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

Form 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011.

OR

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

FOR THE TRANSITION PERIOD FROM TO .

Commission File Number: 001-33807

EchoStar Corporation
(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	**26-1232727** (I.R.S. Employer Identification No.)
100 Inverness Terrace East **Englewood, Colorado** (Address of principal executive offices)	**80112-5308** (Zip code)

(303) 706-4000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x 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 x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of October 31, 2011, the registrant's outstanding common stock consisted of 38,862,181 shares of Class A common stock and 47,687,039 shares of Class B common stock.

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PART I – FINANCIAL INFORMATION

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We make "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 throughout this report. Whenever you read a statement that is not simply a statement of historical fact (such as when we describe what we "believe," "intend," "plan," "estimate," "expect" or "anticipate" will occur and other similar statements), you must remember that our expectations may not be achieved, even though we believe they are reasonable. We do not guarantee that any future transactions or events described herein will happen as described or that they will happen at all. You should read this report in its entirety and with the understanding that actual future results may be materially different from what we expect. Whether actual events or results will conform with our expectations and predictions is subject to a number of risks and uncertainties.

The risks and uncertainties include, but are not limited to, the following:

General Risks Affecting Our Business

- We currently depend on DISH Network Corporation ("DISH Network"), Bell TV and Dish Mexico, S. de R.L. de C.V. ("Dish Mexico") for a significant portion of our revenue. The loss of, or a significant reduction in, orders from, or a decrease in selling prices of digital set-top boxes and/or other products or services to, DISH Network, Bell TV or Dish Mexico would significantly reduce our revenue and adversely impact our results of operations. In addition, the loss of, or a significant reduction in, orders from, or a decrease in selling price of transponder leasing and/or providing digital broadcast operations to, DISH Network would also significantly reduce our revenue and adversely impact our results of operations.

- Economic weakness, including high unemployment and reduced consumer spending, may adversely affect our ability to grow or maintain our business.

- If we are unable to properly respond to technological changes, our business could be significantly harmed.

- We currently have unused satellite capacity, and our results of operations may be materially adversely affected if we are not able to lease additional capacity to third parties.

- Our sales to DISH Network could be terminated or substantially curtailed on short notice, which would have a detrimental effect on us.

- We may need additional capital, which may not be available on acceptable terms or at all, to continue investing in our business and to finance acquisitions and other strategic transactions.

- We may experience significant financial losses on our existing investments.

- We may pursue acquisitions and other strategic transactions to complement or expand our business, which may not be successful and we may lose up to the entire value of our investment in these acquisitions and transactions.

- We intend to make significant investments in new products, services, technologies and business areas that may not be profitable.

- We may not be aware of certain foreign government laws or regulations or changes to them which could have a significant adverse impact on our business.

- We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar foreign anti-bribery laws.

- Our business depends on certain intellectual property rights and on not infringing the intellectual property rights of others. The loss of or infringement of our intellectual property rights could have a significant adverse impact on our business.

- Any failure or inadequacy of our information technology infrastructure could harm our business.

- We are party to various lawsuits which, if adversely decided, could have a significant adverse impact on our business, particularly lawsuits regarding intellectual property.

- We have not been an independent company for a significant amount of time and we may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company.

- We rely on key personnel and the loss of their services may negatively affect our businesses.

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Risks Affecting Our EchoStar Technologies Business

- We depend on sales of digital set-top boxes for a significant portion of our revenue and a decline in sales of our digital set-top boxes would have a material adverse effect on our financial position and results of operations.

- Our business may suffer if our customer base does not compete successfully with existing and emerging competition.

- Our future financial performance depends in part on our ability to penetrate new markets for digital set-top boxes.

- Component pricing may remain stable or be negatively affected by inflation, increased demand, decreased supply, or other factors, which could have a material adverse effect on our results of operations.

- The average selling price and gross margins of our digital set-top boxes has been decreasing and may decrease even further, which could negatively impact our financial position and results of operations.

- Our ability to sell our digital set-top boxes to other operators depends on our ability to obtain licenses to use the conditional access systems utilized by these other operators.

- Growth in our EchoStar Technologies business likely requires expansion of our sales to international customers, and we may be unsuccessful in expanding international sales.

- If we are successful in growing sales of our digital set-top boxes to international customers, we may be subject to additional risks including, among other things, trade barriers and political instability abroad.

- The digital set-top box industry is extremely competitive.

- We expect to continue to face competition from new market entrants, principally located in Asia, that offer low cost set-top boxes.

- Our digital set-top boxes are highly complex and may experience quality or supply problems.

- If significant numbers of television viewers are unwilling to pay for pay-TV services that utilize digital set-top boxes, we may not be able to sustain our current revenue level.

- Our reliance on a single supplier or a limited number of suppliers for several components used in our digital set-top boxes could restrict production, result in higher digital set-top box costs and delay deliveries to customers.

- Our future growth depends on growing demand for advanced technologies.

- If the encryption and related security technology used in our digital set-top boxes is compromised, sales of our digital set-top boxes may decline.

Risks Affecting Our EchoStar Satellite Services and Hughes Businesses

- We currently face competition from established competitors in the satellite service business and may face competition from others in the future.

- Our owned and leased satellites in orbit are subject to significant operational and environmental risks that could limit our ability to utilize these satellites.

- We may not be able to compensate for any failure of our satellites.

- Our satellites have minimum design lives ranging from 12 to 15 years, but could fail or suffer reduced capacity before then.

- Our satellites under construction are subject to risks related to construction and launch that could limit our ability to utilize these satellites.

- Our EchoStar Satellite Services and Hughes businesses are subject to risks of adverse government regulation.

- Our business depends on Federal Communications Commission ("FCC") licenses that can expire or be revoked or modified and applications for FCC licenses that may not be granted.

- Our dependence on outside contractors could result in delays related to the design, manufacture and launch of our new satellites, which could in turn adversely affect our operating results.

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- We generally do not have commercial insurance coverage on the satellites we use and where we do maintain insurance coverage on a satellite, that coverage may not be adequate to cover all of our investment in the satellite. Consequently, we could face significant impairment charges if one of our satellites fails.

- The enterprise network communications industry is highly competitive. We may be unsuccessful in competing effectively against other terrestrial and satellite-based network providers in the enterprise market.

- The consumer network communications market is highly competitive. We may be unsuccessful in competing effectively against Digital Subscriber Line ("DSL"), cable service providers, telecommunications providers and other satellite broadband providers in the consumer market. Following the launch of ViaSat-1 by WildBlue Communications, Inc. ("WildBlue") and prior to the launch of Jupiter, we may not remain competitive with WildBlue.

- If we are unable to develop, introduce and market new products, applications and services on a cost-effective and timely basis, or if we are unable to sell our new products and services to existing and new customers, our business could be adversely affected.

- We are dependent upon suppliers of components, manufacturing outsourcing, installation, and customer service, and our results of operations may be materially affected if any of these third-party providers fail to appropriately deliver the contracted goods or services.

- Our networks and those of our third-party service providers may be vulnerable to security risks.

- The failure to adequately anticipate the need for transponder capacity or the inability to obtain transponder capacity could harm our results of operations.

- If our products contain defects, we could be subject to significant costs to correct such defects and our product and network service contracts could be delayed or cancelled, which could expose us to significant liability and adversely affect our revenue.

- We may face difficulties in accurately assessing and collecting contributions towards the Universal Service Fund.

- Our foreign operations expose us to regulatory risks and restrictions not present in our domestic operations.

- The pro forma financial information presented in this Form 10-Q is for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations in the future.

- We have substantial debt outstanding and may incur additional debt.

Other Risks

- We have potential conflicts of interest with DISH Network due to our common ownership and management.

- We cannot assure you that there will not be deficiencies leading to material weaknesses in our internal control over financial reporting.

- It may be difficult for a third party to acquire us, even if doing so may be beneficial to our shareholders, because of our capital structure.

- We are controlled by one principal shareholder who is our Chairman.

- The terms of our financing will significantly reduce our ability to incur additional indebtedness.

All cautionary statements made herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks described herein and should not place undue reliance on any forward-looking statements. We assume no responsibility for updating forward-looking information contained or incorporated by reference herein or in other reports we file with the Securities and Exchange Commission ("SEC").

In this report, the words "EchoStar," the "Company," "we," "our" and "us" refer to EchoStar Corporation and its subsidiaries, unless the context otherwise requires. "DISH Network" refers to DISH Network Corporation and its subsidiaries, unless the context otherwise requires.

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Item 1. FINANCIAL STATEMENTS

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

	As of September 30, 2011	As of December 31, 2010
Assets		
Current Assets:		
Cash and cash equivalents	$ 640,806	$ 141,814
Marketable investment securities	795,669	989,086
Trade accounts receivable, net of allowance for doubtful accounts of $11,846 and $7,644, respectively	220,030	42,247
Trade accounts receivable - DISH Network, net of allowance for doubtful accounts of zero	308,763	238,997
Inventory	99,655	30,433
Other current assets	118,492	92,890
Total current assets	2,183,415	1,535,467
Noncurrent Assets:		
Restricted cash and marketable investment securities	20,616	17,426
Property and equipment, net of accumulated depreciation of $1,931,957 and $1,766,290, respectively	2,305,073	1,263,303
FCC authorizations	469,810	69,810
Intangible assets, net	518,625	158,994
Goodwill	539,955	6,457
Marketable and other investment securities	277,944	725,588
Other noncurrent assets, net	147,680	64,975
Total noncurrent assets	4,279,703	2,306,553
Total assets	$ 6,463,118	$ 3,842,020
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Trade accounts payable	$ 254,521	$ 145,203
Trade accounts payable - DISH Network	17,966	14,155
Deferred revenue and other	68,766	4,683
Accrued interest	46,731	131
Accrued expenses and other	195,874	77,464
Deferred tax liabilities	54,212	64,121
Current portion of long-term debt and capital lease obligations	58,323	53,060
Total current liabilities	696,393	358,817
Long-Term Obligations, Net of Current Portion:		
Long-term debt and capital lease obligations, net of current portion	2,339,316	359,825
Deferred tax liabilities	330,448	75,840
Long-term deferred revenue and other long-term liabilities	76,175	34,348
Total long-term obligations, net of current portion	2,745,939	470,013
Total liabilities	3,442,332	828,830
Commitments and Contingencies (Note 11)		
Stockholders' Equity (Deficit):		
Preferred Stock, $.001 par value, 20,000,000 shares authorized, none issued and outstanding	—	—
Class A common stock, $.001 par value, 1,600,000,000 shares authorized, 44,393,299 and 43,103,166 shares issued, 38,860,981 and 37,570,848 shares outstanding, respectively	44	43
Class B common stock, $.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding	48	48
Class C common stock, $.001 par value, 800,000,000 shares authorized, none issued and outstanding	—	—
Class D common stock, $.001 par value, 800,000,000 shares authorized, none issued and outstanding	—	—
Additional paid-in capital	3,354,676	3,311,405
Accumulated other comprehensive income (loss)	127,380	188,982
Accumulated earnings (deficit)	(372,597)	(389,126)
Treasury stock, at cost	(98,162)	(98,162)
Total EchoStar stockholders' equity (deficit)	3,011,389	3,013,190
Noncontrolling interest	9,397	—
Total stockholders' equity (deficit)	3,020,786	3,013,190
Total liabilities and stockholders' equity (deficit)	$ 6,463,118	$ 3,842,020

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenue:				
Equipment revenue	$ 151,613	$ 77,471	$ 325,192	$ 276,037
Equipment revenue - DISH Network	339,272	392,821	882,027	1,161,508
Services and other revenue	247,337	16,717	345,637	45,727
Services and other revenue - DISH Network	124,941	120,031	374,366	353,897
Total revenue	863,163	607,040	1,927,222	1,837,169
Costs and Expenses: (exclusive of depreciation shown separately below - Note 6)				
Cost of sales - equipment	415,784	401,998	1,026,462	1,228,206
Cost of sales - services and other	173,973	62,295	328,228	180,148
Research and development expenses	14,561	11,645	34,502	36,270
Selling, general and administrative expenses	102,790	30,366	190,505	96,342
General and administrative expenses - DISH Network	5,669	3,942	12,397	12,655
Depreciation and amortization	128,120	58,191	256,193	172,866
Total costs and expenses	840,897	568,437	1,848,287	1,726,487
Operating income (loss)	22,266	38,603	78,935	110,682
Other Income (Expense):				
Interest income	2,394	3,525	7,206	9,214
Interest expense, net of amounts capitalized	(33,061)	11,074	(45,381)	(10,727)
Unrealized and realized gains (losses) on marketable investment securities and other investments	4,169	(94)	13,875	(22,099)
Unrealized gains (losses) on investments accounted for at fair value, net	2,483	(21,087)	10,281	22,720
Other, net	(3,234)	1,439	(16,800)	(6,791)
Total other income (expense)	(27,249)	(5,143)	(30,819)	(7,683)
Income (loss) before income taxes	(4,983)	33,460	48,116	102,999
Income tax (provision) benefit, net	(13,864)	(28,309)	(31,230)	(67,579)
Net income (loss)	(18,847)	5,151	16,886	35,420
Less: Net income (loss) attributable to noncontrolling interest	270	—	357	—
Net income (loss) attributable to EchoStar common shareholders	$ (19,117)	$ 5,151	$ 16,529	$ 35,420
Comprehensive Income (Loss):				
Net income (loss)	$ (18,847)	$ 5,151	$ 16,886	$ 35,420
Foreign currency translation adjustments	(11,067)	882	(11,511)	284
Unrealized holding gains (losses) on available-for-sale securities	(67,934)	31,883	(43,474)	78,779
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	(4,168)	(95)	(6,617)	(92)
Comprehensive income (loss)	(102,016)	37,821	(44,716)	114,391
Less: Comprehensive income (loss) attributable to noncontrolling interest	270	—	357	—
Comprehensive income (loss) attributable to EchoStar common shareholders	$ (102,286)	$ 37,821	$ (45,073)	$ 114,391
Weighted-average common shares outstanding - Class A and B common stock:				
Basic	86,507	85,158	86,100	85,040
Diluted	86,507	85,250	87,171	85,136
Earnings per share - Class A and B common stock:				
Basic net income (loss) per share attributable to EchoStar common shareholders	$ (0.22)	$ 0.06	$ 0.19	$ 0.42
Diluted net income (loss) per share attributable to EchoStar common shareholders	$ (0.22)	$ 0.06	$ 0.19	$ 0.42

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

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

(Unaudited)

	For the Nine Months Ended September 30,	
	2011	2010
Cash Flows From Operating Activities:		
Net income (loss)	$ 16,886	$ 35,420
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	256,193	172,866
Equity in losses (earnings) of affiliates	(8,536)	7,962
Unrealized and realized (gains) losses on marketable investment securities and other investments	(13,875)	22,099
Unrealized (gains) losses on investments accounted for at fair value, net	(10,281)	(22,720)
Non-cash, stock-based compensation	11,558	10,542
Deferred tax expense (benefit)	17,264	29,993
Other, net	(227)	(3,928)
Change in noncurrent assets	(36)	15,700
Changes in current assets and current liabilities, net	(16,523)	(81,056)
Net cash flows from operating activities	252,423	186,878
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(1,578,463)	(1,683,091)
Sales and maturities of marketable investment securities	1,749,278	1,720,146
Purchases of property and equipment	(261,196)	(148,076)
Launch service assigned to DISH Network (Note 13)	—	102,913
Change in restricted cash and marketable investment securities	2,046	787
Acquisition of Hughes, net of cash acquired of $84,768	(2,089,845)	—
Purchase of strategic investments included in marketable and other investment securities	(72,774)	(46,389)
Proceeds from sale of strategic investments	567,303	—
Other, net	2,963	638
Net cash flows from investing activities	(1,680,688)	(53,072)
Cash Flows From Financing Activities:		
Proceeds from issuance of long-term debt	2,000,000	—
Repayment of long-term debt and capital lease obligations	(43,718)	(42,726)
Debt issuance costs	(57,597)	—
Class A common stock repurchases	—	(605)
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	27,118	2,899
Other	2,401	—
Net cash flows from financing activities	1,928,204	(40,432)
Effect of exchange rates on cash and cash equivalents	(947)	—
Net increase (decrease) in cash and cash equivalents	498,992	93,374
Cash and cash equivalents, beginning of period	141,814	23,330
Cash and cash equivalents, end of period	$ 640,806	$ 116,704
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest (including capitalized interest)	$ 31,988	$ 31,158
Capitalized interest	$ 31,777	$ 12,566
Cash received for interest	$ 8,957	$ 11,697
Cash paid for income taxes	$ 3,637	$ 14,601
Employee benefits paid in Class A common stock	$ 4,046	$ 3,814
Satellites and other assets financed under capital lease obligations	$ 27,279	$ 48,473
Reduction of capital lease obligations and associated asset value for AMC-16 (Note 6)	$ 6,616	$ 39,442
Capital expenditures included in accounts payable	$ 22,605	$ 16,827

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

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ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Business Activities

Principal Business

EchoStar Corporation is a holding company, whose subsidiaries (which together with EchoStar Corporation are referred to as “EchoStar,” the “Company,” “we,” “us” and/or “our”) operate three business units:

- ***EchoStar Technologies*** — which designs, develops and distributes digital set-top boxes and related products and technology, including our Slingbox "placeshifting" technology, primarily for satellite TV service providers, telecommunication and cable companies and, with respect to Slingboxes, directly to consumers via retail outlets. EchoStar Technologies also provides digital broadcast operations including satellite uplinking/downlinking, transmission services, signal processing, conditional access management and other services primarily to DISH Network.

- ***EchoStar Satellite Services*** — which uses 10 of our 11 owned and leased in-orbit satellites and related FCC licenses to lease capacity on a full-time and occasional-use basis primarily to DISH Network, and secondarily to Dish Mexico, U.S. government service providers, state agencies, Internet service providers, broadcast news organizations, programmers and private enterprise customers.

- ***Hughes*** — which provides broadband network services and systems to the domestic and international enterprise markets and satellite broadband Internet access to North American consumers. Hughes also provides managed services to large enterprises and networking systems solutions to customers for mobile satellite and wireless backhaul systems. Effective June 9, 2011, Hughes became a new business unit as a result of our acquisition of Hughes Communications, Inc. and its subsidiaries ("Hughes Communications") and the results of operations of Hughes Communications are included in this report only as of such date. See Note 10 for further discussion of the transaction.

Effective January 1, 2008, DISH Network completed its distribution to us (the "Spin-off") of its digital set-top box business and certain infrastructure and other assets, including certain of its satellites, uplink and satellite transmission assets, real estate and other assets and related liabilities. Since the Spin-off, we and DISH Network have operated as separate publicly-traded companies, and 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, or by certain trusts established by Mr. Ergen for the benefit of his family.

