten years following the date the Nimiq 5 satellite was placed into service. Upon expiration of the initial term, we have the option to renew the DISH Nimiq 5 Agreement on a year-to-year basis through the end-of-life of the Nimiq 5

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satellite. Upon in-orbit failure or end-of-life of the Nimiq 5 satellite, and in certain other circumstances, we have certain rights to receive service from EchoStar on a replacement satellite. There can be no assurance that any options to renew the DISH Nimiq 5 Agreement will be exercised or that we will exercise our option to receive service on a replacement satellite.

QuetzSat-1 Lease Agreement. During 2008, EchoStar entered into a ten-year satellite service agreement with SES Latin America S.A. (“SES”), which provides, among other things, for the provision by SES to EchoStar of service on 32 DBS transponders on the QuetzSat-1 satellite. During 2008, EchoStar also entered into a transponder service agreement (“QuetzSat-1 Transponder Agreement”) with us pursuant to which we receive service from EchoStar on 24 DBS transponders. QuetzSat-1 was launched on September 29, 2011 and was placed into service during the fourth quarter 2011 at the 67.1 degree orbital location while we and EchoStar explored alternative uses for the QuetzSat-1 satellite. In the interim, EchoStar provided us with alternate capacity at the 77 degree orbital location. During the third quarter 2012, we and EchoStar entered into an agreement pursuant to which we sublease five DBS transponders back to EchoStar. During January 2013, QuetzSat-1 was moved to the 77 degree orbital location and we commenced commercial operations at that location in February 2013.

Unless earlier terminated under the terms and conditions of the QuetzSat-1 Transponder Agreement, the initial service term will expire in November 2021. Upon expiration of the initial term, we have the option to renew the QuetzSat-1 Transponder Agreement 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, we have certain rights to receive service from EchoStar on a replacement satellite. There can be no assurance that any options to renew the QuetzSat-1 Transponder Agreement will be exercised or that we will exercise our option to receive service on a replacement satellite.

103 Degree Orbital Location/SES-3. During May 2012, EchoStar 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 orbital location (the “103 Spectrum Rights”). During June 2013, we and EchoStar entered into a spectrum development agreement (the “DISH 103 Spectrum Development Agreement”) pursuant to which we may use and develop the 103 Spectrum Rights. Unless earlier terminated under the terms and conditions of the DISH 103 Spectrum Development Agreement, the term generally will continue for the duration of the 103 Spectrum Rights.

In connection with the 103 Spectrum Development Agreement, during May 2012, EchoStar also entered into a ten-year service agreement with Ciel pursuant to which EchoStar leases certain satellite capacity from Ciel on the SES-3 satellite at the 103 degree orbital location (the “103 Service Agreement”). During June 2013, we and EchoStar entered into an agreement pursuant to which we lease certain satellite capacity from EchoStar on the SES-3 satellite (the “DISH 103 Service Agreement”). Under the terms of the DISH 103 Service Agreement, we make certain monthly payments to EchoStar 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, we have certain rights to receive service from EchoStar on a replacement satellite. There can be no assurance that we will exercise our option to receive service on a replacement satellite.

TT&C Agreement. Effective January 1, 2012, we entered into a telemetry, tracking and control (“TT&C”) agreement pursuant to which we receive TT&C services from EchoStar for a period ending on December 31, 2016 (the “2012 TT&C Agreement”). 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. We are able to terminate the 2012 TT&C Agreement for any reason upon 60 days notice.

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As part of the Satellite and Tracking Stock Transaction, on February 20, 2014, we amended the 2012 TT&C Agreement to cease the provision of TT&C services from EchoStar for the EchoStar I, EchoStar VII, EchoStar X, EchoStar XI and EchoStar XIV satellites. As of March 1, 2014, EchoStar is providing us TT&C services for the EchoStar XV, D1 and T1 satellites.

DBSD North America Agreement. On March 9, 2012, we completed the DBSD Transaction. During the second quarter 2011, EchoStar acquired Hughes. Prior to our acquisition of DBSD North America and EchoStar’s acquisition of Hughes, DBSD North America and HNS entered into an agreement pursuant to which HNS provides, among other things, hosting, operations and maintenance services for DBSD North America’s satellite gateway and associated ground infrastructure. This agreement renewed for a one-year period ending on February 15, 2015, and renews for two successive one-year periods unless terminated by DBSD North America upon at least 30 days notice prior to the expiration of any renewal term.

TerreStar Agreement. On March 9, 2012, we completed the TerreStar Transaction. Prior to our acquisition of substantially all the assets of TerreStar and EchoStar’s acquisition of Hughes, TerreStar and HNS entered into various agreements pursuant to which HNS 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 us at any time for convenience.

“General and administrative expenses — EchoStar”

Product Support Agreement. In connection with the Spin-off, we entered into a product support agreement pursuant to which we have the right, but not the obligation, to receive product support from EchoStar (including certain engineering and technical support services) for all set-top boxes and related accessories that EchoStar has previously sold and in the future may sell to us. 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 receivers and related accessories, unless terminated earlier. We 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, we are entitled to a refund of any unearned fees paid to EchoStar for the services.

Real Estate Lease Agreements. We have entered into lease agreements pursuant to which we lease certain real estate from EchoStar. 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, and EchoStar is responsible for its portion of the taxes, insurance, utilities and maintenance of the premises. The term of each lease 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.

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- *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.

DISHOnline.com Services Agreement. Effective January 1, 2010, we entered into a two-year agreement with EchoStar pursuant to which we receive 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. We have the option to renew this agreement for three successive one year terms and the agreement may be terminated for any reason upon at least 120 days notice to EchoStar. In November 2013, we exercised our 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 EchoStar pursuant to which we receive, among other things, certain remote 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. This agreement may be terminated for any reason upon at least 120 days notice to EchoStar.

SlingService Services Agreement. Effective February 23, 2010, we entered into an agreement with EchoStar pursuant to which we receive 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. This agreement may be terminated for any reason upon at least 120 days notice to EchoStar.

DISH Digital Holding L.L.C. Effective July 1, 2012, we and EchoStar formed DISH Digital Holding L.L.C. (“DISH Digital”), which is owned two-thirds by us and one-third by EchoStar and is consolidated into our financial statements beginning July 1, 2012. DISH Digital was formed to develop and commercialize certain advanced technologies. We, EchoStar and DISH Digital entered into the following agreements with respect to DISH Digital: (i) a contribution agreement pursuant to which we and EchoStar 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 EchoStar, respectively. Since this was a formation of an entity under common control and a step-up in basis was not allowed, each party’s contributions were recorded at historical book value for accounting purposes. We consolidated DISH Digital with EchoStar’s ownership position recorded as non-controlling interest.

Application Development Agreement. During the fourth quarter 2012, we and EchoStar entered into a set-top box application development agreement (the “Application Development Agreement”) pursuant to which EchoStar provides us with certain services relating to the development of web-based applications for set-top boxes for a period ending on February 1, 2015. The Application Development Agreement renews automatically for successive one-year periods thereafter, unless terminated earlier by us or EchoStar at any time upon at least 90 days notice. The fees for services provided under the Application Development Agreement are calculated at EchoStar’s 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 2012, we entered into an encryption agreement with EchoStar for our whole-home HD DVR line of set-top boxes (the “XiP Encryption Agreement”) pursuant to which EchoStar provides 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

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Encryption Agreement is for a period until December 31, 2014. Under the XiP Encryption Agreement, we have the option, but not the obligation, to extend the XiP Encryption Agreement for one additional year upon 180 days notice prior to the end of the term. We and EchoStar each have the right to terminate the XiP Encryption Agreement for any reason upon at least 30 days notice and 180 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.

Other Agreements — EchoStar

Receiver Agreement. EchoStar is currently our sole supplier of set-top box receivers. Effective January 1, 2012, we and EchoStar entered into a receiver agreement (the “2012 Receiver Agreement”) pursuant to which we have the right, but not the obligation, to purchase digital set-top boxes, related accessories, and other equipment from EchoStar for the period from January 1, 2012 to December 31, 2014. We have 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 provided EchoStar notice to extend the 2012 Receiver Agreement for one year to December 31, 2015. The 2012 Receiver Agreement allows us to purchase digital set-top boxes, related accessories and other equipment from EchoStar either: (i) at a cost (decreasing as EchoStar reduces 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 EchoStar’s 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, EchoStar’s margins will be increased if they are able to reduce the costs of their digital set-top boxes and their margins will be reduced if these costs increase. EchoStar provides us 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. We are able to terminate the 2012 Receiver Agreement for any reason upon at least 60 days notice to EchoStar. EchoStar is able to terminate the 2012 Receiver Agreement if certain entities acquire us.

For the three months ended March 31, 2014 and 2013, we purchased set-top boxes and other equipment from EchoStar of \$294 million and \$297 million, respectively. Included in these amounts are purchases of certain broadband equipment from EchoStar under the 2012 Receiver Agreement. These amounts are initially included in “Inventory” and are subsequently capitalized as “Property and equipment, net” on our Condensed Consolidated Balance Sheets or expensed as “Subscriber acquisition costs” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) when the equipment is deployed.

Tax Sharing Agreement. In connection with the Spin-off, we entered into a tax sharing agreement with EchoStar 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 us, and we will indemnify EchoStar for such taxes. However, we are not liable for and will not indemnify EchoStar for any taxes that are incurred as a result of the Spin-off or certain related transactions failing to qualify as tax-free distributions pursuant to any provision of Section 355 or Section 361 of the Internal Revenue Code of 1986, as amended (the “Code”) because of: (i) a direct or indirect acquisition of any of EchoStar’s stock, stock options or assets; (ii) any action that EchoStar takes or fails to take; or (iii) any action that EchoStar takes that is inconsistent with the information and representations furnished to the Internal Revenue Service (“IRS”) in connection with the request for the private letter ruling, or to counsel in connection with any opinion being delivered by counsel with respect to the Spin-off or certain related transactions. In such case, EchoStar is solely liable for, and will indemnify us 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 2013, we and

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EchoStar agreed upon a supplemental allocation of the tax benefits arising from certain tax items resolved in the course of the IRS’ examination of these consolidated tax returns. As a result, we agreed to pay EchoStar \$83 million of the tax benefit we received or will receive. This resulted in a reduction of our recorded unrecognized tax benefits and this amount was reclassified to a long-term payable to EchoStar within “Long-term deferred revenue, distribution and carriage payments and other long-term liabilities” on our Condensed Consolidated Balance Sheets during the third quarter 2013. Any payment to EchoStar, including accrued interest, will be made at such time as EchoStar would have otherwise been able to realize such tax benefit. In addition, during the third quarter 2013, we and EchoStar 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 EchoStar for such combined returns, through the taxable period ending on December 31, 2017.