Hughes Communications Acquisition

On June 8, 2011, we acquired all of the outstanding equity of Hughes Communications, Inc., (the "Hughes Acquisition"), pursuant to an agreement and plan of merger (the "Hughes Agreement") by and between us, certain of our subsidiaries, including EchoStar Satellite Services L.L.C., and Hughes Communications, Inc. Pursuant to the Hughes Agreement, each issued and outstanding share of common stock and vested stock options of Hughes Communications, Inc. was converted into the right to receive $60.70 (minus any applicable exercise price) in cash and substantially all of the outstanding debt of Hughes Communications was repaid. In addition, each share of unvested restricted stock and unvested stock option of Hughes Communications, Inc. was converted into the right to receive $60.70 (minus any applicable exercise price) in cash on the vesting date of the stock award. The funding of the Hughes Acquisition was supported by the issuance of $1.1 billion of senior secured notes and $900 million of senior unsecured notes. See Note 8 for further discussion.

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, 2010 ("2010 10-K"). Certain prior period amounts have been reclassified to conform to the current period presentation.

Our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2011 includes the results of operations for Hughes Communications from June 9, 2011 through September 30, 2011. See the accounting policies below for changes related to the Hughes Acquisition.

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. 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.

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, deferred revenue and deferred subscriber acquisition costs ("SAC") amortization periods, allowances for doubtful accounts, allowance for sales returns, warranty obligations, 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, capital leases, asset impairments, useful lives of property, equipment and intangible assets, and royalty obligations. Weakened economic conditions may increase the inherent uncertainty in the estimates and assumptions indicated above. We base our estimates and assumptions on historical experience and on various other factors that we believe to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results may differ from previously estimated amounts, and such differences may be material to our Condensed Consolidated Financial Statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected prospectively in the period they occur.

Fair Value of Financial Instruments

As of September 30, 2011 and December 31, 2010, the carrying value of our cash and cash equivalents; current marketable investment securities, trade accounts receivable, net of allowance for doubtful accounts; and current liabilities is equal to or approximates fair value due to their short-term nature or proximity to current market rates.

Revenue Recognition

Revenue is recognized when an arrangement exists, prices are determinable, collectibility is reasonably assured and the goods or services have been delivered. If any of these criteria are not met, revenue recognition is deferred until such time as all of the criteria are met. Revenue from equipment sales is generally recognized upon shipment to customers. Revenue from digital broadcast operations and satellite services and other is recognized when the related services are performed. Upfront fees collected in connection with the service arrangements for customers in our consumer market are deferred and recognized as service revenue over the estimated subscriber life.

In situations where customer offerings represent a bundled arrangement for both services and hardware, revenue elements are separated into their relevant components (services or hardware) for revenue recognition purposes. We offer a rebate to qualifying new consumer subscribers and record a reduction in revenue in the same period in which the related sale occurs based on an estimate of the number of rebates that will be redeemed. This estimate is based on historical experience and actual sales during the promotion.

Our Hughes business segment has a consumer rental program, which typically allows customers in our consumer market to rent equipment with a 24-month service contract. Once the initial contract ends, it becomes a month-to-month contract. Revenue on the rental equipment is recognized on a monthly basis as service revenue over the customer contract term.

In August 2010, Hughes Communications was awarded $59 million from the U.S. Government as the only recipient of a national award under the broadband stimulus programs established pursuant to the American Recovery and Reinvestment Act of 2009. Under the broadband stimulus program, eligible customers in our consumer market generally have month-to-month service contracts and do not have to pay for the rental of the equipment.

In addition to providing standard product and service offerings, our Hughes business segment also enters into contracts to design, develop and deliver telecommunication networks to customers in our enterprise market. These contracts for telecommunication networks require significant effort to develop and construct the network, over an extended time period. Revenues are also earned from long-term contracts for the sale of mobile satellite communications systems. Sales under these long-term contracts are recognized using the percentage-of-completion (cost-to-cost) method of accounting. Under this method, sales are recorded equivalent to costs incurred plus a portion of the profit expected to be realized, based on the ratio of costs incurred to estimated total costs at completion. Profits expected to be realized on long-term contracts are based on estimates of total sale values and costs at completion. These estimates are reviewed and revised periodically throughout the lives of the contracts, and adjustments to profits resulting from such revisions are recorded in the accounting period in which the revisions are made. Estimated losses on contracts are recorded in the period in which they are identified.

Debt Issuance Costs

Costs of issuing debt are generally deferred and amortized utilizing the effective interest method with amortization included in “Interest expense, net of amounts capitalized” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Inventory

Inventory is stated at the lower of cost or market value. Our EchoStar Technologies business segment inventory cost is determined using the first-in, first-out (“FIFO”) method. Our Hughes business segment principally uses standard costs adjusted to reflect actual cost, based on variance analyses performed throughout the year which approximates the FIFO method. Inventories are adjusted to net realizable value using management’s best estimates of future use. In making its assessment of future use or recovery, management considers the aging and composition

of inventory balances, the effects of technological and/or design changes, forecasted future product demand based on firm or near-firm customer orders and alternative means of disposition of excess or obsolete items.

Subscriber Acquisition Costs

SAC is included in “Other noncurrent assets, net” on our Condensed Consolidated Balance Sheets. SAC consists of costs paid to third-party dealers and customer service representative commissions on new service activations and, in certain cases, the cost of hardware and installation services provided to customers at the inception of service or the cost of services for activities related to the consumer rental program. SAC is deferred when a customer commits to a service agreement, and the deferred SAC is amortized over the contractual term as the related service revenue is earned. We monitor the recoverability of SAC and are entitled to an early termination fee (secured by customer credit card information) if the subscriber cancels service prior to the end of the commitment period. The recoverability of deferred SAC is reasonably assured through the monthly service fee charged to customers, the ability to recover the equipment or charge an unreturned equipment fee, and/or the ability to charge an early termination fee.

Capitalized Software Costs

Software development costs are capitalized and amortized using the straight-line method over the estimated useful life of the software, not in excess of five years. Internal use capitalized software costs are included in "Property and equipment, net" on our Condensed Consolidated Balance Sheets. Software program reviews are conducted at least annually, or as events and circumstances warrant such a review, to determine if capitalized software development costs have been impaired and to ensure that costs associated with programs that are no longer generating revenue are expensed.

Foreign Currency

Certain of our foreign operations have determined the local currency to be their functional currency. Accordingly, these foreign entities translate assets and liabilities from their local currencies to U.S. dollars using period-end exchange rates while income and expense accounts are translated at the average rates in effect during the period. The resulting translation adjustment is recorded in "Accumulated Other Comprehensive Income (Loss)," a separate component of equity.

We also have foreign operations where the U.S. dollar has been determined as the functional currency. Gains and losses resulting from re-measurement of the foreign currency denominated assets, liabilities and transactions into the U.S. dollar are recognized currently in the statements of operations and were not material in each of the periods presented herein.

Recently Adopted Accounting Guidance

In October 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2009-13 amending Accounting Standards Codification ("ASC") 605 "Revenue Recognition" related to revenue arrangements with multiple deliverables. Among other things, ASU 2009-13 provides guidance for entities in determining the accounting for multiple deliverable arrangements and establishes a hierarchy for determining the amount of revenue to allocate to the various deliverables. The adoption of ASU 2009-13 on January 1, 2011 did not have a material impact on our financial statements.

In October 2009, the FASB issued ASU 2009-14 to amend ASC 605 to change the accounting model for revenue arrangements that include both tangible products and software elements. The adoption of ASU 2009-14 on January 1, 2011 did not have a material impact on our financial statements.

New Accounting Pronouncements

In September 2011, the FASB issued ASU 2011-08 amending ASC 350 "Intangibles - Goodwill and Other" related to goodwill impairment testing. Among other things, ASU 2011-08 allows an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under these amendments, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments include a number of events and circumstances for an entity to consider in conducting the qualitative assessment. Although early adoption is allowed, the amendment is effective for impairment tests performed for fiscal years beginning after December 15, 2011. We do not expect the adoption of ASU 2010-08 to have a material impact on our financial position or results of operations.

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 EchoStar common shareholders" 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 earnings per share amounts for all periods and the basic and diluted weighted-average shares outstanding used in the calculation.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands, except per share amounts)			
Net income (loss) attributable to EchoStar common shareholders	$ (19,117)	$ 5,151	$ 16,529	$ 35,420
Weighted-average common shares outstanding - Class A and B common stock:				
Basic	86,507	85,158	86,100	85,040
Dilutive impact of stock awards outstanding	—	92	1,071	96
Diluted	86,507	85,250	87,171	85,136
Earnings per share - Class A and B common stock:				
Basic net income (loss) per share attributable to EchoStar common shareholders	$ (0.22)	$ 0.06	$ 0.19	$ 0.42
Diluted net income (loss) per share attributable to EchoStar common shareholders	$ (0.22)	$ 0.06	$ 0.19	$ 0.42

As of September 30, 2011 and 2010, there were stock awards to purchase 3.9 million and 5.8 million shares, respectively, of our Class A common stock outstanding, not included in the weighted-average common shares outstanding above, as their effect is antidilutive.

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

	As of September 30, 2011	As of September 30, 2010
	(In thousands)	
Performance based options	673	698
Restricted Performance Units	90	94
Total	763	792

4. Marketable Investment Securities, Restricted Cash and Other Investment Securities

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

	As of September 30, 2011	As of December 31, 2010
	(In thousands)	
Marketable investment securities:		
Current marketable investment securities - VRDNs	$ 178,785	$ 395,715
Current marketable investment securities - strategic	174,331	232,718
Current marketable investment securities - other	442,553	360,653
Total marketable investment securities - current	795,669	989,086
Restricted marketable investment securities (1)	164	1,337
Total	795,833	990,423
Restricted cash and cash equivalents (1)	20,452	16,089
Marketable and other investment securities - noncurrent:		
Cost method	26,192	3,097
Equity method	111,480	109,366
Fair value method	140,272	613,125
Total marketable and other investment securities - noncurrent	277,944	725,588
Total marketable investment securities, restricted cash and other investment securities	$ 1,094,229	$ 1,732,100

(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.

Marketable Investment Securities

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

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

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liquidity source. Our VRDN portfolio is comprised of investments in many municipalities, which are backed by financial institutions or other highly rated companies that serve as the pledged liquidity source. While they are classified as marketable investment securities, the put option allows VRDNs to be liquidated generally on a same day or on a five business day settlement basis.

Current Marketable Investment Securities - Strategic

Our current strategic marketable investment securities are highly speculative and have experienced and continue to experience volatility. As of September 30, 2011, a significant portion of our strategic investment portfolio consisted of securities of several issuers and a significant portion of the value of that portfolio depends on the value of those issuers.

Current Marketable Investment Securities - Other

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

Restricted Cash and Marketable Investment Securities

As of September 30, 2011 and December 31, 2010, our restricted marketable investment securities, together with our restricted cash, included amounts required as collateral for our letters of credit or surety bonds.

Marketable and Other Investment Securities - Noncurrent

We account for our unconsolidated debt and equity investments under the fair value, equity and/or cost method of accounting. We have several strategic investments in certain equity securities that are included in noncurrent "Marketable and other investment securities" on our Condensed Consolidated Balance Sheets.

Marketable and Other Investment Securities — Cost and Equity

Non-majority owned investments in equity securities are generally accounted for using the equity method when we have the ability to significantly influence the operating decisions of an investee. However, when we do not have the ability to significantly influence the operating decisions of an investee, the cost method is used.

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

Marketable and Other Investment Securities — Fair Value

We elect the fair value method for certain debt and equity investments in affiliates when we believe the fair value method of accounting provides more meaningful information to our investors. For our investments carried at fair value, interest and dividends are measured at fair value and are recorded in "Unrealized gains (losses) on investments accounted for at fair value, net" in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See "Investments in TerreStar" below for more information.

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Unrealized Gains (Losses) on Marketable Investment Securities

As of September 30, 2011 and December 31, 2010, we had accumulated net unrealized gains of $138 million and $188 million, both net of related tax effect, respectively, as a part of "Accumulated other comprehensive income (loss)" within "Total stockholders' equity (deficit)." A full valuation allowance has been established against any net deferred tax assets that are capital in nature. The components of our available-for-sale investments are summarized in the table below.

	As of September 30, 2011				As of December 31, 2010			
	Marketable Investment Securities	Unrealized Gains	Unrealized Losses	Net	Marketable Investment Securities	Unrealized Gains	Unrealized Losses	Net
	(In thousands)							
Debt securities:								
VRDNs	$ 178,785	$ —	$ —	$ —	$ 395,715	$ —	$ —	$ —
Other (including restricted)	442,717	92	(2,973)	(2,881)	375,814	1,154	(233)	921
Equity securities:								
Other	174,331	140,455	—	140,455	218,894	186,745	—	186,745
Total marketable investment securities	$ 795,833	$ 140,547	$ (2,973)	$ 137,574	$ 990,423	$ 187,899	$ (233)	$ 187,666

As of September 30, 2011, restricted and non-restricted marketable investment securities included debt securities of $510 million with contractual maturities of one year or less and $112 million with contractual maturities greater than one year. 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. We do not intend to sell our investments in debt securities before they recover or mature, and it is more likely than not that we will hold these debt 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 primarily related to temporary market fluctuations.

	As of September 30, 2011			As of December 31, 2010		
	Investment Category			Investment Category		
	Debt Securities	Equity Securities	Total	Debt Securities	Equity Securities	Total
	(In thousands)					
Less than Six Months:						
Fair value	$ 316,580	$ —	$ 316,580	$ 26,358	$ —	$ 26,358
Unrealized loss	(2,962)	—	(2,962)	(44)	—	(44)
Six to Nine Months:						
Fair value	—	—	—	17,566	—	17,566
Unrealized loss	—	—	—	(71)	—	(71)
Nine Months or More:						
Fair value	3,919	—	3,919	75,211	—	75,211
Unrealized loss	(11)	—	(11)	(118)	—	(118)
Total Fair Value	$ 320,499	$ —	$ 320,499	$ 119,135	$ —	$ 119,135

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

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

	As of							
	September 30, 2011				December 31, 2010			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	(In thousands)							
Debt securities:								
VRDNs	$ 178,785	$ —	$ 178,785	$ —	$ 395,715	$ —	$ 395,715	$ —
Other (including restricted)	442,717	—	442,717	—	375,814	—	375,814	—
Equity securities	174,331	174,331	—	—	218,894	218,894	—	—
Marketable and other investment securities - noncurrent	140,272	426	—	139,846	613,125	4,170	—	608,955
Total assets at fair value	$ 936,105	$ 174,757	$ 621,502	$ 139,846	$ 1,603,548	$ 223,064	$ 771,529	$ 608,955

Changes in Level 3 instruments are as follows:

	Level 3 Investment Securities
	(In thousands)
Balance as of December 31, 2010	$ 608,955
Net realized and unrealized gains (losses) included in earnings	3,507
Purchases	51,936
Issuances	27,313
Settlements	(551,865)
Balance as of September 30, 2011	$ 139,846

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Unrealized and Realized Gains (Losses) on Marketable Investment Securities and Other Investments

"Unrealized and realized gains (losses) on marketable investment securities and other investments" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) includes changes in the carrying amount of our investments as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Unrealized and realized gains (losses) on marketable investment securities and other investments:				
Marketable investment securities - gains (losses) on sales/exchanges	$ 4,169	$ (94)	$ 6,617	$ (87)
Marketable and other investment securities - gains (losses) on sales/exchanges	—	—	7,258	—
Marketable and other investment securities - other-than-temporary impairments	—	—	—	(22,012)
Total unrealized and realized gains (losses) on marketable investment securities and other investments	$ 4,169	$ (94)	$ 13,875	$ (22,099)

Investments in TerreStar

We account for our investments in TerreStar Corporation and TerreStar Networks Inc. ("TerreStar Networks"), an indirect, majority-owned subsidiary of TerreStar Corporation, using the fair value method of accounting which we believe provides more meaningful information to our investors. TerreStar Networks is the principal operating subsidiary of TerreStar Corporation. TerreStar Networks and certain of its affiliates filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code on October 19, 2010. TerreStar Corporation and its subsidiary, TerreStar Holdings Inc. (together, the "TSC Debtors"), filed for Chapter 11 protection on February 16, 2011.

In February 2008, we completed several transactions under a Master Investment Agreement between us, TerreStar Corporation and TerreStar Networks. Under the Master Investment Agreement, we acquired $50 million in aggregate principal amount of TerreStar Networks' 6 1/2% Senior Exchangeable Paid-in-Kind Notes due June 15, 2014 ("Exchangeable Notes") as well as $50 million aggregate principal amount of TerreStar Networks' 15% Senior Secured Paid-in-Kind Notes due February 15, 2014 ("15% PIK Notes"). The Master Investment Agreement also provides that we have the right to appoint two representatives to TerreStar Corporation's Board of Directors. We do not presently have any representatives on TerreStar Corporation's Board of Directors. We have from time to time acquired, and we currently hold, other securities issued by TerreStar Corporation and TerreStar Networks.

In February 2008, we also entered into a Spectrum Agreement with TerreStar Corporation, under which, in June 2008, TerreStar Corporation completed the acquisition of our holdings of 1.4 GHz spectrum in exchange for the issuance of 30 million shares of its common stock to us, which we continue to hold.

We also entered into an agreement with TerreStar Networks and Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund LP (collectively, "Harbinger"), in February 2008, in which we and Harbinger each committed to provide up to $50 million in secured financing, the proceeds of which were advanced to TerreStar Networks from time to time as required for TerreStar Networks to make required payments in connection with a communications satellite to be constructed and launched for TerreStar Networks ("Line of Credit").

In connection with the filings by TerreStar Networks and its subsidiaries (the "Debtors") for protection under Chapter 11 of the U.S. Bankruptcy Code and an ancillary proceeding under the Companies' Creditors Arrangement Act in Canada, on October 19, 2010, we entered into a commitment to provide a debtor-in-possession credit facility (the "Credit Facility") to the Debtors. On November 18, 2010, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") approved the Credit Facility on a final basis and authorized the Debtors to enter into the Credit Facility. The Credit Facility consists of a non-revolving, multiple draw term loan in

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the aggregate principal amount of $90 million, with drawings subject to the terms and conditions set forth in the Credit Facility.

On June 14, 2011, Gamma Acquisition L.L.C. ("Gamma"), a wholly-owned subsidiary of DISH Network entered into an asset purchase agreement (the "TerreStar Purchase Agreement") with TerreStar Networks and certain of its subsidiaries pursuant to which upon closing of the transaction Gamma will acquire substantially all of the assets of TerreStar Networks and its subsidiaries for a cash purchase price of $1.375 billion and will agree to assume certain liabilities associated with the ongoing operations of the business being acquired. Gamma agreed to fund $1.345 billion of the purchase price prior to receipt of approvals from the FCC or Canadian Department of Industry, and funded such amount on August 11, 2011, after receipt of approval from the U.S. Bankruptcy Court for the Southern District of New York on July 7, 2011. A portion of these proceeds have been used to repay certain of our investments in TerreStar in full, and others in part.

As of September 30, 2011, we had received $552 million from TerreStar, of which $419 million related to the 15% PIK Notes. In addition, this amount includes the repayment of $85 million owed to us under the Credit Facility and the repayment of $48 million owed to us under the Line of Credit. The TerreStar bankruptcy proceedings are ongoing and, subsequent to September 30, 2011, we received an additional $77 million primarily related to the 15% PIK Notes, leaving the estimated fair value of the outstanding amount of our remaining investments in TerreStar at an amount of approximately $63 million.

Our debt investments in TerreStar Networks had an estimated fair value of $140 million and $626 million as of September 30, 2011 and December 31, 2010, respectively. Our equity investments in TerreStar Corporation had a fair value of less than $1 million and $4 million as of September 30, 2011 and December 31, 2010, respectively. Fluctuations in fair value of these investments are recorded in "Unrealized gains (losses) on investments accounted for at fair value, net" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) and directly impact our profitability. For the three months ended September 30, 2011, we recorded a $2 million gain on these investments compared to a $21 million loss for the same period in 2010. For the nine months ended September 30, 2011 and 2010, we recorded a $10 million and a $23 million gain on these investments, respectively.

Our investments in TerreStar Corporation and TerreStar Networks are highly speculative and have experienced and continue to experience volatility associated with their fair values. The value of our investments in TerreStar Networks is determined using Level 3 inputs under the fair value hierarchy. In estimating those fair values we consider quotes from brokers and other pricing services, if available, and obtain both observable and unobservable inputs in our valuation models which include the use of option pricing and discounted cash flow techniques or a liquidation based method. The fair value of these investments can be significantly impacted by adverse changes in securities markets generally, as well as risks related to the performance of TerreStar Corporation and TerreStar Networks, their ability to obtain sufficient capital to execute their business plans, risks associated with their specific industries, bankruptcy and other factors.

On January 14, 2011, TerreStar Corporation filed a Form 15, terminating the registration of its common stock and Series A Voting Convertible Preferred Stock under Section 12(g) of the Securities Exchange Act of 1934 and suspending its obligations to file reports with the Securities and Exchange Commission (other than with respect to its fiscal year ended December 31, 2010).

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

5. Inventory

Inventory consists of the following:

	As of	
	September 30, 2011	December 31, 2010
	(In thousands)	
Finished goods	$ 60,674	$ 21,084
Raw materials	18,143	6,819
Work-in-process	20,838	2,530
Total inventory	$ 99,655	$ 30,433

The increase in our inventory balance from December 31, 2010 compared to September 30, 2011 is primarily related to the Hughes Acquisition.

6. Property and Equipment

Property and equipment consist of the following:

	Depreciable Life (In Years)	As of	
		September 30, 2011	December 31, 2010
		(In thousands)	
Land	—	$ 41,530	$ 28,240
Buildings and improvements	1-40	309,541	232,208
Furniture, fixtures, equipment and other	1-10	920,465	791,247
Consumer rental equipment	2-4	142,264	—
Satellites:			
EchoStar III - fully depreciated	N/A	234,083	234,083
EchoStar IV - fully depreciated	N/A	78,511	78,511
EchoStar VI	12	244,305	244,305
EchoStar VIII	12	175,801	175,801
EchoStar IX	12	127,376	127,376
EchoStar XII	10	190,051	190,051
SPACEWAY 3	15	286,707	—
Satellites acquired under capital leases	10-15	566,817	534,673
Construction in process	—	919,579	393,098
Total property and equipment		4,237,030	3,029,593
Accumulated depreciation		(1,931,957)	(1,766,290)
Property and equipment, net		$ 2,305,073	$ 1,263,303

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

“Construction in process” consists of the following:

	As of	
	September 30, 2011	December 31, 2010
	(In thousands)	
Progress amounts for satellite construction, including certain amounts prepaid under satellite service agreements and launch costs:		
QuetzSat-1	$ 180,759	$ 162,947

EchoStar XVI	209,552	100,312
Jupiter	338,580	—
Other	75,238	93,958
Buildings and improvements	35,854	19,291
Uplink equipment	58,265	11,933
Other	21,331	4,657
Construction in process	$ 919,579	$ 393,098

For the three and nine months ended September 30, 2011, we recorded $14 million and $32 million, respectively, of capitalized interest related to our satellites under construction. For the three and nine months ended September 30, 2010, we recorded $20 million and $20 million, respectively, of capitalized interest related to our satellites under construction.

Depreciation and amortization expense consists of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Satellites	$ 29,455	$ 22,562	$ 77,172	$ 70,000
Furniture, fixtures, equipment and other	49,838	25,632	106,982	73,120
Identifiable intangible assets subject to amortization	45,975	8,266	65,699	24,796
Buildings and improvements	2,852	1,731	6,340	4,950
Total depreciation and amortization	$ 128,120	$ 58,191	$ 256,193	$ 172,866

Cost of sales and other expense categories included in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) do not include depreciation expense.

Satellites

We currently utilize 11 satellites in geostationary orbit approximately 22,300 miles above the equator, including the SPACEWAY™ 3 satellite, which was added to our satellite fleet as a result of the Hughes Acquisition. Five of these satellites are leased, and four of our leased satellites are accounted for as capital leases and are depreciated over the terms of the satellite service agreements. We also lease capacity on one satellite from DISH Network that is accounted for as an operating lease. See Note 13 for further discussion of our satellite leases with DISH Network. We depreciate our owned satellites over the useful life of each satellite.

QuetzSat-1. QuetzSat-1 was launched on September 29, 2011. During 2008, we entered into a ten-year satellite service agreement with SES Latin America S.A. ("SES") to lease all of the capacity on QuetzSat-1. This lease will be accounted for as a capital lease. Upon expiration of the initial term, we have the option to renew the transponder service agreement on a year-to-year basis through the end-of-life of the QuetzSat-1 satellite. DISH Network has agreed to lease 24 of the 32 direct broadcast satellite ("DBS") transponders on this satellite from us.

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

In addition, we have two owned satellites that are currently under construction, as follows:

EchoStar XVI. In November 2009, we entered into a contract for the construction of EchoStar XVI, a DBS satellite, which is expected to be launched during the second half of 2012 and will operate at the 61.5 degree orbital location. DISH Network has agreed to lease all of the capacity on this satellite from us for a portion of its useful life.

Jupiter. In June 2009, Hughes Communications entered into an agreement with Space Systems/Loral, Inc. ("SS/L") for the design and manufacture of our next-generation, high throughput geostationary satellite ("Jupiter"). Jupiter will employ a multi-spot beam, bent pipe Ka-band architecture and will provide additional capacity for our HughesNet service to the consumer market in North America. Jupiter is expected to be launched during the first half of 2012.

Satellite Anomalies

Prior to 2011, certain satellites in our fleet experienced anomalies, some of which have had a significant adverse impact on their remaining useful life and/or commercial operation. There can be no assurance that future anomalies will not further impact the remaining useful life and commercial operation of any of these satellites. See "*Long-Lived Satellite Assets*" below for further discussion of evaluation of impairment. In addition, there can be no assurance that we can recover critical transmission capacity in the event one or more of our in-orbit satellites were to fail. We generally do not carry insurance for any of the in-orbit satellites that we use, and therefore we will bear the risk of any uninsured in-orbit failures. Recent developments with respect to certain of our satellites are discussed below.

Owned Satellites

EchoStar IV. During the third quarter of 2011, EchoStar IV was removed from the 77 degree orbital location and retired from commercial service. This retirement did not have a material impact on our results of operations or financial position.

EchoStar VIII. EchoStar VIII was designed to operate 32 DBS transponders in the continental United States at approximately 120 watts per channel, switchable to 16 DBS transponders operating at approximately 240 watts per channel. EchoStar VIII was also designed with spot-beam technology. This satellite has experienced several anomalies prior to and during 2011. In January 2011, the satellite experienced an anomaly which temporarily disrupted electrical power to some components, causing an interruption of broadcast service. In addition, it has now been determined one of the two on-board computers used to control the satellite failed in connection with this anomaly. None of these anomalies has impacted the commercial operation or estimated useful life of the satellite. However, there can be no assurance that this anomaly or any future anomalies will not reduce its useful life or impact its commercial operation.

Leased Satellites

AMC-15. AMC-15, a fixed satellite services ("FSS") satellite, commenced commercial operation during January 2005 and currently operates at the 105 degree orbital location. This SES World Skies satellite is equipped with 24 Ku FSS transponders that operate at approximately 120 watts per channel and a Ka FSS payload consisting of 12 spot beams. During 2011, AMC-15 experienced solar-power anomalies, which caused a power loss that reduced its capacity. Pursuant to the satellite services agreement, we are negotiating a reduction of our monthly recurring payment, which could impact the carrying value of the satellite and the related capital lease obligation.

AMC-16. AMC-16, an FSS satellite, commenced commercial operation during February 2005 and currently operates at the 85 degree orbital location. This SES World Skies satellite is equipped with 24 Ku-band FSS transponders that operate at approximately 120 watts per channel and a Ka-band payload consisting of 12 spot beams. During the first quarter of 2010, SES World Skies notified us that AMC-16 had experienced a solar-power

anomaly, which caused a power loss that reduced its capacity. Pursuant to the satellite services agreement, we are entitled to a reduction of our monthly recurring payment in the event of a partial loss of satellite capacity. Effective in March and July 2010, the monthly recurring payment was reduced and as a result our capital lease obligation and the corresponding asset value was lowered by a total of $39 million. In addition, beginning in May 2011, the monthly recurring payment was reduced again due to the March 2010 anomaly and as a result our capital lease obligation was lowered by approximately $7 million and a gain was recorded in "Other, net" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Long-Lived Satellite Assets

We evaluate our satellites for impairment and test for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. This evaluation is performed at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Certain of the anomalies discussed above, and previously disclosed, may be considered to represent a significant adverse change in the physical condition of a particular satellite. However, based on the redundancy designed within each satellite, these anomalies are not considered to be significant events that would require evaluation for impairment recognition because the projected cash flows have not been significantly affected by these anomalies.

7. Intangible Assets and Goodwill

Intangible Assets

As of September 30, 2011 and December 31, 2010, our identifiable intangible assets subject to amortization consisted of the following:

	As of			
	September 30, 2011		December 31, 2010	
	Intangible Assets	Accumulated Amortization	Intangible Assets	Accumulated Amortization
	(In thousands)			
Contract-based	$ 257,666	$ (132,507)	$ 190,566	$ (108,361)
Customer relationships	305,026	(54,369)	23,632	(23,605)
Technology-based (1)	151,837	(44,844)	111,848	(35,086)
Favorable leases	4,707	(379)	—	—
Trademark portfolio	32,341	(853)	—	—
Total	$ 751,577	$ (232,952)	$ 326,046	$ (167,052)

Amortization of these intangible assets is recorded on a straight line basis over an average finite useful life primarily ranging from approximately one to twenty years or in relation to the estimated discounted cash flows over the life of the intangible. Amortization was $46 million and $8 million during the three months ended September 30, 2011 and 2010, respectively. Amortization was $66 million and $25 million during the nine months ended September 30, 2011 and 2010, respectively.

Estimated future amortization of our identifiable intangible assets as of September 30, 2011 is as follows (in thousands):

For the Years Ended December 31,	
2011 (remaining three months)	$ 42,883
2012	92,593
2013	70,208

2014		78,554
2015		63,331
Thereafter (1)		171,056
Total	$	518,625

(1) On December 31, 2010, we acquired certain assets of Move Networks, Inc. which included in-process research and development ("R&D"). In-process R&D assets acquired in a business combination initially are considered indefinite-lived assets until either the completion or abandonment of the associated R&D efforts. Upon the successful completion of the development process, we will commence amortization of the balance over the estimated useful life of the project. For purposes of the amortization table, we included the entire in-process R&D balance of $26 million in the category labeled "Thereafter" until such time that the R&D efforts are finalized or abandoned.

Goodwill

The excess of our investments in consolidated subsidiaries over net tangible and identifiable intangible asset value at the time of the investment is recorded as goodwill and is not subject to amortization but is subject to impairment testing annually or whenever indicators of impairment arise. The goodwill associated with various acquisitions is detailed in the table below.

	Goodwill (In thousands)	
Balance as of December 31, 2010	$	6,457
Troppus Acquisition		10,363
Hughes Acquisition		523,135
Balance as of September 30, 2011	$	539,955

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8. Long-Term Debt and Capital Lease Obligations

6 1/2% Senior Secured Notes due 2019

On June 1, 2011, Hughes Satellite Systems Corporation ("HSS"), our wholly-owned subsidiary formerly known as EH Holding Corporation, issued $1.1 billion aggregate principal amount of its 6 1/2% Senior Secured Notes (the "Senior Secured Notes") at an issue price of 100.0%, pursuant to a Secured Indenture dated June 1, 2011 (the "Secured Indenture"). The Senior Secured Notes mature on June 15, 2019. Interest accrues at an annual rate of 6 1/2% and is payable semi-annually in cash, in arrears on June 15 and December 15 of each year, commencing on December 15, 2011.

The Senior Secured Notes are redeemable, in whole or in part, at any time at a redemption price equal to 100% of the principal amount thereof plus a "make-whole" premium, as defined in the Secured Indenture, together with accrued and unpaid interest, if any, to the date of redemption. Prior to June 15, 2014, HSS may also redeem up to 35% of the aggregate principal amount of the Senior Secured Notes at a redemption price equal to 106.500% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of redemption, with the net cash proceeds from certain equity offerings or capital contributions. In addition, prior to June 15, 2015, HSS may redeem up to 10% of the outstanding Senior Secured Notes per year at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of redemption.

The Senior Secured Notes are:

- general secured obligations of HSS;
- secured by a first priority security interest in substantially all of the assets of HSS and certain of its subsidiaries, subject to certain exceptions and Permitted Liens (as defined in the Secured Indenture);
- effectively junior to HSS's obligations that are secured by assets that are not part of the Collateral (as defined in the Secured Indenture) that is securing the Senior Secured Notes, in each case to the extent of the value of the Collateral securing such obligations;
- effectively senior to HSS's existing and future unsecured obligations to the extent of the value of the Collateral securing the Senior Secured Notes, after giving effect to Permitted Liens;
- senior in right of payment to all existing and future obligations of HSS that are expressly subordinated to the Senior Secured Notes;
- structurally junior to any existing and future obligations of any non-Guarantor Subsidiaries (as defined in the Secured Indenture); and
- unconditionally guaranteed, jointly and severally, on a general senior secured basis by each Guarantor (as defined in the Secured Indenture).

Subject to certain exceptions, the Secured Indenture contains restrictive covenants that, among other things, impose limitations on the ability of HSS and, in certain instances, the ability of its Restricted Subsidiaries (as defined in the Secured Indenture), to:

- pay dividends or make distributions on HSS's capital stock or repurchase HSS's capital stock;
- incur additional debt;
- make certain investments;
- create liens or enter into sale and leaseback transactions;
- merge or consolidate with another company;
- transfer and sell assets;
- enter into transactions with affiliates; and
- allow to exist certain restrictions on the ability of certain subsidiaries of HSS to pay dividends, make distributions, make other payments, or transfer assets to us.

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In the event of a change of control, as defined in the Secured Indenture, HSS would be required to make an offer to repurchase all or any part of a holder's Senior Secured Notes at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon to the date of repurchase.

7 5/8% Senior Notes due 2021

On June 1, 2011, HSS issued $900 million aggregate principal amount of its 7 5/8% Senior Notes (the "Senior Notes") at an issue price of 100.0%, pursuant to an Unsecured Indenture dated June 1, 2011 (the "Unsecured Indenture"). The Senior Notes mature on June 15, 2021. Interest accrues at an annual rate of 7 5/8% and is payable semi-annually in cash, in arrears on June 15 and December 15 of each year, commencing on December 15, 2011.

The Senior Notes are redeemable, in whole or in part, at any time at a redemption price equal to 100.0% of the principal amount plus a "make-whole" premium, as defined in the Unsecured Indenture, together with accrued and unpaid interest, if any, to the date of redemption. Prior to June 15, 2014, HSS may also redeem up to 35% of the aggregate principal amount of the Senior Notes at a redemption price equal to 107.625% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of redemption, with the net cash proceeds from certain equity offerings or capital contributions.

The Senior Notes are:

- general unsecured obligations of HSS;
- effectively junior to HSS's obligations that are secured to the extent of the value of the collateral securing such obligations;
- senior in right of payment to all existing and future obligations of HSS that are expressly subordinated to the Senior Notes;
- structurally junior to any existing and future obligations of any non-Guarantor Subsidiaries (as defined in the Unsecured Indenture); and
- unconditionally guaranteed, jointly and severally, on a general senior basis by each Guarantor (as defined in the Unsecured Indenture).

Subject to certain exceptions, the Unsecured Indenture contains restrictive covenants that, among other things, impose limitations on the ability of HSS and, in certain instances, the ability of its Restricted Subsidiaries (as defined in the Unsecured Indenture), to:

- pay dividends or make distributions on HSS's capital stock or repurchase HSS's capital stock;
- incur additional debt;
- make certain investments;
- create liens or enter into sale and leaseback transactions;
- merge or consolidate with another company;
- transfer and sell assets;
- enter into transactions with affiliates; and
- allow to exist certain restrictions on the ability of certain subsidiaries to pay dividends, make distributions, make other payments, or transfer assets to us.

In the event of a change of control, as defined in the Unsecured Indenture, HSS would be required to make an offer to repurchase all or any part of a holder's Senior Notes at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon to the date of repurchase.

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ECHOSTAR CORPORATION
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Fair Value of our Long-Term Debt

The following table summarizes the carrying and fair values of our debt facilities as of September 30, 2011 and December 31, 2010:

	As of			
	September 30, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
6 1/2% Senior Secured Notes due 2019	$ 1,100,000	$ 1,072,500	$ —	$ —
7 5/8% Senior Notes due 2021	900,000	873,000	—	—
Mortgages and other notes payable	6,895	6,895	6,535	6,535
Subtotal	2,006,895	$ 1,952,395	6,535	$ 6,535
Capital lease obligations (1)	390,744	NA	406,350	NA
Total long-term debt and capital lease obligations (including current portion)	$ 2,397,639		$ 412,885	

(1) Disclosure regarding fair value of capital leases is not required.