RUS Implementation Agreement. In September 2010, DISH Broadband L.L.C. (“DISH Broadband”), our wholly-owned subsidiary, was selected by the Rural Utilities Service (“RUS”) of the United States Department of Agriculture to receive up to approximately \$14 million in broadband stimulus grant funds (the “Grant Funds”). Effective November 2011, DISH Broadband and HNS 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 our RUS program. The RUS Agreement expired during June 2013, when the Grant Funds were exhausted. During the three months ended March 31, 2013, we expensed \$1 million under the RUS Agreement, which is included in “Cost of sales — equipment, services and other” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

TiVo. On April 29, 2011, we and EchoStar entered into a settlement agreement with TiVo Inc. (“TiVo”). The settlement resolved all pending litigation between us and EchoStar, on the one hand, and TiVo, on the other hand, including litigation relating to alleged patent infringement involving certain DISH digital video recorders, or 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 EchoStar were dissolved. We and EchoStar are jointly responsible for making payments to TiVo in the aggregate amount of \$500 million, including an initial payment of \$300 million and the remaining \$200 million in six equal annual installments between 2012 and 2017. These amounts are recorded in “Litigation expense” or “Subscriber-related expense” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Pursuant to the terms and conditions of the agreements entered into in connection with the Spin-off of EchoStar from us, we made the initial payment to TiVo in May 2011, except for the contribution from EchoStar totaling approximately \$10 million, representing an allocation of liability relating to EchoStar’s sales of DVR-enabled receivers to an international customer. Future payments will be allocated between us and EchoStar based on historical sales of certain licensed products, with us being responsible for 95% of each annual payment.

Patent Cross-License Agreements. During December 2011, we and EchoStar entered into separate patent cross-license agreements with the same third-party whereby: (i) EchoStar and such third-party licensed their respective patents to each other subject to certain conditions; and (ii) we and such third-party licensed our 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 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 million. However, we and EchoStar 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 revenues of us and EchoStar, we and EchoStar agreed to allocate our respective payments to such third-party based on our respective percentage of combined total revenue.

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Hughes Broadband Distribution Agreement. Effective October 1, 2012, dishNET Satellite Broadband L.L.C. (“dishNET Satellite Broadband”), our wholly-owned subsidiary, and HNS entered into a Distribution Agreement (the “Distribution Agreement”) pursuant to which dishNET Satellite Broadband has the right, but not the obligation, to market, sell and distribute the HNS satellite Internet service (the “Service”). dishNET Satellite Broadband pays HNS a monthly per subscriber wholesale service fee for the Service based upon the subscriber’s service level, and, beginning January 1, 2014, certain volume subscription thresholds. The Distribution Agreement also provides that dishNET Satellite Broadband has the right, but not the obligation, to purchase certain broadband equipment from HNS to support the sale of the Service. The Distribution Agreement initially had a term of five years with automatic renewal for successive one year terms unless either party gives written notice of its intent not to renew to the other party at least 180 days before the expiration of the then-current term. As part of the Satellite and Tracking Stock Transaction, on February 20, 2014, dishNET Satellite Broadband and HNS amended the Distribution Agreement which, among other things, extends 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 Service to the then-current dishNET subscribers pursuant to the terms and conditions of the Distribution Agreement. During the three months ended March 31, 2014 and 2013, we paid \$15 million and \$3 million, respectively, for these services from HNS, included in “Subscriber-related expenses” on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

For the three months ended March 31, 2014 and 2013, we purchased broadband equipment from HNS of \$10 million and \$10 million, respectively. These amounts are initially included in “Inventory” and are subsequently capitalized as “Property and equipment, net” on our Condensed Consolidated Balance Sheets or expensed as “Subscriber acquisition costs” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) when the equipment is deployed. In addition, we purchase certain broadband equipment from EchoStar under the 2012 Receiver Agreement, as previously discussed. In addition, see above for further information regarding the Distribution Agreement.

Radio Access Network Agreement. On November 29, 2012, we entered into an agreement with HNS pursuant to which HNS will construct for us 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 us at any time for convenience. As of March 31, 2014 and December 31, 2013, we capitalized \$15 million and \$13 million, respectively, for these services, included in “Property and equipment, net” on our Condensed Consolidated Balance Sheets.

Amended and Restated T2 Development Agreement. On August 29, 2013, we and EchoStar entered into a development agreement (the “T2 Development Agreement”) with respect to the T2 satellite, by which EchoStar reimburses us for amounts we pay pursuant to an authorization to proceed (the “T2 ATP”) with SS/L related to the T2 satellite construction contract. In exchange, we granted EchoStar a right of first refusal and right of first offer to purchase our rights in T2 during the term of the T2 Development Agreement. In addition, under certain circumstances EchoStar had a right to receive a portion of the sale proceeds in the event T2 is sold to a third-party during or following the term of the T2 Development Agreement. Unless sooner terminated in accordance with its terms, the term of the T2 Development Agreement expired on the later of: (i) December 31, 2013, or (ii) the date on which the T2 ATP expires.

During the fourth quarter 2013, we and EchoStar amended and restated the T2 Development Agreement (the “Amended and Restated T2 Development Agreement”), which supersedes and replaces the T2 Development Agreement. Under the Amended and Restated T2 Development Agreement, EchoStar will continue to reimburse us for amounts we pay pursuant to the T2 ATP with SS/L. In exchange, we granted EchoStar the right and option to purchase our rights in the T2 satellite for the sum of \$55 million, exercisable at any time between January 1, 2014 and (i) the expiration or earlier termination of the Amended and Restated T2 Development Agreement or (ii) December 19, 2014, whichever occurs sooner. Unless sooner terminated in accordance with its terms, the term of the Amended and Restated T2 Development Agreement expires on the later of: (a) December 19, 2014; or (b) the

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date on which the T2 ATP expires. As of March 31, 2014, we have received payments from EchoStar of approximately \$16 million under the Amended and Restated T2 Development Agreement.

Satellite and Tracking Stock Transaction with EchoStar. To improve our position in the growing consumer satellite broadband market, among other reasons, on February 20, 2014, we entered into the Satellite and Tracking Stock Transaction with EchoStar pursuant to which, among other things: (i) on March 1, 2014, we transferred to EchoStar and HSSC the Transferred Satellites, including related in-orbit incentive obligations and cash interest payments of approximately \$59 million and approximately \$11 million in cash in exchange for the Tracking Stock; and (ii) beginning on March 1, 2014, we lease back certain satellite capacity on the Transferred Satellites. The Satellite and Tracking Stock Transaction is further described below:

- *Transaction Agreement.* On February 20, 2014, DOLLC, DNLLC and EchoStar XI Holding L.L.C., all indirect wholly-owned subsidiaries of us, entered into the Transaction Agreement with EchoStar, HSSC and Alpha Company LLC, a wholly-owned subsidiary of EchoStar, pursuant to which, on March 1, 2014, we, among other things, transferred to EchoStar and HSSC the Transferred Satellites in exchange for the Tracking Stock. The Tracking Stock generally tracks the Hughes Retail Group. The shares of the Tracking Stock issued to us represent an aggregate 80% economic interest in the Hughes Retail Group. Since the Satellite and Tracking Stock Transaction is among entities under common control, we recorded the Tracking Stock at EchoStar and HSSC's historical cost basis for these instruments of \$229 million and \$87 million, respectively. The difference between the historical cost basis of the Tracking Stock received and the net carrying value of the Transferred Satellites of \$356 million (including debt obligations, net of deferred taxes), plus the \$11 million in cash, resulted in a \$51 million capital transaction recorded in "Additional paid-in capital" on our Condensed Consolidated Balance Sheet. The shares of the Tracking Stock issued to us represent an aggregate 80% economic interest in the Hughes Retail Group. Although our investment in the Tracking Stock represents an aggregate 80% economic interest in the Hughes Retail Group, we have no operational control or significant influence over the Hughes Retail Group business, and currently there is no public market for the Tracking Stock. The Transaction Agreement includes, among other things, customary mutual provisions for representations, warranties and indemnification.
- *Satellite Capacity Leased from EchoStar.* On February 20, 2014, we entered into satellite capacity agreements with certain subsidiaries of EchoStar pursuant to which, beginning March 1, 2014, we, among other things, lease certain satellite capacity on the Transferred Satellites. See further discussion under "Satellite and transmission expenses — EchoStar — Satellite Capacity Leased from EchoStar."
- *Investor Rights Agreement.* On February 20, 2014, EchoStar, HSSC, DOLLC and DNLLC (DOLLC and DNLLC, collectively referred to as the "DISH Investors") also entered into the Investor Rights Agreement with respect to the Tracking Stock. The Investor Rights Agreement provides, among other things, certain information and consultation rights for the DISH Investors; certain transfer restrictions on the Tracking Stock and certain rights and obligations to offer and sell under certain circumstances (including a prohibition on transfers of the Tracking Stock for one year, with continuing transfer restrictions (including a right of first offer in favor of EchoStar) thereafter, an obligation to sell the Tracking Stock to EchoStar in connection with a change of control of us and a right to require EchoStar to repurchase the Tracking Stock in connection with a change of control of EchoStar, in each case subject to certain terms and conditions); certain registration rights; certain obligations to provide conversion and exchange rights of the Tracking Stock under certain circumstances; and certain protective covenants afforded to holders of the Tracking Stock. The Investor Rights Agreement generally will terminate as to the DISH Investors

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at such time as the DISH Investors no longer hold any shares of the HSSC-issued Tracking Stock and any registrable securities under the Investor Rights Agreement.

Other Agreements

In November 2009, Mr. Roger Lynch became employed by both us and EchoStar 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 DISH Network and EchoStar. Mr. Lynch's compensation consists of cash and equity compensation and is borne by both EchoStar and DISH Network.

Related Party Transactions with NagraStar L.L.C.

NagraStar is a joint venture between EchoStar and Nagra USA, Inc. that is our provider of encryption and related security systems intended to assure that only authorized customers have access to our programming.

The table below summarizes our transactions with NagraStar.

	For the Three Months Ended March 31	
	2014	2013
(In thousands)		
Purchases (including fees):		
Purchases from NagraStar	\$ 20,203	\$ 22,019
	As of	
	March 31, 2014	December 31, 2013
	(In thousands)	

Amounts Payable and Commitments:

Amounts payable to NagraStar	<u>\$ 16,687</u>	<u>\$ 23,417</u>
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You should read the following management’s discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and notes to our financial statements included elsewhere in this quarterly report. This management’s discussion and analysis is intended to help provide an understanding of our financial condition, changes in financial condition and results of our operations and contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in our Annual Report on Form 10-K for the year ended December 31, 2013 and this Quarterly Report on Form 10-Q under the caption “Item 1A. Risk Factors.” Further, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q, and we expressly disclaim any undertaking to update any forward-looking statements.

EXECUTIVE SUMMARY**Overview**

DISH added approximately 40,000 net Pay-TV subscribers during the three months ended March 31, 2014, compared to the addition of approximately 36,000 net Pay-TV subscribers during the same period in 2013. The increase versus the same period in 2013 primarily resulted from lower Pay-TV churn.

Our Pay-TV churn rate for the three months ended March 31, 2014 was 1.42% compared to 1.47% for the same period in 2013. While our Pay-TV churn rate improved compared to the same period in 2013, our Pay-TV churn rate continues to be adversely affected by increased competitive pressures, including aggressive marketing and discounted promotional offers. Our Pay-TV churn rate is also impacted by, among other things, the credit quality of previously acquired subscribers, our ability to consistently provide outstanding customer service, price increases, service interruptions driven by programming disputes, and our ability to control piracy and other forms of fraud.

During the three months ended March 31, 2014, DISH activated approximately 639,000 gross new Pay-TV subscribers compared to approximately 654,000 gross new Pay-TV subscribers during the same period in 2013, a decrease of 2.3%. Our gross new Pay-TV subscriber activations continue to be negatively impacted by increased competitive pressures, including aggressive marketing, discounted promotional offers, and more aggressive retention efforts in a mature market. In addition, our gross new Pay-TV subscriber activations continue to be adversely affected by sustained economic weakness and uncertainty.

DISH added approximately 53,000 net Broadband subscribers during the three months ended March 31, 2014 compared to the addition of approximately 66,000 net Broadband subscribers during the same period in 2013. This decrease versus the same period in 2013 primarily resulted from a higher number of customer disconnects driven by a larger Broadband subscriber base in the first quarter 2014 compared to the same period in 2013. During each of the three months ended March 31, 2014 and 2013, DISH activated approximately 83,000 gross new Broadband subscribers. Broadband services revenue was \$83 million and \$41 million for the three months ended March 31, 2014 and 2013, respectively, representing 2.3% and 1.2% of our total “Subscriber-related revenue,” respectively.

“Net income (loss) attributable to DISH Network” for the three months ended March 31, 2014 and 2013 was \$176 million and \$216 million, respectively. During the three months ended March 31, 2014, “Net income (loss) attributable to DISH Network” decreased primarily due to higher subscriber-related expenses, satellite and transmission expenses, general and administrative expenses, and lower interest income, partially offset by the programming package price increases in February 2014 and 2013.

Our ability to compete successfully will depend, among other things, on our ability to continue to obtain desirable programming and deliver it to our subscribers at competitive prices. Programming costs represent a large percentage of our “Subscriber-related expenses” and the largest component of our total expense. We expect these costs to continue to increase, especially for local broadcast channels and sports programming. Going forward, our margins may face pressure if we are unable to renew our long-term programming contracts on favorable pricing and other economic terms. In addition, increases in programming costs could cause us to increase the rates that we charge our subscribers, which could in turn cause our existing Pay-TV subscribers to disconnect our service or cause potential new Pay-TV subscribers to choose not to subscribe to our service. Additionally, even if our subscribers do not disconnect our services, they may purchase a certain portion of the services that they would have historically purchased from us

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through these online platforms, such as pay per view movies, resulting in less revenue to us. Furthermore, our gross new Pay-TV subscriber activations and Pay-TV churn rate may be negatively impacted if we are unable to renew our long-term programming contracts before they expire or if we lose access to programming as a result of disputes with programming suppliers.

As the pay-TV industry has matured, we and our competitors increasingly must seek to attract a greater proportion of new subscribers from each other’s existing subscriber bases rather than from first-time purchasers of pay-TV services. Some of our competitors have been especially aggressive by offering discounted programming and services for both new and existing subscribers. In addition, programming offered over the Internet has become more prevalent as the speed and quality of broadband networks have improved. Significant changes in consumer behavior with regard to the means by which they obtain video entertainment and information in response to digital media competition could materially adversely affect our business, results of operations and financial condition or otherwise disrupt our business.

While economic factors have impacted the entire pay-TV industry, our relative performance has also been driven by issues specific to DISH. In the past, our Pay-TV subscriber growth has been adversely affected by signal theft and other forms of fraud and by operational inefficiencies at DISH. To combat signal theft and improve the security of our broadcast system, we use microchips embedded in credit card sized access cards, called “smart cards,” or security chips in our receiver systems to control access to authorized programming content (“Security Access Devices”). We completed the replacement of our Security Access Devices to re-secure our system during 2009. We expect that additional future replacements of these devices will be necessary to keep our system secure. To combat other forms of fraud, we continue to expect that our third-party distributors and retailers will adhere to our business rules.

While we have made improvements in responding to and dealing with customer service issues, we continue to focus on the prevention of these issues, which is critical to our business, financial condition and results of operations. We implemented a new billing system as well as new sales and customer care systems in the first quarter 2012. To improve our operational performance, we continue to make significant investments in staffing, training, information systems, and other initiatives, primarily in our call center and in-home service operations. These investments are intended to help combat inefficiencies introduced by the increasing complexity of our business, improve customer satisfaction, reduce churn, increase productivity, and allow us to scale better over the long run. We cannot, however, be certain that our spending will ultimately be successful in improving our operational performance.

We have been deploying receivers that utilize 8PSK modulation technology and receivers that utilize MPEG-4 compression technology for several years. These technologies, when fully deployed, will allow more programming channels to be carried over our existing satellites. Many of our customers today, however, do not have receivers that use MPEG-4 compression and a smaller but still significant number of our customers do not have receivers that use 8PSK modulation. We may choose to invest significant capital to accelerate the conversion of customers to MPEG-4 and/or 8PSK to realize the bandwidth benefits sooner. In addition, given that all of our HD content is broadcast in MPEG-4, any growth in HD penetration will naturally accelerate our transition to these newer technologies and may increase our subscriber acquisition and retention costs. All new receivers that we purchase from EchoStar have MPEG-4 technology. Although we continue to refurbish and redeploy certain MPEG-2 receivers, as a result of our HD initiatives and current promotions, we currently activate most new customers with higher priced MPEG-4 technology. This limits our ability to redeploy MPEG-2 receivers and, to the extent that our promotions are successful, will accelerate the transition to MPEG-4 technology, resulting in an adverse effect on our acquisition costs per new subscriber activation.

From time to time, we change equipment for certain subscribers to make more efficient use of transponder capacity in support of HD and other initiatives. We believe that the benefit from the increase in available transponder capacity outweighs the short-term cost of these equipment changes.

To maintain and enhance our competitiveness over the long term, we introduced the Hopper[®] set-top box during first quarter 2012, which a consumer can use, at his or her option, to view recorded programming in HD in multiple rooms. During the first quarter 2013, we introduced the Hopper set-top box with Sling, which promotes a suite of integrated features and functionality designed to maximize the convenience and ease of watching TV anytime and anywhere, which we refer to as DISH Anywhere[™] that includes, among other things, online access and Slingbox

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“placeshifting” technology. In addition, the Hopper with Sling has several innovative features that a consumer can use, at his or her option, to watch and record television programming through certain tablet computers and combines program-discovery tools, social media engagement and remote-control capabilities through the use of certain tablet computers and smart phones. We recently introduced the Super Joey[™] receiver. A consumer can use, at his or her option, the Super Joey combined with the Hopper to record up to eight shows at the same time. There can be no assurance that these integrated features and functionality will positively affect our results of operations or our gross new Pay-TV subscriber activations.

During the second quarter 2012, the four major broadcast television networks filed lawsuits against us alleging, among other things, that the PrimeTime Anytime[™] and AutoHop[™] features of the Hopper set-top box infringe their copyrights. Additionally, Fox has alleged, among other things, that the Sling and Hopper Transfers[™] features of our Hopper set-top box infringe its copyrights. In the event a court ultimately determines that we infringe the asserted copyrights, we may be subject to, among other things, an injunction that could require us to materially modify or cease to offer these features. See Note 10 in the Notes to our Condensed Consolidated Financial Statements for further information.

Wireless Spectrum

In 2008, we paid \$712 million to acquire certain 700 MHz wireless spectrum licenses, which were granted to us by the FCC in February 2009 subject to certain interim and final build-out requirements. On March 2, 2012, the FCC approved the transfer of 40 MHz of AWS-4 wireless spectrum licenses held by DBSD North America, Inc. (“DBSD North America”) and TerreStar Networks, Inc. (“TerreStar”) to us. On March 9, 2012, we completed the acquisition of 100% of the equity of reorganized DBSD North America (the “DBSD Transaction”) and substantially all of the assets of TerreStar (the “TerreStar Transaction”), pursuant to which we acquired, among other things, certain satellite assets and wireless spectrum licenses held by DBSD North America and TerreStar. The total consideration to acquire the DBSD North America and TerreStar assets was approximately \$2.860 billion. In addition, we were the winning bidder for all 176 wireless spectrum licenses in the recent H Block auction with an aggregate bid of \$1.564 billion. On April 29, 2014, the FCC issued an order granting our application to acquire these H Block spectrum licenses. As a result, we are also required to pay approximately \$13 million to UTAM, Inc. for clearance costs associated with the lower H Block spectrum and approximately \$95 million to Sprint Corporation (“Sprint”) for clearance costs associated with the upper H Block spectrum by May 29, 2014 in connection with the issuance of the H Block licenses. See Note 10 in the Notes to our Condensed Consolidated Financial Statements for further information.