Capital Lease Obligations

As of September 30, 2011 and December 31, 2010, we had $567 million and $535 million, respectively, capitalized for the estimated fair value of satellites acquired under capital leases included in "Property and equipment, net," with related accumulated depreciation of $289 million and $268 million, respectively.

In our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), we recognized depreciation expense on satellites acquired under capital lease agreements as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Depreciation expense - capital leases	$ 7,222	$ 6,444	$ 21,265	$ 21,645

The following satellites are accounted for as capital leases and depreciated over the terms of the respective satellite service agreements.

AMC-15. AMC-15 commenced commercial operation during January 2005. This lease is renewable by us on a year-to-year basis following the initial ten-year term, and provides us with certain rights to lease capacity on replacement satellites. During 2011, AMC-15 experienced solar-power anomalies, which caused a power loss that reduced its capacity. Pursuant to the satellite services agreement, we are negotiating a reduction of our monthly recurring payment, which could impact the carrying value of the satellite and the related capital lease obligation.

AMC-16. AMC-16 commenced commercial operation during February 2005. This lease is renewable by us on a year-to-year basis following the initial ten-year term, and provides us with certain rights to lease capacity on replacement satellites. Effective in March and July 2010, the monthly recurring payment was reduced as a result of a March 2010 anomaly and as a result our capital lease obligation and the corresponding asset value was lowered by a total of $39 million. In addition, beginning in May 2011, the monthly recurring payment was reduced again due to the March 2010 anomaly and as a result our capital lease obligation was lowered by approximately $7 million and a gain was recorded in "Other, net" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

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Nimiq 5. Nimiq 5 was launched in September 2009 and commenced commercial operation at the 72.7 degree orbital location during October 2009, where it provides additional high-powered capacity to our satellite fleet. See Note 13 for further discussion.

QuetzSat-1. QuetzSat-1 was launched in September 2011. This lease is renewable by us on a year-to-year basis following the initial ten-year term and provides us with certain rights to lease capacity on replacement satellites. See Note 13 for further discussion.

Future minimum lease payments under these capital lease obligations, together with the present value of the net minimum lease payments as of September 30, 2011 are as follows (in thousands):

For the Years Ended December 31,	
2011 (three months remaining)	$ 30,971
2012	123,331
2013	121,674
2014	115,925
2015	50,200
Thereafter	429,000
Total minimum lease payments	871,101
Less: Amount representing lease of the orbital location and estimated executory costs (primarily insurance and maintenance) including profit thereon, included in total minimum lease payments	(264,921)
Net minimum lease payments	606,180
Less: Amount representing interest	(215,436)
Present value of net minimum lease payments	390,744
Less: Current portion	(57,028)
Long-term portion of capital lease obligations	$ 333,716

The summary of future maturities of our outstanding long-term debt as of September 30, 2011 is included in the commitments table in Note 11.

9. Stock-Based Compensation

Stock Incentive Plans

We maintain stock incentive plans to attract and retain officers, directors and key employees. Stock awards under these plans include both performance and non-performance based stock incentives. As of September 30, 2011, we had outstanding under these plans stock options to acquire 9.1 million shares of our Class A common stock and 0.2 million restricted stock units. Stock options granted prior to and on September 30, 2011 were granted with exercise prices equal to or greater than the market value of our Class A common stock at the date of grant and with a maximum term of ten years. While historically we have issued stock awards subject to vesting, typically at the rate of 20% to 33% per year, some stock awards have been granted with immediate vesting and other stock awards vest only upon the achievement of certain company-wide objectives. As of September 30, 2011, we had 4.5 million shares of our Class A common stock available for future grant under our stock incentive plans.

In connection with the Spin-off, as permitted by DISH Network's existing stock incentive plans and consistent with the Spin-off exchange ratio, each DISH Network stock option was converted into two stock options as follows:

- an adjusted DISH Network stock option for the same number of shares that were exercisable under the original DISH Network stock option, with an exercise price equal to the exercise price of the original DISH Network stock option multiplied by 0.831219.

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- a new EchoStar stock option for one-fifth of the number of shares that were exercisable under the original DISH Network stock option, with an exercise price equal to the exercise price of the original DISH Network stock option multiplied by 0.843907.

Similarly, each holder of DISH Network restricted stock units retained his or her DISH Network restricted stock units and received one EchoStar restricted stock unit for every five DISH Network restricted stock units that they held.

Consequently, the fair value of the DISH Network stock award and the new EchoStar stock award immediately following the Spin-off was equivalent to the fair value of such stock award immediately prior to the Spin-off.

As of September 30, 2011, the following stock awards were outstanding:

	As of September 30, 2011			
	EchoStar Awards		DISH Network Awards	
Stock Awards Outstanding	Stock Options	Restricted Stock Units	Stock Options	Restricted Stock Units
Held by EchoStar employees	8,311,415	93,165	3,011,803	211,124
Held by DISH Network employees	823,454	57,786	N/A	N/A
Total	9,134,869	150,951	3,011,803	211,124

We are responsible for fulfilling all stock awards related to EchoStar common stock and DISH Network is responsible for fulfilling all stock awards related to DISH Network common stock, regardless of whether such stock awards are held by our or DISH Network's employees. Notwithstanding the foregoing, our stock-based compensation expense, resulting from stock awards outstanding at the Spin-off date, is based on the stock awards held by our employees regardless of whether such stock awards were issued by EchoStar or DISH Network. Accordingly, stock-based compensation that we expense with respect to DISH Network stock awards is included in "Additional paid-in capital" on our Condensed Consolidated Balance Sheets.

Stock Award Activity

Our stock option activity was as follows:

	For the Nine Months Ended September 30, 2011	
	Options	Weighted-Average Exercise Price
Total options outstanding, beginning of period	7,795,373	$ 23.24
Granted	2,600,000	$ 36.82
Exercised	(1,035,504)	$ 23.95
Forfeited and cancelled	(225,000)	$ 21.25
Total options outstanding, end of period	9,134,869	$ 27.07
Performance based options outstanding, end of period (1)	673,000	$ 25.31
Exercisable at end of period	2,660,787	$ 25.46

(1) These stock options are included in the caption "Total options outstanding, end of period." See discussion of the 2005 LTIP below.

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We realized tax benefits from stock awards exercised during the three and nine months ended September 30, 2011 and 2010 as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Tax benefit from stock awards exercised	$ 329	$ 53	$ 5,205	$ 1,005

Based on the closing market price of our Class A common stock on September 30, 2011, the aggregate intrinsic value of our stock options was as follows:

	As of September 30, 2011	
	Options Outstanding	Options Exercisable
	(In thousands)	
Aggregate intrinsic value	$ 14,097	$ 3,236

Our restricted stock unit activity was as follows:

	For the Nine Months Ended September 30, 2011	
	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Total restricted stock units outstanding, beginning of period	107,249	$ 27.33
Granted	49,950	$ 36.43
Vested	—	$ —
Forfeited and cancelled	(6,248)	$ 28.17
Total restricted stock units outstanding, end of period	150,951	$ 30.29
Restricted Performance Units outstanding, end of period (1)	89,776	$ 26.68

(1) These Restricted Performance Units are included in the caption "Total restricted stock units outstanding, end of period." See discussion of the 2005 LTIP below.

Long-Term Performance Based Plans

2005 LTIP. During 2005, DISH Network adopted a long-term, performance based stock incentive plan (the "2005 LTIP"). The 2005 LTIP provides stock options and restricted stock units, either alone or in combination, which vest over seven years at the rate of 10% per year during the first four years, and at the rate of 20% per year thereafter. Exercise of the stock awards is subject to the foregoing vesting schedule and a performance condition that a company-specific goal is achieved by March 31, 2015.

Contingent compensation related to the 2005 LTIP will not be recorded in our financial statements unless and until the achievement of the performance condition is probable. The competitive nature of our industry and certain other factors can significantly impact achievement of the goal. Consequently, while it was determined that achievement of the goal was not probable as of September 30, 2011, this assessment could change in the future.

If all of the stock awards under the 2005 LTIP were vested and the goal had been met or if we had determined that achievement of the goal was probable during the nine months ended September 30, 2011, we would have recorded total non-cash, stock-based compensation expense for our employees as indicated in the table below. If the goal is met and there are unvested stock awards at that time, the vested amounts would be expensed immediately on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), with the unvested portion recognized ratably over the remaining vesting period.

	2005 LTIP	
	Total	Vested Portion (1)
	(In thousands)	
DISH Network awards held by EchoStar employees	$ 17,029	$ 13,133
EchoStar awards held by EchoStar employees	3,393	2,616
Total	$ 20,422	$ 15,749

(1) Represents the amount of this award that has met the foregoing vesting schedule and would therefore vest upon achievement of the performance condition.

Of the 9.1 million stock options and 0.2 million restricted stock units outstanding under our stock incentive plans as of September 30, 2011, the following awards were outstanding pursuant to the 2005 LTIP:

	As of September 30, 2011	
	Number of Awards	Weighted-Average Exercise Price
Stock options	673,000	$ 25.31
Restricted Performance Units	89,776	
Total	762,776	

Stock-Based Compensation

Total non-cash, stock-based compensation expense for all of our employees is shown in the following table for the three and nine months ended September 30, 2011 and 2010 and was allocated to the same expense categories as the base compensation for such employees:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Research and development expenses	$ 564	$ 755	$ 1,776	$ 2,883
Selling, general and administrative expenses	4,452	2,486	9,782	7,659
Total non-cash, stock-based compensation	$ 5,016	$ 3,241	$ 11,558	$ 10,542

As of September 30, 2011, our total unrecognized compensation cost related to our non-performance based unvested stock awards was $52 million and includes compensation expense that we will recognize for DISH Network stock awards held by our employees as a result of the Spin-off. This cost is based on an estimated future forfeiture rate of approximately 1.1% per year and will be recognized over a weighted-average period of approximately three years. Share-based compensation expense is recognized based on stock awards ultimately expected to vest and is reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Changes in the estimated forfeiture rate can have a

significant effect on share-based compensation expense since the effect of adjusting the rate is recognized in the period the forfeiture estimate is changed.

Valuation

The fair value of each stock option for the three and nine months ended September 30, 2011 and 2010 was estimated at the date of the grant using a Black-Scholes option valuation model with the following assumptions:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Stock Options	2011	2010	2011	2010
Risk-free interest rate	1.19%	1.64%	1.19% - 2.57%	1.64% - 2.97%
Volatility factor	37.85%	31.32%	34.68% - 38.68%	31.00% - 31.51%
Expected term of options in years	6.0	6.2	5.1 - 6.0	6.1 - 6.2
Weighted-average fair value of options granted	$8.59	$6.44	$8.59 - $14.42	$6.44 - $7.38

We do not currently intend to pay dividends on our common stock and accordingly, the dividend yield percentage used in the Black-Scholes option valuation model is set at zero for all periods. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded stock options which have no vesting restrictions and are fully transferable. Consequently, our estimate of fair value may differ from other valuation models. Further, the Black-Scholes option valuation model requires the input of subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate.

We will continue to evaluate the assumptions used to derive the estimated fair value of our stock options as new events or changes in circumstances become known.

10. Acquisitions

When we acquire a business, we allocate the purchase price to the various components of the acquisition based upon the fair value of each component using various valuation techniques, including the market approach, income approach and/or cost approach.

The accounting standard for business combinations requires most identifiable assets, liabilities, noncontrolling interests and goodwill acquired to be recorded at fair value. Transaction costs related to the acquisition of the business are expensed as incurred. Costs associated with the issuance of debt associated with a business combination are capitalized and included as a yield adjustment to the underlying debt's stated rate.

Acquired intangible assets other than goodwill are amortized over their estimated useful lives unless the lives are determined to be indefinite.

Hughes Communications

On June 8, 2011, we completed the Hughes Acquisition, pursuant to the Hughes Agreement by and between us, certain of our subsidiaries, including EchoStar Satellite Services L.L.C., and Hughes Communications, Inc. Pursuant to the Hughes Agreement, 100% of the issued and outstanding shares of common stock and vested stock options of Hughes Communications, Inc. were converted into the right to receive $60.70 (minus any applicable exercise price) in cash and substantially all of the outstanding debt of Hughes Communications was repaid. The funding of the Hughes Acquisition was supported by the issuance of $1.1 billion of senior secured notes and $900 million of senior unsecured notes. See Note 8 for further discussion.

In connection with the Hughes Acquisition, each share of unvested restricted stock and unvested stock option of Hughes Communications, Inc. was converted into the right to receive $60.70 (minus any applicable exercise price) in cash on the vesting date of the stock award. As of September 30, 2011, our maximum liability for these unvested stock awards of Hughes Communications, Inc. was approximately $34 million, which is payable based on the original vesting terms of the stock award. Of the $34 million, $17 million was accrued as of September 30, 2011, the remainder of which will be recognized over the remaining vesting period.

In addition, we are also liable to pay approximately $17 million, of which $11 million was accrued as of September 30, 2011, in change of control bonuses to certain of the executives of Hughes Communications in December 2011.

Hughes is the global leader in broadband satellite technologies and services and a leading provider of managed network services. Together with Hughes, we have an extensive fleet of owned and leased satellites, experienced personnel and communications facilities around the world. The acquisition significantly expands our ability to provide new video and data products and solutions.

The Hughes Acquisition was accounted for as a business combination. However, we have not completed allocating the purchase price among the assets that were acquired and thus the allocation in the table below may change.

	Preliminary Purchase Price Allocation (In thousands)
Cash	$ 84,768
Marketable investment securities	22,148
Other current assets	281,205
Property and equipment	917,240
Intangibles	433,057
Goodwill	523,135
FCC authorizations	400,000
Other noncurrent assets	55,776
Current liabilities	(266,017)
Deferred tax liabilities	(244,781)
Long-term liabilities	(22,239)
Non-controlling interest	(9,679)
Total purchase price	$ 2,174,613

In connection with the Hughes Acquisition, we incurred $35 million of acquisition related transaction costs consisting primarily of banking, bond forfeiture, legal and accounting fees. These costs are included in “Other, net” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

In connection with the issuance of our 6 1/2% Senior Secured Notes due 2019 and our 7 5/8% Senior Notes due 2021, we incurred $58 million of debt issuance costs, which are included in “Other noncurrent assets, net” on our Condensed Consolidated Balance Sheets. For the three and nine months ended September 30, 2011, we amortized $1 million and $2 million, respectively, of debt issuance costs.

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The following unaudited pro forma condensed consolidated operating results for the three and nine months ended September 30, 2011 and 2010 give effect to the Hughes Acquisition as if it occurred on January 1, 2010 except for certain transaction and compensation costs. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if these transactions had occurred on such date and should not be used as a predictive measure of our future financial position, results of operations or liquidity. The pro forma adjustments are based on currently available information and certain assumptions that we believe are reasonable.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Supplemental pro forma financial information (Unaudited)	2011	2010	2011	2010
	(In thousands)			
Total revenue	$ 862,671	$ 871,975	$ 2,392,511	$ 2,594,389
Net income (loss) attributable to EchoStar common shareholders	$ (2,357)	$ (36,667)	$ (10,760)	$ (56,086)
Basic net income (loss) per share attributable to EchoStar common shareholders	$ (0.03)	$ (0.43)	$ (0.12)	$ (0.66)
Diluted net income (loss) per share attributable to EchoStar common shareholders	$ (0.03)	$ (0.43)	$ (0.12)	$ (0.66)

Effective June 9, 2011, revenue and expenses associated with the Hughes Acquisition are included within the Hughes segment in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 12 for further discussion.

Move Networks

On December 31, 2010, we acquired certain assets of Move Networks, Inc. for $45 million, of which $2.25 million was placed into escrow for certain potential contingencies. These assets include patented technology that enables the adaptive delivery of video content via the Internet which will allow us to expand our portfolio of advanced technologies serving cable, satellite, telecommunications companies and IPTV video providers. This transaction was accounted for as a business combination. The allocation of the purchase price is in the table below.

	Purchase Price Allocation (In thousands)
In-process R&D	$ 26,482
Property and equipment	7,213
Goodwill	6,457
Other intangibles	4,271
Accounts receivable	535
Other current	33
Total purchase price	$ 44,991

The transaction did not have an impact on our results of operations for the year ended December 31, 2010 and would not have materially impacted our results of operations for 2010 had the transaction occurred on January 1, 2010.

11. Commitments and Contingencies

Commitments

As of September 30, 2011, future maturities of our contractual obligations are summarized as follows:

	Payments due by period						
	Total	2011	2012	2013	2014	2015	Thereafter
	(In thousands)						
Long-term debt obligations	$ 2,006,895	$ 233	$ 1,177	$ 1,054	$ 1,117	$ 1,142	$ 2,002,172
Capital lease obligations	390,744	13,869	58,328	62,528	64,283	12,487	179,249
Interest expense on long-term debt and capital lease obligations	1,481,336	85,362	175,313	169,990	164,224	160,531	725,916
Satellite-related obligations	1,179,419	119,327	275,842	126,768	99,773	78,774	478,935
Operating lease obligations	63,675	5,547	20,109	13,584	10,243	6,864	7,328
Purchase and other obligations	403,967	390,584	11,679	1,171	533	—	—
Payments in connection with acquisitions	22,426	5,798	7,012	5,866	3,750	—	—
Total	$ 5,548,462	$ 620,720	$ 549,460	$ 380,961	$ 343,923	$ 259,798	$ 3,393,600

Future commitments related to satellites, including two launch contracts for satellites that are currently under construction, as described below, are included in the table above under “Satellite-related obligations.” Payments related to the QuetzSat-1 capital lease are currently included in “Satellite-related obligations” but will be reclassified to “Capital lease obligations” when the satellite is placed into service later this year.

- *EchoStar XVI.* During November 2009, we entered into a contract for the construction of EchoStar XVI, a DBS satellite, which is expected to be completed during the second half of 2012 and will operate at the 61.5 degree orbital location. DISH Network has agreed to lease all of the capacity on this satellite from us for a portion of its useful life. As of September 30, 2011, the remaining obligation related to EchoStar XVI of $85 million, including the launch contract, is included in the table above.

- *Jupiter.* During June 2009, Hughes Communications entered into an agreement with SS/L for the construction of Jupiter, which is expected to launch in the first half of 2012. Barrett Xplore Inc. has agreed to lease the user beams designed to operate in Canada, which represents a portion of the capacity available on the Jupiter satellite. As of September 30, 2011, the remaining obligation related to Jupiter of $103 million, including the launch contract, is included in the table above.