We generated less than \$1 million and \$1 million of revenue for the three months ended March 31, 2014 and 2013, respectively, from our wireless segment. In addition, we incurred operating losses of \$24 million and \$18 million for the three months ended March 31, 2014 and 2013, respectively.

We incur general and administrative expenses associated with certain satellite operations and regulatory compliance matters from our wireless spectrum assets, as well as various costs related to potential mergers and acquisitions. We also incur depreciation and amortization expenses associated with certain assets of DBSD North America and TerreStar. As we review our options for the commercialization of this wireless spectrum, we may incur significant additional expenses and may have to make significant investments related to, among other things, research and development, wireless testing and wireless network infrastructure, as well as the acquisition of additional wireless spectrum.

Operational Liquidity

Like many companies, we make general investments in property such as satellites, set-top boxes, information technology and facilities that support our overall business. However, since we are primarily a subscriber-based company, we also make subscriber-specific investments to acquire new subscribers and retain existing subscribers. While the general investments may be deferred without impacting the business in the short-term, the subscriber-specific investments are less discretionary. Our overall objective is to generate sufficient cash flow over the life of each subscriber to provide an adequate return against the upfront investment. Once the upfront investment has been made for each subscriber, the subsequent cash flow is generally positive.

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There are a number of factors that impact our future cash flow compared to the cash flow we generate at a given point in time. The first factor is how successful we are at retaining our current subscribers. As we lose subscribers from our existing base, the positive cash flow from that base is correspondingly reduced. The second factor is how successful we are at maintaining our subscriber-related margins. To the extent our "Subscriber-related expenses" grow faster than our "Subscriber-related revenue," the amount of cash flow that is generated per existing subscriber is reduced. The third factor is the rate at which we acquire new subscribers. The faster we acquire new subscribers, the more our positive ongoing cash flow from existing subscribers is offset by the negative upfront cash flow associated with new subscribers. Finally, our future cash flow is impacted by the rate at which we make general investments and any cash flow from financing activities.

Our subscriber-specific investments to acquire new subscribers have a significant impact on our cash flow. While fewer subscribers might translate into lower ongoing cash flow in the long-term, cash flow is actually aided, in the short-term, by the reduction in subscriber-specific investment spending. As a result, a slow down in our business due to external or internal factors does not introduce the same level of short-term liquidity risk as it might in other industries.

Availability of Credit and Effect on Liquidity

The ability to raise capital has generally existed for us despite the weak economic conditions. Modest fluctuations in the cost of capital will not likely impact our current operational plans.

Future Liquidity

6 5/8% Senior Notes due 2014

Our 6 5/8% Senior Notes with an aggregate principal balance of \$1.0 billion mature on October 1, 2014. We expect to fund this obligation from cash generated from operations and existing cash and marketable investment securities balances.

Wireless Spectrum

We have made substantial investments to acquire certain wireless spectrum licenses in recent years. We may also determine that additional spectrum licenses may be required to commercialize our wireless business and to compete with other wireless service providers. We will need to make significant additional investments or partner with others to, among other things, finance the commercialization and build-out requirements of our licenses and any additional acquired licenses and our integration efforts, including compliance with regulations applicable to acquired licenses. Depending on the nature and scope of such commercialization, build-out, and integration efforts, any such investment or partnership could vary significantly. There can be no assurance that we will be able to develop and implement a business model that will realize a return on these spectrum licenses or that we will be able to profitably deploy the assets represented by these spectrum licenses, which may affect the carrying value of these assets and our future financial condition or results of operations. See Note 10 "Commitments and Contingencies — Wireless Spectrum" in the Notes to the Condensed Consolidated Financial Statements for further discussion.

EXPLANATION OF KEY METRICS AND OTHER ITEMS

Subscriber-related revenue. "Subscriber-related revenue" consists principally of revenue from basic, premium movie, local, HD programming, pay-per-view, Latino and international subscription pay-TV services, broadband services, equipment rental fees and other hardware related fees, including fees for DVRs, fees for broadband equipment, equipment upgrade fees and additional outlet fees from subscribers with receivers with multiple tuners, advertising services, fees earned from our in-home service operations and other subscriber revenue. Certain of the amounts included in "Subscriber-related revenue" are not recurring on a monthly basis.

Equipment sales and other revenue. "Equipment sales and other revenue" principally includes the non-subsidized sales of DBS accessories to retailers and other third-party distributors of our equipment and to Pay-TV subscribers.

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Equipment sales, services and other revenue — EchoStar. "Equipment sales, services and other revenue — EchoStar" includes revenue related to equipment sales, services, and other agreements with EchoStar.

Subscriber-related expenses. "Subscriber-related expenses" principally include pay-TV programming expenses, which represent a substantial majority of these expenses. "Subscriber-related expenses" also include costs for pay-TV and broadband services incurred in connection with our in-home service and call

center operations, billing costs, refurbishment and repair costs related to receiver systems, subscriber retention, other variable subscriber expenses and monthly wholesale fees paid to broadband providers.

Satellite and transmission expenses — EchoStar. “Satellite and transmission expenses — EchoStar” includes the cost of leasing satellite and transponder capacity from EchoStar and the cost of digital broadcast operations provided to us by EchoStar, including satellite uplinking/downlinking, signal processing, conditional access management, telemetry, tracking and control, and other professional services.

Satellite and transmission expenses — other. “Satellite and transmission expenses — other” includes executory costs associated with capital leases and costs associated with transponder leases and other related services.

Cost of sales - equipment, services and other. “Cost of sales - equipment, services and other” primarily includes the cost of non-subsidized sales of DBS accessories to retailers and other third-party distributors of our equipment and to Pay-TV subscribers. In addition, “Cost of sales - equipment, services and other” includes costs related to equipment sales, services, and other agreements with EchoStar.

Subscriber acquisition costs. While we primarily lease pay-TV receiver systems and Broadband modem equipment, we also subsidize certain costs to attract new Pay-TV and Broadband subscribers. Our “Subscriber acquisition costs” include the cost of subsidized sales of pay-TV receiver systems to retailers and other third-party distributors of our equipment, the cost of subsidized sales of pay-TV receiver systems directly by us to subscribers, including net costs related to our promotional incentives, costs related to our direct sales efforts and costs related to installation and acquisition advertising. We exclude the value of equipment capitalized under our lease program for new Pay-TV and Broadband subscribers from “Subscriber acquisition costs.”

Pay-TV SAC. Subscriber acquisition cost measures are commonly used by those evaluating companies in the pay-TV industry. We are not aware of any uniform standards for calculating the “average subscriber acquisition costs per new Pay-TV subscriber activation,” or Pay-TV SAC, and we believe presentations of Pay-TV SAC may not be calculated consistently by different companies in the same or similar businesses. Our Pay-TV SAC is calculated as “Subscriber acquisition costs,” excluding “Subscriber acquisition costs” associated with our broadband services, plus the value of equipment capitalized under our lease program for new Pay-TV subscribers, divided by gross new Pay-TV subscriber activations. We include all the costs of acquiring Pay-TV subscribers (e.g., subsidized and capitalized equipment) as we believe it is a more comprehensive measure of how much we are spending to acquire subscribers. We also include all new Pay-TV subscribers in our calculation, including Pay-TV subscribers added with little or no subscriber acquisition costs.

General and administrative expenses. “General and administrative expenses” consists primarily of employee-related costs associated with administrative services such as legal, information systems, accounting and finance, including non-cash, stock-based compensation expense. It also includes outside professional fees (e.g., legal, information systems and accounting services) and other items associated with facilities and administration.

Litigation expense. “Litigation expense” primarily consists of legal settlements, judgments or accruals associated with certain significant litigation.

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

Other, net. The main components of “Other, net” are gains and losses realized on the sale and/or conversion of marketable and non-marketable investment securities and derivative financial instruments, impairment of marketable and non-marketable investment securities, unrealized gains and losses from changes in fair value of

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

marketable and non-marketable strategic investments accounted for at fair value, unrealized gains and losses from changes in fair value of derivative financial instruments, and equity in earnings and losses of our affiliates.

Adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”). Adjusted EBITDA is defined as “Net income (loss) attributable to DISH Network” less “Income (loss) from discontinued operations, net of tax” plus “Interest expense, net of amounts capitalized” net of “Interest income,” “Income tax (provision) benefit, net” and “Depreciation and amortization.” This “non-GAAP measure” is reconciled to “Net income (loss) attributable to DISH Network” in our discussion of “Results of Operations” below.

Income (loss) from discontinued operations, net of tax. “Income (loss) from discontinued operations, net of tax” includes the results of Blockbuster operations which ceased all material operations as of December 31, 2013.

“Pay-TV subscribers.” We include customers obtained through direct sales, third-party retailers and other third-party distribution relationships in our Pay-TV subscriber count. We also provide pay-TV service to hotels, motels and other commercial accounts. For certain of these commercial accounts, we divide our total revenue for these commercial accounts by an amount approximately equal to the retail price of our DISH America programming package, and include the resulting number, which is substantially smaller than the actual number of commercial units served, in our Pay-TV subscriber count. Our Pay-TV subscriber count also includes a small percentage of customers, primarily with foreign language programming, who receive their pay-TV programming from us over the Internet.

“Broadband subscribers.” Each broadband customer is counted as one Broadband subscriber, regardless of whether they are also a Pay-TV subscriber. A subscriber of both our pay-TV and broadband services is counted as one Pay-TV subscriber and one Broadband subscriber.