Our “Purchase and other obligations” primarily consist of binding purchase orders for digital set-top boxes and related components, digital broadcast operations, transitional service agreements and transponder lease agreements. Our purchase obligations can fluctuate significantly from period to period due to, among other things, management’s control of inventory levels, and can materially impact our future operating asset and liability balances, and our future working capital requirements. These purchase obligations will be paid from 2011 through 2014.

The table above does not include $49 million of liabilities associated with unrecognized tax benefits which were accrued and are included on our Condensed Consolidated Balance Sheets as of September 30, 2011. We do not expect any portion of this amount to be paid or settled within the next 12 months.

In certain circumstances, the dates on which we are obligated to make these payments could be delayed. These amounts will increase to the extent we procure insurance for our satellites or contract for the construction, launch or lease of additional satellites.

Acquisition of Brazilian Orbital Slots. On August 30, 2011, we were declared the winner of the right to select two orbital slots in an auction conducted by ANATEL, the Brazilian communications regulatory authority. We initially selected the 45 degree west orbital location and the 68.5 degree west orbital location for bids of approximately

$79 million and $19 million, respectively, using an exchange rate of 1.8291 as of September 30, 2011. These amounts are not included in the table above. Our right to each orbital slot has been separately challenged by other auction participants, and these challenges are pending. In addition, we must comply with certain post-auction regulatory and payment requirements before we will receive the orbital slot(s). Once we receive the orbital slot(s), the slot(s) will be used to expand our video and data capabilities in South America.

Contingencies

Separation Agreement

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

Litigation

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

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

Broadcast Innovation, L.L.C.

During 2001, Broadcast Innovation, L.L.C. ("Broadcast Innovation") filed a lawsuit against DISH Network, DirecTV, Thomson Consumer Electronics and others in United States District Court in Denver, Colorado. Broadcast Innovation is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. The suit alleges infringement of United States Patent Nos. 6,076,094 (the '094 patent) and 4,992,066 (the '066 patent). The '094 patent relates to certain methods and devices for transmitting and receiving data along with specific formatting information for the data. The '066 patent relates to certain methods and devices for providing the scrambling circuitry for a pay television system on removable cards. Subsequently, DirecTV and Thomson settled with Broadcast Innovation leaving DISH Network as the only defendant.

During 2004, the District Court issued an order finding the '066 patent invalid. Also in 2004, the District Court found the '094 patent invalid in a parallel case filed by Broadcast Innovation against Charter and Comcast. In 2005, the United States Court of Appeals for the Federal Circuit overturned that finding of invalidity with respect to the

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'094 patent and remanded the Charter case back to the District Court. During June 2006, Charter filed a reexamination request with the United States Patent and Trademark Office. The District Court has stayed the Charter case pending reexamination, and our case has been stayed pending resolution of the Charter case.

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 require us to materially modify certain user-friendly features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

InterAD Technologies, LLC

On September 16, 2011, InterAD Technologies, LLC filed a complaint against us and our wholly-owned subsidiary EchoStar Technologies L.L.C., as well as DISH Network L.L.C. a wholly-owned subsidiary of DISH Network, Atlantic Broadband Finance, LLC, AT&T, Inc., Bright House Networks, LLC, Cable One, Inc., Cequel Communications, LLC, Charter Communications Holding Company, LLC, Charter Communications, Inc., Comcast Corporation, Cox Communications, Inc., CSC Holdings, LLC, DirecTV, Inc., Insight Communications Company, Inc., Knology, Inc., Mediacom Broadband, LLC, RCN Telecom Services, LLC, Time Warner Cable, Inc., and Verizon, Inc. in the United States District Court for the District of Delaware alleging infringement of United States Patent No. 5,438,355, which is entitled "Interactive System for Processing Viewer Responses to Television Programming."

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.

Joao Control

During December 2010, Joao Control & Monitoring Systems ("Joao") filed suit against Sling Media Inc., our indirect wholly owned subsidiary, ACTI Corporation, ADT Security, Alarmclub.Com, American Honda Motor Company, BMW, Byremote, Drivecam, Honeywell, Iveda Corporation, Magtec Products, Mercedes-Benz, On-Net Surveillance, OnStar, SafeFreight Technology, Skyway Security, SmartVue Corporation, Toyota Motor Sales, Tyco, UTC Fire and Xanboo in the United States District Court for the Central District of California alleging infringement of United States Patent Nos. 6,549,130 and 6,587,046. The abstracts of the patents state that the claims are directed to the remote control of devices and appliances. Joao is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. During April 2011, the case was ordered to be transferred to the Northern District of California.

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 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.

LVL Patent Group, LLC

On September 15, 2011, LVL Patent Group, LLC filed a complaint against us and our wholly-owned subsidiary, EchoStar Technologies L.L.C., as well as DISH Network L.L.C. a wholly-owned subsidiary of DISH Network, and DirecTV, Inc. in the United States District Court for the District of Delaware alleging infringement of United States Patent No. 6,044,382, which is entitled "Data Transaction Assembly Server."

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.

Nazomi Communications

On February 10, 2010, Nazomi Communications, Inc. ("Nazomi") filed suit against Sling Media, Inc., our indirect wholly owned subsidiary, Nokia Corp, Nokia Inc., Microsoft Corp., Amazon.com Inc., Western Digital Corp., Western Digital Technologies, Inc., Garmin Ltd., Garmin Corp., Garmin International, Inc., Garmin USA, Inc., Vizio Inc. and iOmega Corp in the United States District Court for the Central District of California alleging infringement of United States Patent No. 7,080,362 (the '362 patent) and United States Patent No. 7,225,436 (the '436 patent). The '362 patent and the '436 patent relate to Java hardware acceleration. The suit alleges that the Slingbox-Pro-HD product infringes the '362 patent and the '436 patent because the Slingbox-PRO HD allegedly incorporates an ARM926EJ-S processor core capable of Java hardware acceleration. During 2010, the case was transferred to the Northern District of California.

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 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.

NorthPoint Technology

On July 2, 2009, NorthPoint Technology, Ltd filed suit against us, DISH Network, and DirecTV in the United States District Court for the Western District of Texas alleging infringement of United States Patent No. 6,208,636 (the '636 patent). The '636 patent relates to the use of multiple low-noise block converter feedhorns, or LNBFs, which are antennas used for satellite reception. On April 21, 2011, the U.S. Patent and Trademark Office issued an order granting reexamination of the '636 patent. On June 21, 2011, the District Court entered summary judgment in our favor, finding that all asserted claims of the '636 patent are invalid. The plaintiff has appealed.

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 are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Personalized Media Communications

During 2008, Personalized Media Communications, Inc. ("PMC") filed suit against us, DISH Network and Motorola Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent Nos. 4,694,490; 5,109,414; 4,965,825; 5,233,654; 5,335,277; and 5,887,243, which relate to satellite signal processing. PMC is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. Subsequently, Motorola Inc. settled with PMC leaving DISH Network and us as the only defendants.

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 require us to materially modify certain user-friendly features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period

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

Suomen Colorize Oy

During October 2010, Suomen Colorize Oy ("Suomen") filed suit against us and DISH Network L.L.C., an indirect wholly owned subsidiary of DISH Network, in the United States District Court for the Middle District of Florida alleging infringement of United States Patent No. 7,277,398. The abstract of the patent states that the claims are directed to a method and terminal for providing services in a telecommunication network. Suomen is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. The action has been transferred to the United States District Court for the District of Colorado.

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 are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Technology Development Licensing

On January 22, 2009, Technology Development and Licensing L.L.C. ("TDL") filed suit against us and DISH Network in the United States District Court for the Northern District of Illinois alleging infringement of United States Patent No. Re. 35,952, which relates to certain favorite channel features. TDL is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. In July 2009, the Court granted our motion to stay the case pending two reexamination petitions before the 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 require us to materially modify certain user-friendly features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

TiVo

In connection with our litigation with TiVo Inc. ("TiVo"), which is described in our periodic reports filed with the Securities and Exchange Commission, including in our annual report on Form 10-K for the year ended December 31, 2010 under the caption "Item 3. Legal Proceedings — TiVo Inc.," on April 20, 2011, the U.S. Court of Appeals for the Federal Circuit vacated the District Court's contempt ruling on infringement, articulated a new standard for determining "colorable difference" and remanded that issue back to the District Court for determination. The Federal Circuit also vacated the District Court's amended injunction requiring that we inform the court of any further attempts to design around TiVo's United States Patent No. 6,233,389 (the '389 patent) and seek approval from the court before any such design-around is implemented. The Federal Circuit also vacated the infringement damages for the period after we deployed our original alternative technology (although it did not foreclose that damages may be reinstated if upon remand a new court or jury decision found that the original alternative technology infringed TiVo's '389 patent). The Federal Circuit affirmed the District Court's contempt ruling on disablement, holding that the original 2006 injunction required that we disable DVR functionality in all but approximately 192,000 digital set-top boxes deployed with customers (the "Disablement Provision") and affirmed the $90 million in contempt sanctions awarded against us for violating the Disablement Provision.

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On April 29, 2011, we and DISH Network entered into a settlement agreement with TiVo. The settlement resolves all pending litigation between us and DISH Network, on the one hand, and TiVo, on the other hand, including litigation relating to alleged patent infringement involving certain DISH Network digital video recorders, or DVRs, which litigation is described in our periodic reports filed with the Securities and Exchange Commission including in our annual report on Form 10-K for the year ended December 31, 2010 under the caption "Item 3. Legal Proceedings — TiVo Inc."

Under the settlement agreement, all pending litigation has been dismissed with prejudice and all injunctions that permanently restrain, enjoin or compel any action by us and DISH Network have been dissolved. We and DISH Network 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. Pursuant to the terms and conditions of the agreements entered into in connection with our Spin-off from DISH Network, DISH Network made the initial payment to TiVo in May 2011, except for a contribution from us totaling approximately $10 million, representing an allocation of liability relating to our sales of DVR-enabled receivers to an international customer. Future payments will be allocated between DISH Network and us based on historical sales of certain licensed products with us being responsible for 5% of each annual payment, or approximately $10 million in total. Of our initial payment of $10 million, approximately $8 million relates to prior periods and the remaining $2 million represents a prepayment. The prepayment of $2 million plus our share of the remaining payments, a total of $12 million, will be expensed ratably from April 1, 2011 through July 31, 2018, the expiration date of the '389 patent.

In addition, under the settlement agreement, TiVo granted us a license under its '389 patent and certain related patents, for the remaining life of those patents, solely to design and make certain DVR-enabled products for DISH Network and two international customers. We granted TiVo a license under certain DVR-related patents held by us for TiVo-branded, co-branded and ingredient branded products.

We and DISH Network, on the one hand, and TiVo, on the other hand, have also agreed on mutual releases of certain related claims and agreed not to challenge each other's DVR technology-related patents that are licensed under the settlement agreement.

Because both we and DISH Network were defendants in the TiVo lawsuit, we and DISH Network were jointly and severally liable to TiVo for any final damages and sanctions that could have been awarded by the District Court. As previously disclosed, DISH Network agreed that it was obligated under the agreements entered into in connection with the Spin-off to indemnify us for substantially all liability arising from this lawsuit. We contributed an amount equal to our $5 million intellectual property liability limit under the receiver agreement, and during 2009, we recorded a charge included in "General and administrative expenses — DISH Network" on our Consolidated Statements of Operations and Comprehensive Income (Loss) for this amount to reflect this contribution. We and DISH Network have further agreed that our $5 million contribution would not exhaust our liability to DISH Network for other intellectual property claims that may arise under the receiver agreement. We and DISH Network also agreed that we would each be entitled to joint ownership of, and a cross-license to use, any intellectual property developed in connection with any potential new alternative technology. Any amounts that we are responsible for under the settlement agreement with TiVo are in addition to the $5 million contribution previously made by us.

Vigilos, LLC

On February 23, 2011, Vigilos, LLC filed suit against us, Sling Media, Inc. and EchoStar Technologies L.L.C., two of our subsidiaries, and Monsoon Multimedia, Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 6,839,731, which is entitled "System and Method for Providing Data Communication in a Device Network." The case was transferred to the Northern District of California.

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

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. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to materially affect our financial position, results of operations or liquidity.

12. 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. Total assets by segment have not been specified because the information is not available to the chief operating decision-maker. Under this definition, we operate three business units.

- ***EchoStar Technologies*** — which designs, develops and distributes digital set-top boxes and related products and technology, including our Slingbox "placeshifting" technology, primarily for satellite TV service providers, telecommunication and cable companies and, with respect to Slingboxes, directly to consumers via retail outlets. EchoStar Technologies also provides digital broadcast operations including satellite uplinking/downlinking, transmission services, signal processing, conditional access management and other services primarily to DISH Network.

- ***EchoStar Satellite Services*** — which uses 10 of our 11 owned and leased in-orbit satellites and related FCC licenses to lease capacity on a full-time and occasional-use basis primarily to DISH Network, and secondarily to Dish Mexico, U.S. government service providers, state agencies, Internet service providers, broadcast news organizations, programmers and private enterprise customers.

- ***Hughes*** **—** which provides broadband network services and systems to the domestic and international enterprise markets and satellite broadband Internet access to North American consumers. Hughes also provides managed services to large enterprises and networking systems solutions to customers for mobile satellite and wireless backhaul systems. Effective June 9, 2011, Hughes became a new business unit as a result of our acquisition of Hughes Communications and the results of operations of Hughes Communications are included in this report only as of such date. See Note 10 for further discussion of the transaction. See Note 10 for further discussion of the transaction.

The "All Other" category consists of revenue and net income (loss) attributable to EchoStar common shareholders from other operations including our corporate investment portfolio for which segment disclosure requirements do not apply. In addition, this category includes interest expense related to our 6 1/2% Senior Secured Notes due 2019 and our 7 5/8% Senior Notes due 2021, net of capitalized interest.

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The following table reports our operating segment data and reconciles earnings before interest, taxes, depreciation and amortization ("EBITDA") to reported "Net income (loss) attributable to EchoStar common shareholders" in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss):

	EchoStar Technologies Business	EchoStar Satellite Services Business	Hughes Business	All Other & Eliminations	Consolidated Total
			(In thousands)		
For the Three Months Ended September 30, 2011					
Total revenue	$ 497,625	$ 68,491	$ 287,861	$ 9,186	$ 863,163
EBITDA (1)	37,311	44,370	67,294	4,559	153,534
Interest expense, net	(9)	(9,782)	104	(20,980)	(30,667)
Income tax benefit (provision), net	(8,182)	7,694	1,440	(14,816)	(13,864)
Depreciation and amortization	(20,172)	(23,685)	(77,362)	(6,901)	(128,120)
Net income (loss) attributable to EchoStar common shareholders	$ 8,948	$ 18,597	$ (8,524)	$ (38,138)	$ (19,117)
For the Nine Months Ended September 30, 2011					
Total revenue	$ 1,329,993	$ 206,856	$ 369,784	$ 20,589	$ 1,927,222
EBITDA (1)	106,330	148,842	87,527	(572)	342,127
Interest expense, net	(13)	(28,060)	102	(10,204)	(38,175)
Income tax benefit (provision), net	(14,346)	(7,106)	(171)	(9,607)	(31,230)
Depreciation and amortization	(71,608)	(70,737)	(93,395)	(20,453)	(256,193)
Net income (loss) attributable to EchoStar common shareholders	$ 20,363	$ 42,939	$ (5,937)	$ (40,836)	$ 16,529
For the Three Months Ended September 30, 2010					
Total revenue	$ 535,927	$ 66,869	$ —	$ 4,244	$ 607,040
EBITDA (1)	44,913	45,694	—	(13,555)	77,052
Interest expense, net	(10)	(9,522)	—	24,131	14,599
Income tax benefit (provision), net	(1,327)	(11,952)	—	(15,030)	(28,309)
Depreciation and amortization	(29,948)	(23,115)	—	(5,128)	(58,191)
Net income (loss) attributable to EchoStar common shareholders	$ 13,628	$ 1,105	$ —	$ (9,582)	$ 5,151
For the Nine Months Ended September 30, 2010					
Total revenue	$ 1,627,452	$ 196,503	$ —	$ 13,214	$ 1,837,169
EBITDA (1)	125,013	137,929	—	14,436	277,378
Interest expense, net	(10)	(30,992)	—	29,489	(1,513)
Income tax benefit (provision), net	(9,916)	(20,680)	—	(36,983)	(67,579)
Depreciation and amortization	(86,303)	(71,705)	—	(14,858)	(172,866)
Net income (loss) attributable to EchoStar common shareholders	$ 28,784	$ 14,552	$ —	$ (7,916)	$ 35,420

(1) EBITDA is not a measure determined in accordance with GAAP and should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, pay taxes and fund capital expenditures. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. EBITDA is used by our management as a measure of operating efficiency and overall financial performance for benchmarking against our peers and competitors. Management believes EBITDA provides meaningful supplemental information regarding liquidity and the underlying operating performance of our business. Management also believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to evaluate companies in our industries.

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Geographic Information and Transactions with Major Customers

Geographic Information. Revenues are attributed to geographic regions based upon the location where the goods and services are provided. North American revenue includes transactions with North American customers. All other revenue includes transactions with customers in Asia, Africa, Australia, Europe, South America and the Middle East. The following table summarizes total long-lived assets and revenue attributed to the North American and other foreign locations.

Long-lived assets, including FCC authorizations:	As of September 30, 2011	As of December 31, 2010
	(In thousands)	
North America	$ 3,795,954	$ 1,457,208
All other	37,509	41,356
Total	$ 3,833,463	$ 1,498,564

Revenue:	For the Three Months Ended September 30, 2011	For the Three Months Ended September 30, 2010	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010

	(In thousands)			
North America	$ 789,974	$ 597,656	$ 1,807,066	$ 1,806,380
All other	73,189	9,384	120,156	30,789
Total	$ 863,163	$ 607,040	$ 1,927,222	$ 1,837,169

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Transactions with Major Customers. During the three and nine months ended September 30, 2011 and 2010, our revenue included sales to three major customers. The following table summarizes sales to each customer and its percentage of total revenue.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Total revenue:				
DISH Network	$ 464,213	$ 512,852	$ 1,256,393	$ 1,515,405
Bell TV	62,809	41,248	152,792	164,556
Dish Mexico	14,629	21,628	45,434	73,420
Other	321,512	31,312	472,603	83,788
Total revenue	$ 863,163	$ 607,040	$ 1,927,222	$ 1,837,169
Percentage of total revenue:				
DISH Network	53.8%	84.5%	65.2%	82.5%
Bell TV	7.3%	6.8%	7.9%	9.0%
Dish Mexico	1.7%	3.6%	2.4%	4.0%
All Other	37.2%	5.1%	24.5%	4.5%

13. Related Party Transactions

DISH Network

Following the Spin-off, we and DISH Network have operated as separate public companies and DISH Network has no ownership interest in us. However, a substantial majority of the voting power of the shares of both companies is owned beneficially by Charles W. Ergen, our Chairman, or by certain trusts established by Mr. Ergen for the benefit of his family.

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

We expect that DISH Network will remain our principal customer. However, the agreements pursuant to which DISH Network purchases digital set-top boxes and digital broadcast operation services from us expire on January 1, 2012. We expect to enter into agreements pursuant to which DISH Network will continue to purchase digital set-top boxes from us and we will continue to provide digital broadcast operations to DISH Network after January 1, 2012. However, if we are unable to extend these contracts on similar terms with DISH Network, or if we are otherwise unable to obtain similar contracts from third parties before that date, there could be a significant adverse effect on our business, results of operations and financial position.

Generally, the prices charged for products and services provided under the agreements entered into in connection with the Spin-off are based on our cost plus a fixed margin (unless noted differently below), which varies depending on the nature of the products and services provided.

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

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"Equipment revenue — DISH Network"

Receiver Agreement. In connection with the Spin-off, we entered into a receiver agreement pursuant to which DISH Network has the right but not the obligation to purchase digital set-top boxes and related components, and other equipment from us for a period ending January 1, 2012. The receiver agreement allows DISH Network to purchase digital set-top boxes, related components and other equipment from us at cost plus a fixed margin, which varies depending on the nature of the equipment purchased. Additionally, we provide DISH Network with standard manufacturer warranties for the goods sold under the receiver agreement. DISH Network may terminate the receiver agreement for any reason upon at least 60 days notice to us. We may terminate the receiver agreement if certain entities were to acquire DISH Network. The receiver agreement also includes an indemnification provision, whereby the parties indemnify each other for certain intellectual property matters. We expect to enter into an agreement pursuant to which DISH Network will continue to purchase digital set-top boxes and related components from us after January 1, 2012.

"Services and other revenue — DISH Network"

Broadcast Agreement. In connection with the Spin-off, we and DISH Network entered into a broadcast agreement pursuant to which we provide certain broadcast services to DISH Network, including teleport services such as transmission and downlinking, channel origination services, and channel management services for a period ending on January 1, 2012. DISH Network may terminate channel origination services and channel management services for any reason and without any liability upon at least 60 days notice to us. If DISH Network terminates teleport services for a reason other than our breach, DISH Network is obligated to pay us the aggregate amount of the remainder of the expected cost of providing the teleport services. The fees for services provided under the broadcast agreement are calculated at cost plus a fixed margin, which varies depending on the nature of the products and services provided. We expect to enter into an agreement pursuant to which we will continue to provide certain broadcast services to DISH Network after January 1, 2012.

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

Satellite Capacity Agreements. In connection with the Spin-off and subsequent to the Spin-off, we entered into certain satellite capacity agreements pursuant to which DISH Network leases satellite capacity on certain satellites owned or leased 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 and the length of the lease. The term of each of the leases is set forth below:

EchoStar III, VI, VIII and XII. DISH Network leases certain satellite capacity from us on EchoStar VI, VIII and XII. The leases generally terminate upon the earlier of: (i) the end of life or replacement of the satellite (unless DISH Network determines to renew on a year-to-year basis); (ii) the date the satellite fails; (iii) the date the transponder 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. DISH Network generally has the option to renew each lease 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. In August 2010, DISH Network's lease of EchoStar III terminated when it was replaced by EchoStar XV, which is owned by DISH Network.

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EchoStar IX. DISH Network leases certain satellite capacity from us on EchoStar IX. Subject to availability, DISH Network generally has the right to continue to lease satellite capacity from us on EchoStar IX on a month-to-month basis.

EchoStar XVI. DISH Network will lease certain satellite capacity from us on EchoStar XVI after its service commencement date, and this lease generally terminates 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) ten years following the actual service commencement date. Upon expiration of the initial term, DISH Network has the option to renew on a year-to-year basis through the end of life of the satellite. There can be no assurance that any options to renew this agreement will be exercised. EchoStar XVI is expected to be launched during the second half of 2012.

EchoStar XV. EchoStar XV is owned by DISH Network and is operated at the 61.5 degree orbital location. The FCC has granted us an authorization to operate the satellite at the 61.5 degree orbital location. For as long as EchoStar XV remains in service at the 61.5 degree orbital location, DISH Network is obligated to pay us a fee for the use of the orbital slot which varies depending on the number of frequencies being used by EchoStar XV.

Nimiq 5 Agreement. During September 2009, we entered into a fifteen-year satellite service agreement with Telesat Canada ("Telesat") to receive service on all 32 DBS transponders on the Nimiq 5 satellite at the 72.7 degree orbital location (the "Telesat Transponder Agreement"). During September 2009, DISH Network also entered into a satellite service agreement (the "DISH Telesat Agreement") with us, pursuant to which they will receive service from us on all 32 of the DBS transponders covered by the Telesat Transponder Agreement. We and DISH Network are currently receiving service on 29 of these DBS transponders and will receive service on the remaining three DBS transponders on January 1, 2012.

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

QuetzSat-1 Agreement. During 2008, we entered into a ten-year satellite service agreement with SES, which provides, among other things, for the provision by SES to us of service on 32 DBS transponders on the QuetzSat-1 satellite. This satellite was launched on September 29, 2011 and is expected to be placed into service during the fourth quarter of 2011. During 2008, we also entered into a transponder service agreement ("QuetzSat-1 Transponder Agreement") with DISH Network pursuant to which they will receive service from us on 24 of the DBS transponders on QuetzSat-1, which will replace certain other transponders leased from us.

Under the terms of the QuetzSat-1 Transponder Agreement, DISH Network will make certain monthly payments to us commencing when the QuetzSat-1 satellite is placed into service at the 77 degree orbital location and continuing through the service term. However, we are currently evaluating alternative uses for the QuetzSat-1 satellite. Unless earlier terminated under the terms and conditions of the QuetzSat-1 Transponder Agreement, the service term will expire ten years following the actual service commencement date. Upon expiration of the initial term, DISH Network has 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 a launch failure, in-orbit failure or end of life of the QuetzSat-1 satellite, and in certain other circumstances, DISH Network has certain rights to receive service from us on a replacement satellite. There can be no assurance that any options to renew this agreement will be exercised or that DISH Network will exercise its option to receive service on a replacement satellite.

TT&C Agreement. In connection with the Spin-off, we entered into a telemetry, tracking and control ("TT&C") agreement pursuant to which we provide TT&C services to DISH Network and its subsidiaries for a period ending on January 1, 2012. The fees for services provided under the TT&C agreement are calculated at cost plus a fixed margin. DISH Network may terminate the TT&C agreement for any reason upon at least 60 days notice. We expect to enter into an agreement pursuant to which we will continue to provide certain TT&C services to DISH Network after January 1, 2012.

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

> *Inverness Lease Agreement.* In November 2011, we and DISH Network extended the lease for certain space at 90 Inverness Circle East in Englewood, Colorado 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.* In November 2011, we and DISH Network extended the lease for all of 5701 S. Santa Fe Dr. in Littleton, Colorado for a period ending on December 31, 2016 with a renewal option for one additional year.
>
> *EchoStar Data Networks Sublease Agreement*. The sublease for certain space at 211 Perimeter Center in Atlanta, Georgia is for a period ending on October 31, 2016.
>
> *Gilbert Lease Agreement.* The lease for certain space at 801 N. DISH Dr. in Gilbert, Arizona is a month to month lease and can be terminated by either party upon 30 days prior notice.

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

DISHOnline.com Services Agreement. Effective January 1, 2010, DISH Network entered into a two-year agreement with us pursuant to which DISH Network will 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. DISH Network has 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 us. In November 2011, DISH Network exercised its right to renew this agreement for an additional year.

DISH Remote Access Services Agreement. Effective February 23, 2010, DISH Network entered into an agreement with us pursuant to which DISH Network will 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

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cost to develop and operate such services. This agreement has a term of five years with automatic renewal for successive one year terms and may be terminated for any reason upon at least 120 days notice to us.

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

International Programming Rights Agreement. DISH Network purchased certain international rights for sporting events from us included in "Services and other revenue — DISH Network" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), of which we only retain a certain portion.

"General and administrative expenses — DISH Network"

Management Services Agreement. In connection with the Spin-off, we entered into a management services agreement with DISH Network pursuant to which DISH Network makes certain of its officers available to provide services (which are primarily legal and accounting services) to us. Specifically, R. Stanton Dodge and Paul W. Orban remain employed by DISH Network, but also serve as our Executive Vice President and General Counsel, and Senior Vice President and Controller, respectively. We make payments to DISH Network based upon an allocable portion of the personnel costs and expenses incurred by DISH Network with respect to such DISH Network officers (taking into account wages and fringe benefits). These allocations are based upon the estimated percentages of time to be spent by the DISH Network executive officers performing services for us under the management services agreement. We also reimburse DISH Network for direct out-of-pocket costs incurred by DISH Network for management services provided to us. We and DISH Network evaluate all charges for reasonableness at least annually and make any adjustments to these charges as we and DISH Network mutually agree upon.

The management services agreement automatically renewed on January 1, 2011 for an additional one-year period until January 1, 2012 and renews automatically for successive one-year periods thereafter, unless terminated earlier: (i) by us at any time upon at least 30 days notice; (ii) by DISH Network at the end of any renewal term, upon at least 180 days notice; or (iii) by DISH Network upon notice to us, following certain changes in control.

Real Estate Lease Agreement. During 2008, we entered into a sublease for space at 185 Varick Street, New York, New York from DISH Network for a period of approximately seven years. The rent on a per square foot basis for this sublease was comparable to per square foot rental rates of similar commercial property in the same geographic area at the time of the sublease, and we are responsible for our portion of the taxes, insurance, utilities and maintenance of the premises.

Professional Services Agreement. Prior to 2010, in connection with the Spin-off, we entered into various agreements with DISH Network including the Transition Services Agreement, Satellite Procurement Agreement and Services Agreement, which all expired on January 1, 2010 and were replaced by the Professional Services Agreement. During 2009, we and DISH Network agreed that we shall continue to have the right, but not the obligation, to receive from DISH Network the following services, among others, certain of which were previously provided under the transition services agreement: information technology, travel and event coordination, internal audit, legal, accounting and tax, benefits administration, program acquisition services and other support services. Additionally, we and DISH Network agreed that DISH Network shall continue to have the right, but not the obligation, to engage us to manage the process of procuring new satellite capacity for DISH Network (as discussed above, previously provided under the satellite procurement agreement) and receive logistics, procurement and quality assurance services from us (as discussed above, previously provided under the services agreement). The professional services agreement expires on January 1, 2012, but renews automatically for successive one-year

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periods thereafter, unless terminated earlier by either party upon at least 60 days notice. However, either party may terminate the services it receives with respect to a particular service for any reason upon at least 30 days notice.

Other Agreements — DISH Network

Satellite Capacity Leased from DISH Network. During 2009, we entered into a satellite capacity agreement pursuant to which we lease certain satellite capacity from DISH Network on EchoStar I. The fee for the services provided under this satellite capacity agreement depends, among other things, upon the orbital location of the satellite and the length of the lease. During the three and nine months ended September 30, 2011 the amount of those fees included in "Cost of sales — services and other" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) was approximately $6 million and $17 million, respectively. During the three and nine months ended September 30, 2010, the amount of those fees included in "Cost of sales — services and other" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) was approximately $5 million and $13 million, respectively. The lease 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 transponder on which service is being provided fails; or (iv) a certain date, which depends, among other things, upon 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 this 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.

Remanufactured Receiver Agreement. In connection with the Spin-off, we entered into a remanufactured receiver agreement with DISH Network pursuant to which we have the right, but not the obligation, to purchase remanufactured receivers and accessories from DISH Network at cost plus a fixed margin, which varies depending on the nature of the equipment purchased. This agreement expires on January 1, 2012. In November 2011, we and EchoStar extended this agreement until December 31, 2012. We may terminate the remanufactured receiver agreement for any reason upon at least 60 days notice to DISH Network. DISH Network may also terminate this agreement if certain entities acquire it. During the three months ended September 30, 2011 and 2010, we purchased remanufactured receivers and accessories from DISH Network for an aggregate amount of less than $1 million and $1 million, respectively. During the nine months ended September 30, 2011 and 2010, we purchased remanufactured receivers and accessories from DISH Network for an aggregate amount of less than $1 million and $3 million, respectively.

Tax Sharing Agreement. In connection with the Spin-off, we entered into a tax sharing agreement with DISH Network which governs our respective rights, responsibilities and obligations after the Spin-off with respect to taxes for the periods ending on or before the Spin-off. Generally, all pre-Spin-off taxes, including any taxes that are incurred as a result of restructuring activities undertaken to implement the Spin-off, are borne by DISH Network, and DISH Network will indemnify us for such taxes. However, DISH Network is not liable for and will not indemnify us for any taxes that are incurred as a result of the Spin-off or certain related transactions failing to qualify as tax-free distributions pursuant to any provision of Section 355 or Section 361 of the Code because of: (i) a direct or indirect acquisition of any of our stock, stock options or assets; (ii) any action that we take or fail to take; or (iii) any action that we take that is inconsistent with the information and representations furnished to the IRS in connection with the request for the private letter ruling, or to counsel in connection with any opinion being delivered by counsel with respect to the Spin-off or certain related transactions. In such case, we will be solely liable for, and will indemnify DISH Network for, any resulting taxes, as well as any losses, claims and expenses. The tax sharing agreement will 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.

TiVo. On April 29, 2011, we and DISH Network entered into a settlement agreement with TiVo Inc. See Note 11 for further discussion.

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

Launch Service. During 2009, we assigned certain of our rights under a launch contract to DISH Network for its fair value of $103 million. We recorded the assignment of these rights at our net book value of $89 million and recorded the $14 million difference between our net book value and DISH Network's purchase price as a capital transaction with DISH Network. The $103 million was received in the first quarter 2010.

Weather Related Programming Agreement. During May 2010, we and DISH Network entered into an agreement pursuant to which, among other things, we agreed to develop certain weather related programming and DISH Network received the right to distribute such programming. This agreement was terminated during June 2010. In July 2010, we sold our interest in the entity that was developing such weather related programming to DISH Network for $5 million.

Acquisition of Alta Wireless, Inc. and Sale of South.com, L.L.C. During October 2010, we purchased an additional equity interest in Alta Wireless, Inc. from another party for $2.8 million. This transaction increased our ownership in Alta Wireless, Inc. from 49.9% to 95%. Alta Wireless Inc. holds certain authorizations for local multipoint distribution service spectrum in the United States. Additionally, during October 2010, we and the same counterparty sold our respective interests in South.com, L.L.C. to DISH Network for $2 million and $3 million, respectively. South.com, L.L.C. holds certain authorizations for multichannel video and data distribution service spectrum in the United States.

Blockbuster. On April 26, 2011, DISH Network acquired substantially all of the assets of Blockbuster, Inc. ("Blockbuster"). Hughes Communications provides broadband products and services to Blockbuster. For each of the three and nine months ended September 30, 2011, we recognized less than $1 million and $1 million of revenue from Blockbuster, respectively. As of September 30, 2011, we had a receivable balance of less than $1 million due from Blockbuster.

Additionally, on August 5, 2011, we entered into a letter agreement with Blockbuster LLC, a wholly owned subsidiary of DISH Network, pursuant to which certain assets used to support Blockbuster's website were transferred to us and we agreed to provide certain technical and infrastructure support for the Blockbuster website. The fees for the services provided under the letter agreement are calculated at cost plus a fixed margin, which varies depending upon the nature of the services provided. The letter agreement provides that it shall continue in effect until the completion of a definitive agreement between DISH Network and us setting forth the terms of our support of the Blockbuster website.

Other Agreements

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

Hughes Systique Corporation ("Hughes Systique")

We contract with Hughes Systique for software development services. In addition to our 45% ownership in Hughes Systique, Pradman Kaul, the CEO and President of Hughes Communications, Inc. and a member of our Board of Directors and his brother, who is the CEO and President of Hughes Systique, in the aggregate, owned approximately 26%, on an undiluted basis, of Hughes Systique's outstanding shares as of September 30, 2011. Furthermore, Mr. Pradman Kaul serves on the board of directors of Hughes Systique. We are considered the "primary beneficiary" of Hughes Systique and as a result, we are required to consolidate Hughes Systique's results of operations in our operating results.

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

NagraStar L.L.C.

We own 50% of NagraStar L.L.C. ("NagraStar"), a joint venture that is our primary provider of encryption and related security technology used in our set-top boxes. Although we do not consolidate NagraStar, we have the ability to significantly influence its operating policies; therefore, we account for our investment in NagraStar under the equity method of accounting.

The table below summarizes our transactions with NagraStar.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			

Purchases from NagraStar	$ 3,092	$ 7,272	$ 9,364	$ 15,481

	As of	
	September 30, 2011	December 31, 2010
	(In thousands)	
Amounts payable to NagraStar	$ 345	$ 799
Commitments to purchase from NagraStar	$ 3,969	$ 4,934

Dish Mexico

During 2008, we entered into a joint venture for a direct-to-home ("DTH") satellite service in Mexico known as Dish Mexico. Pursuant to these arrangements, we provide certain broadcast services and satellite capacity and sell hardware such as digital set-top boxes and related equipment to Dish Mexico.

The following table summarizes our transactions with Dish Mexico.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(In thousands)			
Sales not related to the original contribution commitment associated with our investment:				
Digital set-top boxes and related accessories	$ 12,499	$ 19,498	$ 39,044	$ 67,030
Sales of satellite services	$ 2,130	$ 2,130	$ 6,390	$ 6,390

	As of	
	September 30, 2011	December 31, 2010
	(In thousands)	
Amounts receivable from Dish Mexico	$ 5,719	$ 2,296

Joint Venture in Taiwan

During December 2009, we entered into a joint venture to provide a DTH satellite service in Taiwan and certain other targeted regions in Asia. We own 50% and have joint control of the joint venture. Pursuant to these arrangements, we sell hardware such as digital set-top boxes and provide certain technical support services to the joint venture. We have provided $18 million of cash to the joint venture, and an $18 million line of credit that the

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joint venture may only use to purchase set-top boxes from us. This investment is subject to an evaluation for other-than-temporary impairment on a quarterly basis. This quarterly evaluation consists of reviewing, among other things, company business plans and current financial statements, if available, for factors that may indicate an impairment of our investment. During 2010, we recorded a $14 million charge to fully impair this investment. As of September 30, 2011, the remaining amount available under the line of credit is $10 million and if advanced would be subject to our evaluation for other-than-temporary impairment.