Pay-TV average monthly revenue per subscriber (“Pay-TV ARPU”). We are not aware of any uniform standards for calculating ARPU and believe presentations of ARPU may not be calculated consistently by other companies in the same or similar businesses. We calculate Pay-TV average monthly revenue per Pay-TV subscriber, or Pay-TV ARPU, by dividing average monthly “Subscriber-related revenue,” excluding revenue from broadband services, for the period by our average number of Pay-TV subscribers for the period. The average number of Pay-TV subscribers is calculated for the period by adding the average number of Pay-TV subscribers for each month and dividing by the number of months in the period. The average number of Pay-TV subscribers for each month is calculated by adding the beginning and ending Pay-TV subscribers for the month and dividing by two.

Pay-TV average monthly subscriber churn rate (“Pay-TV churn rate”). We are not aware of any uniform standards for calculating subscriber churn rate and believe presentations of subscriber churn rates may not be calculated consistently by different companies in the same or similar businesses. We calculate Pay-TV churn rate for any period by dividing the number of Pay-TV subscribers who terminated service during the period by the average number of Pay-TV subscribers for the same period, and further dividing by the number of months in the period. When calculating the Pay-TV churn rate, the same methodology for calculating average number of Pay-TV subscribers is used as when calculating Pay-TV ARPU.

Adjusted free cash flow. We define adjusted free cash flow as “Net cash flows from operating activities from continuing operations” less “Purchases of property and equipment,” as shown on our Condensed Consolidated Statements of Cash Flows.

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RESULTS OF OPERATIONS

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

Statements of Operations Data	For the Three Months Ended March 31,		Variance	
	2014	2013	Amount	%
	(In thousands)			
Revenue:				
Subscriber-related revenue	\$ 3,556,187	\$ 3,348,167	\$ 208,020	6.2
Equipment sales and other revenue	22,239	25,223	(2,984)	(11.8)
Equipment sales, services and other revenue - EchoStar	15,772	2,140	13,632	*
Total revenue	3,594,198	3,375,530	218,668	6.5
Costs and Expenses:				
Subscriber-related expenses	2,069,132	1,911,593	157,539	8.2
% of Subscriber-related revenue	58.2%	57.1%		
Satellite and transmission expenses - EchoStar	138,891	112,933	25,958	23.0
% of Subscriber-related revenue	3.9%	3.4%		
Satellite and transmission expenses - Other	10,605	10,248	357	3.5
% of Subscriber-related revenue	0.3%	0.3%		
Cost of sales - equipment, services and other	27,793	21,800	5,993	27.5
Subscriber acquisition costs	449,146	463,900	(14,754)	(3.2)
General and administrative expenses	203,113	173,269	29,844	17.2
% of Total revenue	5.7%	5.1%		
Depreciation and amortization	249,220	230,170	19,050	8.3
Total costs and expenses	3,147,900	2,923,913	223,987	7.7
Operating income (loss)	446,298	451,617	(5,319)	(1.2)
Other Income (Expense):				
Interest income	14,164	37,152	(22,988)	(61.9)
Interest expense, net of amounts capitalized	(175,994)	(161,516)	(14,478)	(9.0)
Other, net	(5,189)	11,400	(16,589)	*
Total other income (expense)	(167,019)	(112,964)	(54,055)	(47.9)
Income (loss) before income taxes	279,279	338,653	(59,374)	(17.5)
Income tax (provision) benefit, net	(108,462)	(126,419)	17,957	14.2
Effective tax rate	38.8%	37.3%		
Income (loss) from continuing operations	170,817	212,234	(41,417)	(19.5)
Income (loss) from discontinued operations, net of tax	—	(1,558)	1,558	100.0
Net income (loss)	170,817	210,676	(39,859)	(18.9)
Less: Net income (loss) attributable to noncontrolling interest	(5,114)	(4,922)	(192)	(3.9)
Net income (loss) attributable to DISH Network	\$ 175,931	\$ 215,598	\$ (39,667)	(18.4)
Other Data:				
Pay-TV subscribers, as of period end (in millions)	14.097	14.092	0.005	0.0
Pay-TV subscriber additions, gross (in millions)	0.639	0.654	(0.015)	(2.3)
Pay-TV subscriber additions, net (in millions)	0.040	0.036	0.004	11.1
Pay-TV average monthly subscriber churn rate	1.42%	1.47%	(0.05)%	(3.4)
Pay-TV average subscriber acquisition cost per subscriber (“Pay-TV SAC”)	\$ 862	\$ 882	\$ (20)	(2.3)
Pay-TV average monthly revenue per subscriber (“Pay-TV ARPU”)	\$ 82.36	\$ 78.44**	\$ 3.92	5.0
Broadband subscribers, as of period end (in millions)	0.489	0.249	0.240	96.4
Broadband subscriber additions, gross (in millions)	0.083	0.083	—	—
Broadband subscriber additions, net (in millions)	0.053	0.066	(0.013)	(19.7)
Adjusted EBITDA	\$ 695,443	\$ 698,109	\$ (2,666)	(0.4)

* Percentage is not meaningful.

** For the quarter ended March 31, 2013, Pay-TV ARPU has been adjusted by \$0.10 to exclude the effect of discontinued operations.

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Pay-TV subscribers. DISH added approximately 40,000 net Pay-TV subscribers during the three months ended March 31, 2014, compared to the addition of approximately 36,000 net Pay-TV subscribers during the same period in 2013. The increase versus the same period in 2013 primarily resulted from lower Pay-TV churn.

Our Pay-TV churn rate for the three months ended March 31, 2014 was 1.42% compared to 1.47% for the same period in 2013. While our Pay-TV churn rate improved compared to the same period in 2013, our Pay-TV churn rate continues to be adversely affected by increased competitive pressures, including aggressive marketing and discounted promotional offers. Our Pay-TV churn rate is also impacted by, among other things, the credit quality of previously acquired subscribers, our ability to consistently provide outstanding customer service, price increases, service interruptions driven by programming disputes, and our ability to control piracy and other forms of fraud.

During the three months ended March 31, 2014, DISH activated approximately 639,000 gross new Pay-TV subscribers compared to approximately 654,000 gross new Pay-TV subscribers during the same period in 2013, a decrease of 2.3%. Our gross new Pay-TV subscriber activations continue to be negatively impacted by increased competitive pressures, including aggressive marketing, discounted promotional offers, and more aggressive retention efforts in a mature market. In addition, our gross new Pay-TV subscriber activations continue to be adversely affected by sustained economic weakness and uncertainty.

We have not always met our own standards for performing high-quality installations, effectively resolving subscriber issues when they arise, answering subscriber calls in an acceptable timeframe, effectively communicating with our subscriber base, reducing calls driven by the complexity of our business, improving the reliability of certain systems and subscriber equipment, and aligning the interests of certain third-party retailers and installers to provide high-quality service. Most of these factors have affected both gross new Pay-TV subscriber activations as well as Pay-TV churn rate. Our future gross new Pay-TV subscriber activations and Pay-TV churn rate may be negatively impacted by these factors, which could in turn adversely affect our revenue growth.

Broadband subscribers. DISH added approximately 53,000 net Broadband subscribers during the three months ended March 31, 2014 compared to the addition of approximately 66,000 net Broadband subscribers during the same period in 2013. This decrease versus the same period in 2013 primarily resulted from a higher number of customer disconnects driven by a larger Broadband subscriber base in the first quarter 2014 compared to the same period in 2013. During each of the three months ended March 31, 2014 and 2013, DISH activated approximately 83,000 gross new Broadband subscribers. Broadband services revenue was \$83 million and \$41 million for the three months ended March 31, 2014 and 2013, respectively, representing 2.3% and 1.2% of our total “Subscriber-related revenue,” respectively.

Subscriber-related revenue. “Subscriber-related revenue” totaled \$3.556 billion for the three months ended March 31, 2014, an increase of \$208 million or 6.2% compared to the same period in 2013. The change in “Subscriber-related revenue” from the same period in 2013 was primarily related to the increase in Pay-TV ARPU discussed below and revenue from broadband services. Included in “Subscriber-related revenue” was \$83 million and \$41 million of revenue related to our broadband services for the three months ended March 31, 2014 and 2013, respectively.

Pay-TV ARPU. Pay-TV ARPU was \$82.36 during the three months ended March 31, 2014 versus \$78.44 during the same period in 2013. The \$3.92 or 5.0% increase in Pay-TV ARPU was primarily attributable to the programming package price increases in February 2014 and 2013 and higher hardware related revenue.

Subscriber-related expenses. “Subscriber-related expenses” totaled \$2.069 billion during the three months ended March 31, 2014, an increase of \$158 million or 8.2% compared to the same period in 2013. The increase in “Subscriber-related expenses” was primarily attributable to higher pay-TV programming costs and higher Broadband subscriber-related expenses due to the increase in our Broadband subscriber base. The increase in programming costs was driven by rate increases in certain of our programming contracts, including the renewal of certain contracts at higher rates. Included in “Subscriber-related expenses” was \$49 million and \$28 million of expense related to our broadband services for the three months ended March 31, 2014 and 2013, respectively. “Subscriber-related expenses” represented 58.2% and 57.1% of “Subscriber-related revenue” during the three months ended March 31, 2014 and

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2013, respectively. The change in this expense to revenue ratio primarily resulted from higher pay-TV programming costs, discussed above.

In the normal course of business, we enter into contracts to purchase programming content in which our payment obligations are generally contingent on the number of subscribers to whom we provide the respective content. Our programming expenses will continue to increase to the extent we are successful in growing our subscriber base. In addition, our “Subscriber-related expenses” may face further upward pressure from price increases and the renewal of long-term programming contracts on less favorable pricing terms.

Satellite and transmission expenses — EchoStar. “Satellite and transmission expenses — EchoStar” totaled \$139 million during the three months ended March 31, 2014, an increase of \$26 million or 23.0% compared to the same period in 2013. The increase in “Satellite and transmission expenses — EchoStar” was primarily related to an increase in transponder capacity leased from EchoStar as a result of the Satellite and Tracking Stock Transaction during the first quarter 2014. See Note 12 in the Notes to our Condensed Consolidated Financial Statements for further discussion.

Subscriber acquisition costs. “Subscriber acquisition costs” totaled \$449 million for the three months ended March 31, 2014, a decrease of \$15 million or 3.2% compared to the same period in 2013. This change was primarily attributable to fewer gross new Pay-TV subscriber activations and lower Pay-TV SAC

discussed below, partially offset by an increase in expense related to our Broadband subscriber activations. Included in “Subscriber acquisition costs” was \$39 million and \$34 million of expenses related to our broadband services for the three months ended March 31, 2014 and 2013, respectively.