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

You should read the following discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and notes to the 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, 2010 and this Quarterly Report on Form 10-Q, under the caption "Item 1A. Risk Factors."

EXECUTIVE SUMMARY

EchoStar Corporation is a holding company, whose subsidiaries operate three primary business units: the EchoStar Technologies business, the EchoStar Satellite Services business, and the Hughes business.

Hughes Communications Acquisition

On June 8, 2011, we acquired all of the outstanding equity of Hughes Communications, Inc., (the "Hughes Acquisition"), pursuant to an agreement and plan of merger (the "Hughes Agreement") by and between us, certain of our subsidiaries, including EchoStar Satellite Services L.L.C., and Hughes Communications, Inc. Pursuant to the Hughes Agreement, each issued and outstanding share of common stock and vested stock options of Hughes

Communications, Inc. was converted into the right to receive $60.70 (minus any applicable exercise price) in cash and substantially all of the outstanding debt of Hughes Communications was repaid. In addition, each share of unvested restricted stock and unvested stock option of Hughes Communications, Inc. was converted into the right to receive $60.70 (minus any applicable exercise price) in cash on the vesting date of the stock award. The funding of the Hughes Acquisition was supported by the issuance of $1.1 billion of senior secured notes and $900 million of senior unsecured notes. See Note 8 in the Notes to our Condensed Consolidated Financial Statements for further discussion.

EchoStar Technologies Business

Our EchoStar Technologies business designs, develops and distributes digital set-top boxes and related products and technology, including our Slingbox "placeshifting" technology, primarily for satellite TV service providers, telecommunication and cable companies and, with respect to Slingboxes, directly to consumers via retail outlets. Slingbox "placeshifting" technology allows consumers to watch and control their home digital video and audio content via a broadband Internet connection. Most of our digital set-top boxes are sold to DISH Network Corporation ("DISH Network"), but we also sell a significant number of digital set-top boxes to Bell TV in Canada, Dish Mexico, S. de R.L. de C.V. ("Dish Mexico") in Mexico and other international customers.

Our EchoStar Technologies business also provides digital broadcast operations including satellite uplinking/downlinking, transmission services, signal processing, conditional access management and other services that are provided primarily to DISH Network.

We believe opportunities exist to expand our business by selling equipment and services in both the United States and international markets. As a result of our extensive experience with digital set-top boxes and digital broadcast operations, we are able to provide end-to-end pay-TV delivery systems incorporating our satellite and terrestrial backhaul capacity, customized digital set-top boxes and related components, and network design and management.

Dependence on DISH Network. We depend on DISH Network for a substantial portion of the revenue for our EchoStar Technologies business and we expect that for the foreseeable future DISH Network will continue to be the primary source of revenue for our EchoStar Technologies and our EchoStar Satellite Services businesses. Therefore, our results of operations are, and will for the foreseeable future be, closely linked to the performance of DISH Network's satellite pay-TV business. In addition, while we expect to sell equipment to other customers, the

number of potential new customers for our EchoStar Technologies business is small and may be limited by our common ownership and related management with DISH Network, and our current customer concentration is likely to continue for the foreseeable future.

As a result of DISH Network's previously disclosed higher than normal inventory levels, during the three and nine months ended September 30, 2011, DISH Network purchased fewer digital set-top boxes and related components from us. It is possible that DISH Network revenue will be lower in the future than it has been in the past. This decrease could have a material adverse effect on our results of operations. In addition, to the extent that DISH Network's gross subscriber additions continue to decrease or DISH Network continues to experience a net loss of subscribers, sales of our digital set-top boxes and related components to DISH Network may further decline, which in turn could have a further material adverse effect on our financial position and results of operations.

The impact to us of any decreases in DISH Network subscriber growth may be offset in the near term by an increase in sales to DISH Network resulting from the upgrade of DISH Network subscribers to advanced products such as high definition ("HD") receivers and HD DVRs, as well as by the upgrade of DISH Network digital set-top boxes to new technologies such as MPEG-4 digital compression technology. However, there can be no assurance that any of these factors will mitigate any decreases in sales to DISH Network. In addition, although we expect DISH Network to continue to purchase products and services from us, there can be no assurance that these purchases will continue in the future.

We may experience significant pressure on margins we earn on the sale of digital set-top boxes and other equipment, including on sales to DISH Network. This pressure may be due to economic conditions, advancements in the technology and functionality of digital set-top boxes and other equipment. The margins we earn on sales are determined largely through periodic negotiations that could result in pricing reflecting, among other things, the digital set-top boxes and other equipment that best meet our customers' current sales and marketing priorities, the product and service alternatives available from other equipment suppliers, and our ability to respond to customer requirements and to differentiate ourselves from other equipment suppliers on bases other than pricing.

Our future success may also depend on the extent to which prospective customers that have been competitors of DISH Network are willing to purchase products and services from us. Many of these customers may continue to view us as a competitor as a result of common ownership and related management with DISH Network. If we do not develop relationships with new customers, we may not be able to expand our customer base and our ability to increase or maintain our revenue will be impacted.

Additional Challenges for our EchoStar Technologies Business. We believe that our best opportunities for developing potential new customers for our EchoStar Technologies business over the near term lie in international markets, and we therefore expect our performance in international markets to be a significant factor in determining whether we will be able to generate revenue and income growth in future periods. However, there can be no assurance that we will be able to sustain or grow our international business. In particular, we have noticed an increase in new market entrants, primarily located in Asia, that offer low cost set-top boxes, including set-top boxes that are modeled after our products or products of our principal competitors. The entry of these new competitors may result in pricing pressure in international markets that we hope to enter. If market prices in international markets are substantially reduced by such new entrants, it may be difficult for us to make profitable sales in international markets.

Furthermore, if we do not continue to distinguish our products through distinctive, technologically advanced features and design, as well as continue to build and strengthen our brand recognition, our business could be harmed as we may not be able to effectively compete on price alone in both domestic and international markets against low cost competitors that are principally located in Asia. Our ability to compete in the digital set-top box industry will also depend heavily on our ability to successfully bring advanced technologies, including delivery of 3D TV video content and Internet delivery of video content, to market to keep pace with our competitors. If we do not otherwise compete effectively, demand for our products could decline, our gross margins could decrease, we could lose market share, our revenues and earnings may decline and our growth prospects would be diminished.

Sustained economic weakness and volatile credit markets may cause certain suppliers that we rely on to cease operations, which, in turn, may cause us to suffer disruptions to our supply chain or incur higher production costs. Our ability to sustain or increase profitability will also depend in large part on our ability to control or reduce our costs of producing digital set-top boxes. The market for our digital set-top boxes, like other electronic products, has been characterized by regular reductions in selling prices and production costs. Therefore, we will likely be required to reduce production costs to maintain the margins we earn on digital set-top boxes and the profitability of our EchoStar Technologies business. However, our ability to reduce production costs may be limited by, among other things, economic conditions and a shortage of available parts and may lead to inflated pricing.

EchoStar Satellite Services Business

Our EchoStar Satellite Services business uses ten of our owned and leased in-orbit satellites and related Federal Communications Commission ("FCC") licenses to lease capacity on a full-time and occasional-use basis primarily to DISH Network, and secondarily to Dish Mexico, U.S. government service providers, state agencies, Internet service providers, broadcast news organizations, programmers and private enterprise customers. Furthermore, we continue to pursue expanding our business offerings by providing value added services such as telemetry, tracking and control services to third parties. However, there can be no assurance that we will be able to effectively compete against our competitors due to their significant resources and operating history.

As of September 30, 2011, our EchoStar Satellite Services business had contracted revenue backlog attributable to satellites currently in orbit of approximately $905 million and contracted backlog attributable to satellites under construction, including QuetzSat-1, of $1.053 billion which provides significant visibility into future revenue.

Dependence on DISH Network. We depend on DISH Network for a substantial portion of the revenue for our EchoStar Satellite Services business. Therefore, our results of operations are and will for the foreseeable future be closely linked to the performance of DISH Network's satellite pay-TV business.

While we expect to continue to provide satellite services to DISH Network for the foreseeable future, its satellite capacity requirements may change for a variety of reasons, including the launch of its own additional satellites. Any termination or reduction in the services we provide to DISH Network would increase excess capacity on our satellites and require that we aggressively pursue alternative sources of revenue for this business. Possible adverse effects on the EchoStar Technologies business from DISH Network's higher than normal inventory balance of digital set-top boxes and related components and a possible decline in gross subscriber additions, as previously disclosed, are not expected to materially impact the revenue generated within the EchoStar Satellite Services business in the near term.

In addition, because the number of potential new customers for our EchoStar Satellite Services business is small, our current customer concentration is likely to continue for the foreseeable future. Our future success may also depend on the extent to which prospective customers that have been competitors of DISH Network are willing to purchase services from us. Many of these customers may continue to view us as a competitor given the common ownership and management team we continue to share with DISH Network.

Additional Challenges for our EchoStar Satellite Services Business. Our ability to expand revenues in the EchoStar Satellite Services business will likely require that we displace incumbent suppliers that generally have well established business models and often benefit from long-term contracts with their customers. As a result, to grow our EchoStar Satellite Services business we may need to develop or otherwise acquire access to new satellite-delivered services so that we may offer differentiated services to prospective customers. However, there can be no assurance that we would be able to develop or otherwise acquire access to such differentiated services or develop the sales and marketing expertise necessary to sell such services profitably.

In addition, as our satellite fleet ages, we will be required to evaluate replacement alternatives such as acquiring, leasing or constructing additional satellites, with or without customer commitments for capacity, which may require

us to seek additional financing. However, there can be no assurance that such financing will be available to fund any such replacement alternatives on terms that would be attractive to us or at all.

Hughes Business

Our Hughes business provides broadband network services and systems to the domestic and international enterprise markets and satellite broadband Internet access to North American consumers, which we refer to as the consumer market. Our Hughes business also provides managed services to large enterprises and networking systems solutions to customers for mobile satellite and wireless backhaul systems. We incorporate advances in technology to reduce costs and to increase the functionality and reliability of our products and services. Through the usage of advanced spectrally efficient modulation and coding methodologies, such as DVB-S2 and proprietary software web acceleration and compression techniques, we continue to improve the efficiency of our networks. In addition, we invest in technologies to enhance our system and network management capabilities, specifically our managed services for enterprises. We also continue to invest in next generation technologies that can be applied to our future products and services.

In June 2009, Hughes Communications entered into an agreement with Space Systems/Loral, Inc. ("SS/L"), under which SS/L will manufacture our next-generation, geostationary high throughput satellite ("Jupiter"). Jupiter will employ a multi-spot beam, bent pipe Ka-band architecture and will provide additional capacity for the HughesNet consumer broadband Internet service in North America. We anticipate launching Jupiter in the first half of 2012.

In August 2010, Hughes Communications was awarded $59 million from the U.S. Government as the only recipient of a national award under the broadband stimulus programs, established pursuant to the American Recovery and Reinvestment Act of 2009. This award is part of the U.S. Government's investments in broadband projects to expand access to broadband service and create jobs and economic opportunity in rural, underserved communities nationwide. Hughes began to offer services to customers under this program in October 2010.

As of September 30, 2011, we had 626,000 customers that subscribe to our consumer and small/medium enterprise service. In addition, as of September 30, 2011, our Hughes business had total revenue backlog, which we define as our expected future revenue under customer contracts that are non-cancelable and excluding agreements with our customers in our consumer market, of approximately $1.070 billion, which provides significant visibility into future revenue.

Additional Challenges for our Hughes Business. Our ability to continue to grow our consumer revenue will depend on our success in adding new subscribers on our satellite network and successful launch and deployment of our Jupiter satellite as planned. We may need to adjust our service offerings in response to the offerings of our competitors, including WildBlue Communications, Inc. ("WildBlue"), following its commencement of service on the ViaSat-1 satellite which launched in October 2011. In addition, following the commencement of service on ViaSat-1 and prior to the commencement of service on Jupiter, WildBlue may be in a better position to offer faster connection speeds more economically than us, which could adversely impact our ability to add new subscribers and our consumer revenues.

An additional focus in this business is our ability to grow our revenue in the enterprise business, both domestically and internationally.

For further information about the risks related to the Hughes Acquisition, please see Item 1A. "Risk Factors."

International DTH Platforms

During 2008, we entered into a joint venture for a direct-to-home satellite service in Mexico known as Dish Mexico. Pursuant to these arrangements, we provide certain broadcast services and satellite capacity and sell hardware such as digital set-top boxes and related equipment to Dish Mexico. We sold $12 million of digital set-top boxes and related components and $2 million of satellite services to Dish Mexico during the three months ended September 30,

2011. We sold $39 million of digital set-top boxes and related components and $6 million of satellite services to Dish Mexico during the nine months ended September 30, 2011.

New Business Opportunities

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

Move Networks Acquisition

On December 31, 2010, we acquired certain assets of Move Networks, Inc. for $45 million, of which $2.25 million was placed into escrow for certain potential contingencies. These assets include patented technology that enables the adaptive delivery of video content via the Internet which will allow us to expand our portfolio of advanced technologies serving cable, satellite, telecommunications companies and IPTV video providers.

Adverse Economic Conditions

Our ability to grow or maintain our business may be adversely affected by weak global and domestic economic conditions, including wavering consumer confidence and constraints on discretionary purchasing, unemployment, tight credit markets, declines in global and domestic stock markets, falling home prices and other factors that may adversely affect the markets in which we operate. Our ability to increase our income or to generate additional revenues will depend in part on our ability to organically grow our businesses, identify and successfully exploit opportunities to acquire other businesses or technologies, and enter into strategic partnerships. These activities may require significant additional capital that may not be available on terms that would be attractive to us or at all. In particular, volatile credit markets, which have significantly impacted the availability and cost of financing, specifically in the leveraged finance markets, may significantly constrain our ability to obtain financing to support our growth initiatives. These developments in the credit markets may increase our cost of financing and impair our liquidity position. In addition, these developments may cause us to defer or abandon business strategies and transactions that we would otherwise pursue if financing were available on acceptable terms.

Furthermore, unfavorable events in the economy, including deterioration in the credit and equity markets could cause consumer demand for pay-TV services and consequently sales of our digital set-top boxes to DISH Network, Bell TV, Dish Mexico and other international customers to decline materially because consumers may delay purchasing decisions or reduce or reallocate their discretionary spending, which would also have an adverse effect on our Hughes business.

Future Capital Sources

We primarily rely on our existing cash and marketable investment securities balances, as well as cash flow generated through our operations, to fund our investment needs. Since we depend on DISH Network for a substantial portion of our revenue, our cash flow from operations depends heavily on its needs for equipment and services.

As a result of DISH Network's previously disclosed higher than normal inventory levels, during the three and nine months ended September 30, 2011, DISH Network purchased fewer digital set-top boxes and related components from us. It is possible that DISH Network revenue will be lower in the future than it has been in the past. This decrease could have a material adverse effect on our results of operations. In addition, to the extent that DISH Network's gross subscriber additions continue to decrease or DISH Network continues to experience a net loss of subscribers, sales of our digital set-top boxes and related components to DISH Network may further decline, which in turn could have a further material adverse effect on our financial position and results of operations. As a result, there can be no assurance that we will have positive cash flows from operations. Furthermore, if we experience negative cash flows, our existing cash and marketable investment securities balances may be reduced.

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Other Risks

Our profitability is affected by costs associated with our efforts to expand our sales, marketing, product development and general and administrative capabilities in all of our businesses. As we expand internationally, we may also incur additional costs to conform our digital set-top boxes to comply with local laws or local specifications and to ship our digital set-top boxes to our international customers.

EXPLANATION OF KEY METRICS AND OTHER ITEMS

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

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

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

Services and other revenue — DISH Network. "Services and other revenue — DISH Network" primarily includes revenue associated with satellite and transponder leasing, satellite uplinking/downlinking, signal processing, conditional access management, telemetry, tracking and control, professional services, facilities rental revenue and other services provided to DISH Network.

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

Cost of sales - services and other. "Cost of sales — services and other" principally includes the cost of broadband services sold to customers in our enterprise and consumer markets, as well the cost of providing maintenance and other contracted services. "Cost of sales — services and other" also includes costs associated with satellite and transponder leasing, satellite uplinking/downlinking, signal processing, conditional access management, telemetry, tracking and control, professional services, facilities rental revenue, and other services.

Research and development expenses. "Research and development expenses" consist primarily of costs associated with the design and development of products to support future growth by reducing costs and providing new technology and innovations to our customers.

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

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Interest income. "Interest income" consists primarily of interest earned on our cash, cash equivalents and marketable investment securities, including accretion on debt securities.

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

Unrealized and realized gains (losses) on marketable investment securities and other investments. "Unrealized and realized gains (losses) on marketable investment securities and other investments" consists primarily of gains and losses realized on the sale or exchange of investments and "other-than-temporary" impairments of marketable and other investment securities.

Unrealized gains (losses) on investments accounted for at fair value, net. "Unrealized gains (losses) on investments accounted for at fair value, net" consists of unrealized gains and losses from changes in fair value of marketable and other strategic investments accounted for at fair value.

Other, net. The primary component of "Other, net" is equity in earnings and losses of our affiliates.

Earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is defined as "Net income (loss) attributable to EchoStar common shareholders" plus "Interest expense, net of amounts capitalized" net of "Interest income," "Income taxes" and "Depreciation and amortization." This "non-GAAP measure" is reconciled to "Net income (loss) attributable to EchoStar common shareholders" in our discussion of "Results of Operations" below.

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

RESULTS OF OPERATIONS

Three Months Ended September 30, 2011 Compared to the Three Months Ended September 30, 2010.