Pay-TV SAC. Pay-TV SAC was \$862 during the three months ended March 31, 2014 compared to \$882 during the same period in 2013, a decrease of \$20 or 2.3%. This change was primarily attributable to a decrease in hardware costs per activation, partially offset by an increase in advertising costs. The decrease in hardware costs per activation was driven by a reduction in manufacturing costs for new Hopper with Sling receiver systems and lower costs associated with inventory subsidies provided to third-party sales channels. The increase in advertising costs was primarily due to brand spending.

During the three months ended March 31, 2014 and 2013, the amount of equipment capitalized under our lease program for new Pay-TV subscribers totaled \$141 million and \$147 million, respectively. This decrease in capital expenditures under our lease program for new Pay-TV subscribers resulted primarily from fewer gross new Pay-TV subscriber activations and a decrease in hardware costs per activation.

To remain competitive we upgrade or replace subscriber equipment periodically as technology changes, and the costs associated with these upgrades may be substantial. To the extent technological changes render a portion of our existing equipment obsolete, we would be unable to redeploy all returned equipment and consequently would realize less benefit from the Pay-TV SAC reduction associated with redeployment of that returned lease equipment.

Our Pay-TV SAC calculation does not reflect any benefit from payments we received in connection with equipment not returned to us from disconnecting lease subscribers and returned equipment that is made available for sale or used in our existing customer lease program rather than being redeployed through our new customer lease program. During the three months ended March 31, 2014 and 2013, these amounts totaled \$30 million and \$45 million, respectively.

We have been deploying receivers that utilize 8PSK modulation technology and receivers that utilize MPEG-4 compression technology for several years. These technologies, when fully deployed, will allow more programming channels to be carried over our existing satellites. Many of our customers today, however, do not have receivers that use MPEG-4 compression and a smaller but still significant number do not have receivers that use 8PSK modulation. We may choose to invest significant capital to accelerate the conversion of customers to MPEG-4 and/or 8PSK to realize the bandwidth benefits sooner. In addition, given that all of our HD content is broadcast in MPEG-4, any growth in HD penetration will naturally accelerate our transition to these newer technologies and may increase our subscriber acquisition and retention costs. All new receivers that we purchase from EchoStar have MPEG-4 technology. Although we continue to refurbish and redeploy certain MPEG-2 receivers, as a result of our HD initiatives and current promotions, we currently activate most new customers with higher priced MPEG-4

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

technology. This limits our ability to redeploy MPEG-2 receivers and, to the extent that our promotions are successful, will accelerate the transition to MPEG-4 technology, resulting in an adverse effect on our SAC.

Our “Subscriber acquisition costs” and “Pay-TV SAC” may materially increase in the future to the extent that we transition to newer technologies, introduce more aggressive promotions, or provide greater equipment subsidies. See further discussion under “*Liquidity and Capital Resources — Subscriber Acquisition and Retention Costs.*”

General and administrative expenses. “General and administrative expenses” totaled \$203 million during the three months ended March 31, 2014, a \$30 million or 17.2% increase compared to the same period in 2013. This increase was primarily related to merger and acquisition costs associated with the wireless segment and higher fees paid to EchoStar primarily to develop enhancements to the Hopper receiver system.

Depreciation and amortization. “Depreciation and amortization” expense totaled \$249 million during the three months ended March 31, 2014, a \$19 million or 8.3% increase compared to the same period in 2013. The increase in “Depreciation and amortization” expense was due to equipment leased to subscribers primarily related to subscriber activations with new Hopper receiver systems.

Interest income. “Interest income” totaled \$14 million during the three months ended March 31, 2014, a decrease of \$23 million compared to the same period in 2013. This decrease principally resulted from lower percentage returns earned on our cash and marketable investment securities, partially offset by higher average cash and marketable investment securities balances during the three months ended March 31, 2014.

Interest expense, net of amounts capitalized. “Interest expense, net of amounts capitalized” totaled \$176 million during the three months ended March 31, 2014, an increase of \$14 million or 9.0% compared to the same period in 2013. This change primarily resulted from interest expense associated with the net increase in the issuance of debt during 2013.

Adjusted Earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA was \$695 million during the three months ended March 31, 2014, a decrease of \$3 million or 0.4% compared to the same period in 2013. The following table reconciles Adjusted EBITDA to the accompanying financial statements.

	For the Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Adjusted EBITDA	\$ 695,443	\$ 698,109
Interest expense, net	(161,830)	(124,364)
Income tax (provision) benefit, net	(108,462)	(126,419)
Depreciation and amortization	(249,220)	(230,170)
Income (loss) from continuing operations attributable to DISH Network	\$ 175,931	\$ 217,156
Plus: Income (loss) from discontinued operations, net of tax	—	(1,558)
Net income (loss) attributable to DISH Network	<u>\$ 175,931</u>	<u>\$ 215,598</u>

Adjusted EBITDA is not a measure determined in accordance with accounting principles generally accepted in the United States (“GAAP”) and should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. Adjusted EBITDA is used as a

measurement of operating efficiency and overall financial performance and we believe it to be a helpful measure for those evaluating companies in the pay-TV industry. Conceptually, Adjusted EBITDA measures the amount of income from continuing operations generated each period that could be used to service debt, pay taxes and fund capital expenditures. Adjusted EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Income tax (provision) benefit, net. Our income tax provision was \$108 million during the three months ended March 31, 2014, a decrease of \$18 million compared to the same period in 2013. This change was primarily related to the decrease in “Income (loss) before income taxes.”

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

Net income (loss) attributable to DISH Network. Net income attributable to DISH Network was \$176 million during the three months ended March 31, 2014, a decrease of \$40 million compared to \$216 million for the same period in 2013. This decrease was primarily attributable to the changes in revenue and expenses discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Cash, Cash Equivalents and Current Marketable Investment Securities

We consider all liquid investments purchased within 90 days of their maturity to be cash equivalents. See “Item 3. Quantitative and Qualitative Disclosures About Market Risk” for further discussion regarding our marketable investment securities. As of March 31, 2014, our cash, cash equivalents and current marketable investment securities totaled \$8.961 billion compared to \$9.739 billion as of December 31, 2013, a decrease of \$778 million. This decrease in cash, cash equivalents and current marketable investment securities primarily resulted from the \$1.236 billion payment related to the H Block auction and capital expenditures of \$288 million, partially offset by cash generated from continuing operations of \$671 million. See Note 10 in the Notes to our Condensed Consolidated Financial Statements for further information.

Cash Flow

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

Cash flows from operating activities from continuing operations

For the three months ended March 31, 2014, we reported “Net cash flows from operating activities from continuing operations” of \$671 million primarily attributable to \$420 million of net income adjusted to exclude non-cash charges for “Depreciation and amortization” expense. In addition, “Net cash flows from operating activities from continuing operations” benefited from sources of cash related to the changes in working capital of \$174 million due to timing differences between book expense and cash payments.

Cash flows from investing activities from continuing operations

For the three months ended March 31, 2014, we reported outflows from “Net cash flows from investing activities from continuing operations” of \$1.202 billion primarily related to the \$1.236 billion payment related to the H Block auction and capital expenditures of \$288 million, partially offset by net sales of marketable investment securities of \$284 million. The capital expenditures included \$200 million for new and existing Pay-TV subscriber equipment, \$17 million for new and existing Broadband subscriber equipment, \$16 million for satellites and \$55 million of other corporate capital expenditures.

Cash flows from financing activities from continuing operations

For the three months ended March 31, 2014, we reported “Net cash flows from financing activities from continuing operations” of less than \$1 million.

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

Adjusted Free Cash Flow

We define adjusted free cash flow as “Net cash flows from operating activities from continuing operations” less “Purchases of property and equipment,” as shown on our Condensed Consolidated Statements of Cash Flows. We believe adjusted free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions and for certain other activities. Adjusted free cash flow is not a measure determined in accordance with GAAP and should not be considered a substitute for “Operating income,” “Net income,” “Net cash flows from operating activities” or any other measure determined in accordance with GAAP. Since adjusted free cash flow includes investments in operating assets, we believe this non-GAAP liquidity measure is useful in addition to the most directly comparable GAAP measure “Net cash flows from operating activities from continuing operations.”

During the three months ended March 31, 2014 and 2013, adjusted free cash flow was significantly impacted by changes in operating assets and liabilities and in “Purchases of property and equipment” as shown in the “Net cash flows from operating activities from continuing operations” and “Net cash flows from investing activities from continuing operations” sections, respectively, of our Condensed Consolidated Statements of Cash Flows included herein. Operating asset and liability balances can fluctuate significantly from period to period and there can be no assurance that adjusted free cash flow will not be negatively impacted by material changes in operating assets and liabilities in future periods, since these changes depend upon, among other things, management’s timing of payments and control of inventory levels, and cash receipts. In addition to fluctuations resulting from changes in operating assets and liabilities, adjusted free cash flow can vary significantly from period to period depending upon, among other things, subscriber growth, subscriber revenue, subscriber churn,

subscriber acquisition costs including amounts capitalized under our equipment lease programs, operating efficiencies, increases or decreases in purchases of property and equipment, and other factors.

The following table reconciles adjusted free cash flow to “Net cash flows from operating activities from continuing operations.”

	For the Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Adjusted free cash flow	\$ 383,060	\$ 397,448
Add back:		
Purchase of property and equipment	287,645	310,933
Net cash flows from operating activities from continuing operations	<u>\$ 670,705</u>	<u>\$ 708,381</u>

Subscriber Base

DISH added approximately 40,000 net Pay-TV subscribers during the three months ended March 31, 2014, compared to the addition of approximately 36,000 net Pay-TV subscribers during the same period in 2013. The increase versus the same period in 2013 primarily resulted from lower Pay-TV churn. See “Results of Operations” above for further discussion. There are a number of factors that impact our future cash flow compared to the cash flow we generate at any given point in time, including our Pay-TV churn rate and how successful we are at retaining our current Pay-TV subscribers. As we lose Pay-TV subscribers from our existing base, the positive cash flow from that base is correspondingly reduced.

Satellites

Operation of our pay-TV service requires that we have adequate satellite transmission capacity for the programming we offer. Moreover, current competitive conditions require that we continue to expand our offering of new programming. While we generally have had in-orbit satellite capacity sufficient to transmit our existing channels and some backup capacity to recover the transmission of certain critical programming, our backup capacity is limited. In the event of a failure or loss of any of our satellites, we may need to acquire or lease additional satellite capacity or relocate one of our other satellites and use it as a replacement for the failed or lost satellite. Such a failure could result in a prolonged loss of critical programming or a significant delay in our plans to expand

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

programming as necessary to remain competitive and cause us to expend a significant portion of our cash to acquire or lease additional satellite capacity.

Security Systems

Increases in theft of our signal or our competitors’ signals could, in addition to reducing gross new subscriber activations, also cause subscriber churn to increase. We use Security Access Devices in our receiver systems to control access to authorized programming content. Our signal encryption has been compromised in the past and may be compromised in the future even though we continue to respond with significant investment in security measures, such as Security Access Device replacement programs and updates in security software, that are intended to make signal theft more difficult. It has been our prior experience that security measures may only be effective for short periods of time or not at all and that we remain susceptible to additional signal theft. During 2009, we completed the replacement of our Security Access Devices and re-secured our system. We expect additional future replacements of these devices will be necessary to keep our system secure. We cannot ensure that we will be successful in reducing or controlling theft of our programming content and we may incur additional costs in the future if our system’s security is compromised.

Stock Repurchases

Our Board of Directors previously authorized the repurchase of up to \$1.0 billion of our Class A common stock. On November 5, 2013, our Board of Directors extended this authorization such that we are currently authorized to repurchase up to \$1.0 billion of outstanding shares of our Class A common stock through and including December 31, 2014. As of March 31, 2014, we may repurchase up to \$1.0 billion of our Class A common stock under this plan.

Subscriber Acquisition and Retention Costs

We incur significant upfront costs to acquire subscribers, including advertising, retailer incentives, equipment subsidies, installation services, and new customer promotions. While we attempt to recoup these upfront costs over the lives of their subscription, there can be no assurance that we will. We employ business rules such as minimum credit requirements and we strive to provide outstanding customer service, to increase the likelihood of customers keeping their DISH service over longer periods of time. Our subscriber acquisition costs may vary significantly from period to period.

We incur significant costs to retain our existing customers, mostly by upgrading their equipment to HD and DVR receivers. As with our subscriber acquisition costs, our retention spending includes the cost of equipment and installation services. In certain circumstances, we also offer free programming and/or promotional pricing for limited periods for existing customers in exchange for a commitment to receive service for a minimum term. A component of our retention efforts includes the installation of equipment for customers who move. Our subscriber retention costs may vary significantly from period to period.

Seasonality

Historically, the first half of the year generally produces fewer gross new subscriber activations than the second half of the year, as is typical in the pay-TV industry. In addition, the first and fourth quarters generally produce a lower churn rate than the second and third quarters. However, we cannot provide assurance that this will continue in the future.

Covenants and Restrictions Related to our Senior Notes

The indentures related to our outstanding senior notes contain restrictive covenants that, among other things, impose limitations on the ability of DISH DBS Corporation (“DISH DBS”) and its restricted subsidiaries to: (i) incur additional indebtedness; (ii) enter into sale and leaseback transactions; (iii) pay dividends or make distributions on DISH DBS’ capital stock or repurchase DISH DBS’ capital stock; (iv) make certain investments; (v) create liens; (vi) enter into certain transactions with affiliates; (vii) merge or consolidate with another company; and (viii) transfer or sell assets. Should we fail to comply with these covenants, all or a portion of the debt under the senior

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

notes could become immediately payable. The senior notes also provide that the debt may be required to be prepaid if certain change-in-control events occur. As of the date of filing of this quarterly report, DISH DBS was in compliance with the covenants.

Other

We are also vulnerable to fraud, particularly in the acquisition of new subscribers. While we are addressing the impact of subscriber fraud through a number of actions, there can be no assurance that we will not continue to experience fraud, which could impact our subscriber growth and churn. Sustained economic weakness may create greater incentive for signal theft and subscriber fraud, which could lead to higher subscriber churn and reduced revenue.

Obligations and Future Capital Requirements

Future Capital Requirements

We expect to fund our future working capital, capital expenditures and debt service requirements from cash generated from operations, existing cash and marketable investment securities balances, and cash generated through raising additional capital. The amount of capital required to fund our future working capital and capital expenditure needs varies, depending on, among other things, the rate at which we acquire new subscribers and the cost of subscriber acquisition and retention, including capitalized costs associated with our new and existing subscriber equipment lease programs. The majority of our capital expenditures for 2014 are expected to be driven by the costs associated with subscriber premises equipment and capital expenditures for our satellite-related obligations. These expenditures are necessary to operate and maintain our pay-TV service. Consequently, we consider them to be non-discretionary. The amount of capital required will also depend on the levels of investment necessary to support potential strategic initiatives, including our plans to expand our national HD offerings and other strategic opportunities that may arise from time to time. Our capital expenditures vary depending on the number of satellites leased or under construction at any point in time, and could increase materially as a result of increased competition, significant satellite failures, or sustained economic weakness. These factors could require that we raise additional capital in the future.

Volatility in the financial markets has made it more difficult at times for issuers of high-yield indebtedness, such as us, to access capital markets at acceptable terms. These developments may have a significant effect on our cost of financing and our liquidity position.

We have made substantial investments to acquire certain wireless spectrum licenses in recent years. We may also determine that additional spectrum licenses may be required to commercialize our wireless business and to compete with other wireless service providers. We will need to make significant additional investments or partner with others to, among other things, finance the commercialization and build-out requirements of our licenses and any additional acquired licenses and our integration efforts, including compliance with regulations applicable to acquired licenses. Depending on the nature and scope of such commercialization, build-out, and integration efforts, any such investment or partnership could vary significantly. There can be no assurance that we will be able to develop and implement a business model that will realize a return on these spectrum licenses or that we will be able to profitably deploy the assets represented by these spectrum licenses, which may affect the carrying value of these assets and our future financial condition or results of operations. See Note 10 “*Commitments and Contingencies — Wireless Spectrum*” in the Notes to the Condensed Consolidated Financial Statements for further discussion.

Strategic Investments or Acquisitions

From time to time we evaluate opportunities for strategic investments or acquisitions that may complement our current services and products, enhance our technical capabilities, improve or sustain our competitive position, or otherwise offer growth opportunities. We may make investments in or partner with others to, among other things, expand our business into mobile and portable video, IPTV and wireline and wireless data and voice services. Future material investments or acquisitions may require that we obtain additional capital, assume third-party debt or incur other long-term obligations.

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

Debt Maturity

6 5/8% Senior Notes due 2014

Our 6 5/8% Senior Notes with an aggregate principal balance of \$1.0 billion mature on October 1, 2014. We expect to fund this obligation from cash generated from operations and existing cash and marketable investment securities balances.

Investments in ARS and Other Investment Securities

A portion of our investment portfolio is invested in auction rate securities (“ARS”) and other investment securities. Previous events in the credit markets reduced or eliminated current liquidity for certain of our ARS and other investment securities. As a result, we classify these investments as noncurrent assets, as we intend to hold these investments until they recover or mature. If the credit ratings of these securities deteriorate or the lack of liquidity in the

marketplace continues, we may be required to record impairment charges. Moreover, the sustained uncertainty of domestic and global financial markets has greatly affected the volatility and value of our marketable investment securities. To the extent we require access to funds, we may need to sell these securities under unfavorable market conditions, record further impairment charges and fall short of our financing needs.

Off-Balance Sheet Arrangements

Other than the “Guarantees” disclosed in Note 10 in the Notes to our Condensed Consolidated Financial Statements, we generally do not engage in off-balance sheet financing activities.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks Associated With Financial Instruments

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 \$8.961 billion. Of that amount, a total of \$8.429 billion was 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 United States Government and its agencies; (d) commercial paper and corporate notes with an overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; and/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 is 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 affect the fair value of our cash, cash equivalents and current marketable investment securities portfolio; however, we normally hold these investments to maturity. Based on our March 31, 2014 current non-strategic investment portfolio of \$8.429 billion, a hypothetical 10% change in average interest rates would not have a material impact on the fair value due to the limited duration of our investments.

Our cash, cash equivalents and current marketable investment securities had an average annual rate of return for the three months ended March 31, 2014 of 0.4%. 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 result in a decrease of approximately \$4 million in annual interest income.

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

Strategic Marketable Investment Securities

As of March 31, 2014, we held strategic and financial debt and equity investments in public companies with a fair value of \$532 million for strategic and financial purposes, which are highly speculative and have experienced and continue to experience volatility. As of March 31, 2014, our strategic investment portfolio consisted of securities of a small number of issuers, and as a result the value of that portfolio depends, among other things, on the performance of those issuers. The fair value of certain of the debt and equity securities in our strategic investment portfolio can be adversely impacted by, among other things, the issuers’ respective performance and ability to obtain any necessary additional financing on acceptable terms, or at all.

The fair value of our strategic and financial debt and equity 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 price of our public strategic debt and equity investments would result in a decrease of approximately \$53 million in the fair value of these investments.

Restricted Cash and Marketable Investment Securities and Noncurrent Marketable and Other Investment Securities

Restricted Cash and Marketable Investment Securities

As of March 31, 2014, we had \$94 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 United States Government and its agencies; (d) commercial paper and corporate notes with an overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; and/or (e) instruments with similar risk, duration and credit quality characteristics to the commercial paper described above. Based on our March 31, 2014 investment portfolio, a hypothetical 10% increase in average interest rates would not have a material impact in the fair value of our restricted cash and marketable investment securities.

Noncurrent Auction Rate and Other Investment Securities

As of March 31, 2014, we held investments in ARS and other investment securities of \$137 million, which are reported at fair value. Events in the credit markets have reduced or eliminated current liquidity for certain of our ARS and other investment securities. As a result, we classify these investments as noncurrent assets as we intend to hold these investments until they recover or mature, and therefore interest rate risk associated with these securities is

mitigated. A hypothetical 10% adverse change in the price of these investments would result in a decrease of approximately \$14 million in the fair value of these investments.

Derivative Financial Instruments

From time to time, we invest in speculative financial instruments, including derivatives. As of March 31, 2014, we held derivative financial instruments indexed to the trading price of common equity securities with a fair value of \$287 million. The fair value of the derivative financial instruments is dependent on the trading price of the indexed common equity which may be volatile and vary depending on, among other things, the issuer's financial and operational performance and market conditions. A hypothetical 10% adverse change in the market value of the underlying common equity securities would result in a decrease of approximately \$29 million in the fair value of these investments.

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

Long-Term Debt

As of March 31, 2014, we had long-term debt of \$13.387 billion, excluding capital lease obligations, on our Condensed Consolidated Balance Sheets. We estimated the fair value of this debt to be approximately \$14.425 billion using quoted market prices for our publicly traded debt, which constitutes approximately 99% of our debt. The fair value of our debt is affected by fluctuations in interest rates. A hypothetical 10% decrease in assumed interest rates would increase the fair value of our debt by approximately \$273 million. To the extent interest rates increase, our costs of financing would increase at such time as we are required to refinance our debt or raise additional debt. As of March 31, 2014, a hypothetical 10% increase in assumed interest rates would increase our annual interest expense by approximately \$82 million.

Item 4. CONTROLS AND PROCEDURES

Conclusion regarding 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) during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 10 "Commitments and Contingencies - Litigation" in the Notes to our Condensed Consolidated Financial Statements for information regarding certain legal proceedings in which we are involved.

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. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our Annual Report on Form 10-K for the year ended December 31, 2013.

Legal and Regulatory Risks Affecting our Business

Our business depends on certain intellectual property rights and on not infringing the intellectual property rights of others.

We rely on our patents, copyrights, trademarks and trade secrets, as well as licenses and other agreements with our vendors and other parties, to use our technologies, conduct our operations and sell our products and services. Legal challenges to our intellectual property rights and claims of intellectual property infringement by third parties could require that we enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability or be enjoined preliminarily or permanently from further use of the intellectual property in question or from the continuation of our businesses as currently conducted, which could require us to change our business practices or limit our ability to compete effectively or could have an adverse effect on our results of operations. Even if we believe any such challenges or claims are without merit, they can be time-consuming and costly to defend and divert management's attention and resources away from our business. During the second quarter 2012, the four major broadcast television networks filed lawsuits against us alleging, among other things, that the PrimeTime Anytime™ and AutoHop™ features of the Hopper® set-top box infringe their copyrights. Additionally, Fox has alleged, among other things, that the Sling and Hopper Transfers™ features of our Hopper set-top box infringe its copyrights. In the event a court ultimately determines that we infringe the asserted copyrights, we may be subject to, among other things, an injunction that could require us to materially modify or cease to offer these features. Moreover, because of the rapid pace of technological change, we rely on technologies developed or licensed by third parties, and if we are unable to obtain or continue to obtain licenses from these third parties on reasonable terms, our business, financial condition and results of operations could be adversely affected.

In addition, we work with third parties such as vendors, contractors and suppliers for the development and manufacture of components that are integrated into our products and services, and our products and services may contain technologies provided to us by these third parties or other third parties. We may have little or no ability to determine in advance whether any such technology infringes the intellectual property rights of others. Our vendors, contractors and suppliers may not be required to indemnify us in the event that a claim of infringement is asserted against us, or they may be required to indemnify us only up

to a maximum amount, above which we would be responsible for any further costs or damages. Legal challenges to these intellectual property rights may impair our ability to use the products, services and technologies that we need in order to operate our business and may materially and adversely affect our business, financial condition and results of operations.

For example, recently, ViaSat, Inc. and its subsidiary ViaSat Communications (collectively, "ViaSat") received a jury verdict against Space Systems/Loral, Inc. ("SS/L"), the manufacturer of Hughes Network Systems, LLC's ("HNS") EchoStar XVII and EchoStar XIX satellites (the "Hughes Broadband Satellites"). The jury found, among other things, that SS/L infringed certain ViaSat patents related to technology used in the manufacture of certain satellites, including the Hughes Broadband Satellites. HNS currently provides satellite broadband Internet service via EchoStar XVII, and we distribute HNS' service under our dishNET™ brand pursuant to a distribution agreement with HNS. See Note 12 in the Notes to the Condensed Consolidated Financial Statements for further discussion. EchoStar XIX is currently under construction and is expected to be launched in 2016 to support HNS' service. While neither we nor HNS are a party to this matter, this adverse decision against SS/L may have an impact on HNS' ability to make use of the Hughes Broadband Satellites, or other satellites from SS/L, which consequently could impact our broadband business and the business of the Hughes Retail Group, in which we hold our Tracking Stock investment. See Note 1 in the Notes to the Condensed Consolidated Financial Statements for further discussion. Until there are further developments in this case, we cannot determine whether there will be an adverse impact and, if so, the extent of any such impact.

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PART II — OTHER INFORMATION — Continued

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

Issuer Purchases of Equity Securities

The following table provides information regarding repurchases of our Class A common stock from January 1, 2014 through March 31, 2014.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (1)
			(In thousands, except share data)	
January 1 - January 31, 2014	—	\$ —	—	\$ 1,000,000
February 1 - February 28, 2014	—	\$ —	—	\$ 1,000,000
March 1 - March 31, 2014	—	\$ —	—	\$ 1,000,000
Total	—	\$ —	—	\$ 1,000,000

(1) Our Board of Directors previously authorized stock repurchases of up to \$1.0 billion of our Class A common stock. On November 5, 2013, our Board of Directors extended this authorization, such that we are currently authorized to repurchase up to \$1.0 billion of our outstanding Class A common stock through and including December 31, 2014. Purchases under our repurchase program may be made through open market purchases, privately negotiated transactions, or Rule 10b5-1 trading plans, subject to market conditions and other factors. We may elect not to purchase the maximum amount of shares allowable under this program and we may also enter into additional share repurchase programs authorized by our Board of Directors.

Item 6. EXHIBITS

(a) Exhibits.

- 10.1o Transaction Agreement, dated 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.*
- 10.2o Investor Rights Agreement, dated February 20, 2014, by and among EchoStar Corporation, Hughes Satellite Systems Corporation, DISH Operating L.L.C. and DISH Network L.L.C.*
- 10.3o Form of Satellite Capacity Agreement between EchoStar Satellite Operating Corporation and DISH Operating L.L.C.*
- 31.1o Section 302 Certification of Chief Executive Officer.
- 31.2o Section 302 Certification of Chief Financial Officer.
- 32.1o Section 906 Certification of Chief Executive Officer.
- 32.2o Section 906 Certification of Chief Financial Officer.
- 101o The following materials from the Quarterly Report on Form 10-Q of DISH Network for the quarter ended March 31, 2014, filed on May 8, 2014, formatted in eXtensible Business Reporting Language ("XBRL"): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Cash Flows and (iv) related notes to these financial statements.

o 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.

DISH NETWORK CORPORATION

By: /s/ Joseph P. Clayton

Joseph P. Clayton

President and Chief Executive Officer

(Duly Authorized Officer)

By: /s/ Robert E. Olson

Robert E. Olson

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: May 8, 2014

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.

*** 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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Exhibits:

Exhibit I - Investor Rights Agreement
Exhibit II - Form of Certificate of Designation of EchoStar with respect to the EchoStar Tracking Stock
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Exhibit IV - Tracking Stock Policy
Exhibit V - Satellite Lease Agreements
Exhibit VI - Form of Bill of Sale

Schedules:

Schedule 2.1(h)(iii) - HRG Preliminary Pro-Forma Balance Sheet
Schedule 2.1(p) - Subscriber and Customer Information

*** 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.

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.

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

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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

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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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(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. DNLLC 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

Section 3.1 Government Actions and Authorizations.

(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.

Section 6.2 Amendment; Waiver.

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

Section 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.

Section 6.12 Dispute Resolution.

(a) Agreement to Resolve Disputes. Except as otherwise specifically provided in this Agreement or in another Transaction Document, the procedures for discussion, negotiation and dispute resolution set forth in this Section 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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the Parties. Any rights to appeal or review such award by any court or tribunal are hereby waived to the extent permitted by Applicable Law.

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

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

(d) Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties will continue to honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of this Section 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: _____
Name:
Title:

HUGHES SATELLITE SYSTEMS CORPORATION

By: _____
Name:
Title:

ALPHA COMPANY LLC

By: EchoStar Corporation, its sole member

By: _____
Name:
Title:

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DISH NETWORK L.L.C.

By: _____
Name:
Title:

DISH OPERATING L.L.C.

By: _____
Name:
Title:

ECHOSTAR XI HOLDING L.L.C.

By: _____
Name:
Title:

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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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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 posteffective 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 such registration statement), copies of any such document.

(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 7⁵/₈% 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 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.

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.

- (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.(a) 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: _____
Name:
Title:

HUGHES SATELLITE SYSTEMS CORPORATION

By: _____
Name:
Title:

DISH NETWORK L.L.C.

By: _____
Name:
Title:

DISH OPERATING L.L.C.

By: _____
Name:
Title:

[Signature Page to Investor Rights Agreement]

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[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 #: []

ARTICLE II.
Payment

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.

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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:

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- 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: _____
Name:
Title:

DISH OPERATING L.L.C.

By: _____
Name:
Title:

[Signature Page to the Satellite Transponder Service Agreement for []

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Joseph P. Clayton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DISH Network 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 8, 2014

/s/ Joseph P. Clayton

President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, Robert E. Olson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DISH Network 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 8, 2014

/s/ Robert E. Olson

Executive Vice President and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of DISH Network Corporation (the "Company") hereby certifies that to the best of his knowledge the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 8, 2014

Name: /s/ Joseph P. Clayton

Title: President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 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, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of DISH Network Corporation (the "Company") hereby certifies that to the best of his knowledge the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 8, 2014

Name: /s/ Robert E. Olson

Title: Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 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, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.