Statements of Operations Data	For the Three Months Ended September 30, 2011	2010	Variance Amount	%
	(In thousands)			
Revenue:				
Equipment revenue	$ 151,613	$ 77,471	$ 74,142	95.7
Equipment revenue - DISH Network	339,272	392,821	(53,549)	(13.6)
Services and other revenue	247,337	16,717	230,620	NM
Services and other revenue - DISH Network	124,941	120,031	4,910	4.1
Total revenue	863,163	607,040	256,123	42.2
Costs and Expenses:				
Cost of sales - equipment	415,784	401,998	13,786	3.4
% of Total equipment revenue	**84.7%**	**85.5%**		
Cost of sales - services and other	173,973	62,295	111,678	NM
% of Total services and other revenue	**46.7%**	**45.6%**		
Research and development expenses	14,561	11,645	2,916	25.0
% of Total revenue	**1.7%**	**1.9%**		
Selling, general and administrative expenses	108,459	34,308	74,151	NM
% of Total revenue	**12.6%**	**5.7%**		
Depreciation and amortization	128,120	58,191	69,929	NM
Total costs and expenses	840,897	568,437	272,460	47.9
Operating income (loss)	22,266	38,603	(16,337)	(42.3)
Other Income (Expense):				
Interest income	2,394	3,525	(1,131)	(32.1)
Interest expense, net of amounts capitalized	(33,061)	11,074	(44,135)	NM
Unrealized and realized gains (losses) on marketable investment securities and other investments	4,169	(94)	4,263	NM
Unrealized gains (losses) on investments accounted for at fair value, net	2,483	(21,087)	23,570	NM
Other, net	(3,234)	1,439	(4,673)	NM
Total other income (expense)	(27,249)	(5,143)	(22,106)	NM
Income (loss) before income taxes	(4,983)	33,460	(38,443)	NM
Income tax (provision) benefit, net	(13,864)	(28,309)	14,445	51.0
Effective tax rate	**(278.2)%**	**84.6%**		
Net income (loss)	(18,847)	5,151	(23,998)	NM
Less: Net income (loss) attributable to noncontrolling interest	270	—	270	NM
Net income (loss) attributable to EchoStar common shareholders	$ (19,117)	$ 5,151	$ (24,268)	NM
Other Data:				
EBITDA	$ 153,534	$ 77,052	$ 76,482	99.3

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

Equipment revenue. "Equipment revenue" totaled $152 million during the three months ended September 30, 2011, an increase of $74 million or 95.7% compared to the same period in 2010. This increase was primarily related to revenue contributed by our Hughes business from the sale of broadband equipment and networks to customers in our enterprise and consumer markets. In addition, the change resulted from higher sales to Bell TV as a result of an increase in the number of units sold and higher average revenue per unit. This increase was partially offset by a decrease in sales to Dish Mexico which resulted from a decline in the number of units sold compared to the same period in 2010.

Equipment revenue — DISH Network. "Equipment revenue — DISH Network" totaled $339 million during the three months ended September 30, 2011, a decrease of $54 million or 13.6% compared to the same period in 2010. This change related primarily to a decrease in unit sales of set-top boxes, partially offset by an increase in the average revenue per unit due to a change in sales mix. Pursuant to the receiver agreement, set-top boxes are sold to DISH Network at cost plus a fixed margin, resulting in a decline in revenue per unit when lower set-top box costs are incurred.

Currently, we expect DISH Network to remain the primary customer of our EchoStar Technologies business and the source of a significant portion of our total revenue. Pursuant to the commercial agreements we entered into with DISH Network, we are obligated to sell digital set-top boxes to DISH Network until January 1, 2012. We expect to enter into an agreement pursuant to which DISH Network will continue to purchase digital set-top boxes and related components from us after January 1, 2012. As a result of DISH Network's previously disclosed higher than normal inventory levels, during the three months ended September 30, 2011, DISH Network purchased fewer digital set-top boxes and related components from us. It is possible that DISH Network revenue will be lower in the future than it has been in the past. This decrease could have a material adverse effect on our results of operations. In addition, to the extent that DISH Network's gross subscriber additions continue to decrease or DISH Network continues to experience a net loss of subscribers, sales of our digital set-top boxes and related components to DISH Network may further decline, which in turn could have a further material adverse effect on our financial position and results of operations.

Services and other revenue. "Services and other revenue" totaled $247 million during the three months ended September 30, 2011, an increase of $231 million compared to the same period in 2010. This increase was primarily related to services revenue contributed by the Hughes business from the sale of broadband services to customers in our enterprise and consumer markets, and customers' maintenance and other contracted services.

Cost of sales — equipment. "Cost of sales — equipment" totaled $416 million during the three months ended September 30, 2011, an increase of $14 million or 3.4% compared to the same period in 2010. This change primarily related to costs associated with the sale of broadband equipment and networks sold to customers in our enterprise and consumer markets from the Hughes business, and an increase in costs related to Bell TV sales, discussed above. This change was partially offset by a decrease in sales of digital set-top boxes and related components to DISH Network and Dish Mexico. "Cost of sales — equipment" represented 84.7% and 85.5% of total equipment revenue for the three months ended September 30, 2011 and 2010, respectively. The improvement in the expense to revenue ratio principally resulted from the decrease in sales of set-top boxes and related components to DISH Network which have lower margins as sales are at cost plus a fixed margin.

Cost of sales — services and other. "Cost of sales — services and other" totaled $174 million during the three months ended September 30, 2011, an increase of $112 million compared to the same period in 2010. This change primarily related to costs associated with the sale of broadband services provided to customers in our enterprise and consumer markets, and customers' maintenance and other contracted services from the Hughes business. "Cost of sales — services and other" represented 46.7% and 45.6% of total services and other revenue for the three months ended September 30, 2011 and 2010, respectively. The increase in the expense to revenue ratio principally resulted from an increase in revenue from our Hughes business.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled $108 million during the three months ended September 30, 2011, an increase of $74 million compared to the same period in 2010.

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This change primarily resulted from an increase in marketing and advertising expenses and other general and administrative expenses, of which $59 million is associated with the Hughes business.

Depreciation and amortization. "Depreciation and amortization" expense totaled $128 million during the three months ended September 30, 2011, an increase of $70 million compared to the same period in 2010. This change related to an increase in depreciation expense on equipment and satellites as well as amortization expense on intangibles, of which $77 million is associated with the Hughes business.

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" totaled $33 million during the three months ended September 30, 2011, an increase of $44 million compared to the same period in 2010. This change primarily resulted from an increase in interest expense related to the issuance of our 6 1/2% Senior Secured Notes due 2019 and 7 5/8% Senior Notes due 2021 during the second quarter of 2011 and a decrease in capitalized interest. The three months ended September 30, 2010 was impacted by $14 million of interest which was capitalized during the period that relates to interest expense that should have been capitalized in prior periods.

Unrealized gains (losses) on investments accounted for at fair value, net. "Unrealized gains (losses) on investments accounted for at fair value, net" for the three months ended September 30, 2011 was a net gain of $2 million compared to a loss of $21 million during the same period in 2010. This increase is attributable to investments accounted for under the fair value method. See Note 4 under "*Investments in TerreStar*" in the Notes to the Condensed Consolidated Financial Statements for further discussion.

Earnings before interest, taxes, depreciation and amortization. EBITDA was $154 million during the three months ended September 30, 2011, an increase of $76 million compared to the same period in 2010. The following table reconciles EBITDA to the accompanying financial statements.

	For the Three Months Ended September 30, 2011	2010
	(In thousands)	
EBITDA	$ 153,534	$ 77,052
Interest expense, net	(30,667)	14,599
Income tax (provision) benefit, net	(13,864)	(28,309)
Depreciation and amortization	(128,120)	(58,191)
Net income (loss) attributable to EchoStar common shareholders	$ (19,117)	$ 5,151

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. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, pay taxes and fund capital expenditures. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. EBITDA is used by our management as a measure of operating efficiency and overall financial performance for benchmarking against our peers and competitors. Management believes EBITDA provides meaningful supplemental information regarding liquidity and the underlying operating performance of our business. Management also believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to evaluate companies in our industries.

Income tax (provision) benefit, net. The income tax provision totaled $14 million during the three months ended September 30, 2011 compared to an income tax provision of $28 million in the same period in 2010. This change resulted from a decrease in "Income (loss) before income taxes". Our effective tax rates for the three months ended September 30, 2011 and 2010 were impacted by changes in our valuation allowance that are capital in nature.

Net income (loss) attributable to EchoStar common shareholders. Our net loss attributable to EchoStar common shareholders was $19 million during the three months ended September 30, 2011, a decrease of $24 million compared to the same period in 2010. This decrease was primarily attributable to the changes in revenue and expenses discussed above.

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RESULTS OF OPERATIONS

Nine Months Ended September 30, 2011 Compared to the Nine Months Ended September 30, 2010.

Statements of Operations Data	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010	Variance Amount	Variance %
	(In thousands)			
Revenue:				
Equipment revenue	$ 325,192	$ 276,037	$ 49,155	17.8
Equipment revenue - DISH Network	882,027	1,161,508	(279,481)	(24.1)
Services and other revenue	345,637	45,727	299,910	NM
Services and other revenue - DISH Network	374,366	353,897	20,469	5.8
Total revenue	1,927,222	1,837,169	90,053	4.9
Costs and Expenses:				
Cost of sales - equipment	1,026,462	1,228,206	(201,744)	(16.4)
% of Total equipment revenue	**85.0%**	**85.4%**		
Cost of sales - services and other	328,228	180,148	148,080	82.2
% of Total services and other revenue	**45.6%**	**45.1%**		
Research and development expenses	34,502	36,270	(1,768)	(4.9)
% of Total revenue	**1.8%**	**2.0%**		
Selling, general and administrative expenses	202,902	108,997	93,905	86.2
% of Total revenue	**10.5%**	**5.9%**		
Depreciation and amortization	256,193	172,866	83,327	48.2
Total costs and expenses	1,848,287	1,726,487	121,800	7.1
Operating income (loss)	78,935	110,682	(31,747)	(28.7)
Other Income (Expense):				
Interest income	7,206	9,214	(2,008)	(21.8)
Interest expense, net of amounts capitalized	(45,381)	(10,727)	(34,654)	NM
Unrealized and realized gains (losses) on marketable investment securities and other investments	13,875	(22,099)	35,974	NM
Unrealized gains (losses) on investments accounted for at fair value, net	10,281	22,720	(12,439)	(54.7)
Other, net	(16,800)	(6,791)	(10,009)	NM
Total other income (expense)	(30,819)	(7,683)	(23,136)	NM
Income (loss) before income taxes	48,116	102,999	(54,883)	(53.3)
Income tax (provision) benefit, net	(31,230)	(67,579)	36,349	53.8
Effective tax rate	**64.9%**	**65.6%**		
Net income (loss)	16,886	35,420	(18,534)	(52.3)
Less: Net income (loss) attributable to noncontrolling interest	357	—	357	NM
Net income (loss) attributable to EchoStar common shareholders	$ 16,529	$ 35,420	$ (18,891)	(53.3)
Other Data:				
EBITDA	$ 342,127	$ 277,378	$ 64,749	23.3

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Equipment revenue. "Equipment revenue" totaled $325 million during the nine months ended September 30, 2011, an increase of $49 million or 17.8% compared to the same period in 2010. This increase was primarily related to revenue contributed by our Hughes business from the sale of broadband equipment and networks to customers in our enterprise and consumer markets. This increase was partially offset by a decrease in sales to Dish Mexico which resulted from a decline in the number of units sold compared to the same period in 2010.

Equipment revenue — DISH Network. "Equipment revenue — DISH Network" totaled $882 million during the nine months ended September 30, 2011, a decrease of $279 million or 24.1% compared to the same period in 2010. This change related primarily to a decrease in unit sales of set-top boxes, partially offset by an increase in the average revenue per unit due to a change in sales mix. Pursuant to the receiver agreement, set-top boxes are sold to DISH Network at cost plus a fixed margin, resulting in a decline in revenue per unit when lower set-top box costs are incurred.

Services and other revenue. "Services and other revenue" totaled $346 million during the nine months ended September 30, 2011, an increase of $300 million compared to the same period in 2010. This increase was primarily related to services revenue contributed by the Hughes business from the sale of broadband services to customers in our enterprise and consumer markets, and customers' maintenance and other contracted services.

Cost of sales — equipment. "Cost of sales — equipment" totaled $1.026 billion during the nine months ended September 30, 2011, a decrease of $202 million or 16.4% compared to the same period in 2010. This change primarily resulted from a decrease in sales of digital set-top boxes and related components to DISH Network and Dish Mexico, partially offset by an increase in costs associated with the sale of broadband equipment and networks sold to customers in our enterprise and consumer markets from the Hughes business. "Cost of sales — equipment" represented 85.0% and 85.4% of total equipment revenue for the nine months ended September 30, 2011 and 2010, respectively. The improvement in the expense to revenue ratio principally resulted from the decrease in sales of set-top boxes and related components to DISH Network which have lower margins as sales are at cost plus a fixed margin.

Cost of sales — services and other. "Cost of sales — services and other" totaled $328 million during the nine months ended September 30, 2011, an increase of $148 million or 82.2% compared to the same period in 2010. This change primarily related to costs associated with the sale of broadband services provided to customers in our enterprise and consumer markets, and customers' maintenance and other contracted services from the Hughes business. "Cost of sales — services and other" represented 45.6% and 45.1% of total services and other revenue for the nine months ended September 30, 2011 and 2010, respectively. The increase in the expense to revenue ratio principally resulted from an increase in revenue from our Hughes business.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled $203 million during the nine months ended September 30, 2011, an increase of $94 million or 86.2% compared to the same period in 2010. This change primarily resulted from an increase in marketing and advertising expenses and other general and administrative expenses, of which $73 million is associated with the Hughes business.

Depreciation and amortization. "Depreciation and amortization" expense totaled $256 million during the nine months ended September 30, 2011, an increase of $83 million or 48.2% compared to the same period in 2010. This change related to an increase in depreciation expense on equipment and satellites as well as amortization expense on intangibles, of which $93 million is associated with the Hughes business.

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" totaled $45 million during the nine months ended September 30, 2011, an increase of $35 million compared to the same period in 2010. This change primarily resulted from an increase in interest expense related to the issuance of our 6 1/2% Senior Secured Notes due 2019 and 7 5/8% Senior Notes due 2021 during the second quarter of 2011, partially offset by an increase in capitalized interest.

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Unrealized and realized gains (losses) on marketable investment securities and other investments. "Unrealized and realized gains (losses) on marketable investment securities and other investments" for the nine months ended September 30, 2011 was a net gain of $14 million, a $36 million increase compared to the same period in 2010. This change primarily resulted from a $14 million gain related to the sale of marketable and other investment securities during 2011 and $22 million in impairment charges on our marketable and other investment securities during 2010.

Unrealized gains (losses) on investments accounted for at fair value, net. "Unrealized gains (losses) on investments accounted for at fair value, net" for the nine months ended September 30, 2011 was a net gain of $10 million compared to $23 million during the same period in 2010. This decrease is attributable to investments accounted for under the fair value method. See Note 4 under "*Investments in TerreStar*" in the Notes to the Condensed Consolidated Financial Statements for further discussion.

Earnings before interest, taxes, depreciation and amortization. EBITDA was $342 million during the nine months ended September 30, 2011, an increase of $65 million or 23.3% compared to the same period in 2010. The following table reconciles EBITDA to the accompanying financial statements.

	For the Nine Months Ended September 30, 2011	2010
	(In thousands)	
EBITDA	$ 342,127	$ 277,378
Interest expense, net	(38,175)	(1,513)
Income tax (provision) benefit, net	(31,230)	(67,579)
Depreciation and amortization	(256,193)	(172,866)
Net income (loss) attributable to EchoStar common shareholders	$ 16,529	$ 35,420

EBITDA is not a measure determined in accordance with GAAP and should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, pay taxes and fund capital expenditures. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. EBITDA is used by our management as a measure of operating efficiency and overall financial performance for benchmarking against our peers and competitors. Management believes EBITDA provides meaningful supplemental information regarding liquidity and the underlying operating performance of our business. Management also believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to evaluate companies in our industries.

Income tax (provision) benefit, net. The income tax provision totaled $31 million during the nine months ended September 30, 2011, a decrease of $36 million compared to the same period in 2010. This change resulted from a decrease in "Income (loss) before income taxes." Our effective tax rates for the nine months ended September 30, 2011 and 2010 were impacted by changes in our valuation allowance that are capital in nature.

Net income (loss) attributable to EchoStar common shareholders. Our net income attributable to EchoStar common shareholders was $17 million during the nine months ended September 30, 2011, a decrease of $19 million compared to the same period in 2010. This increase 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 September 30, 2011, our cash, cash equivalents and current marketable investment securities totaled $1.436 billion compared to $1.131 billion as of December 31, 2010, an increase of $305 million. This increase in cash, cash equivalents and current marketable investment securities was primarily driven by net proceeds of $1.942 billion related to our 6 1/2% Senior Secured Notes due 2019 and 7 5/8% Senior Notes due 2021, cash receipts of $552 million related to our investment in TerreStar and cash generated from operations of $252 million, partially offset by the Hughes Acquisition of $2.090 billion, net of cash received, and capital expenditures of $261 million.

We have investments in various debt and equity instruments including corporate bonds, corporate equity securities, government bonds, and variable rate demand notes ("VRDNs"). VRDNs are long-term floating rate 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 of investments in many municipalities, which are backed by financial institutions or other highly rated companies that serve as the pledged liquidity source. While they are classified as marketable investment securities, the put option allows VRDNs to be liquidated generally on a same day or on a five business day settlement basis. As of September 30, 2011 and December 31, 2010, we held VRDNs, within our current marketable investment securities portfolio, with fair values of $179 million and $396 million, respectively.

As of September 30, 2011, we held debt and equity investments in TerreStar Corporation and TerreStar Networks of $140 million. On June 14, 2011, Gamma Acquisition L.L.C. ("Gamma"), a wholly-owned subsidiary of DISH Network entered into an asset purchase agreement (the "TerreStar Purchase Agreement") with TerreStar Networks and certain of its subsidiaries pursuant to which upon closing of the transaction Gamma will acquire substantially all of the assets of TerreStar Networks and its subsidiaries for a cash purchase price of $1.375 billion and will agree to assume certain liabilities associated with the ongoing operations of the business being acquired. Gamma agreed to fund $1.345 billion of the purchase price prior to receipt of approvals from the FCC or Canadian Department of Industry, and funded such amount on August 11, 2011, after receipt of approval from the U.S. Bankruptcy Court for the Southern District of New York on July 7, 2011. A portion of these proceeds have been used to repay certain of our investments in TerreStar in full, and others in part.

As of September 30, 2011, we had received $552 million from TerreStar, of which $419 million related to the 15% PIK Notes. In addition, this amount includes the repayment of $85 million owed to us under the Credit Facility and the repayment of $48 million owed to us under the Line of Credit. The TerreStar bankruptcy proceedings are ongoing and, subsequent to September 30, 2011, we received an additional $77 million primarily related to the 15% PIK Notes, leaving the estimated fair value of the outstanding amount of our remaining investments in TerreStar at an amount of approximately $63 million.

The following discussion highlights our cash flow activities during the nine months ended September 30, 2011.

Cash Flow

Cash flows from operating activities

For the nine months ended September 30, 2011, we reported "Net cash flows from operating activities" of $252 million. This amount is primarily comprised of $17 million of net income and $256 million of non-cash charges for "Depreciation and amortization" expense partially offset by unrealized and realized net gains on marketable investment securities and other investments of $24 million and changes in operating assets and liabilities related to timing differences between book expense and cash payments.

Cash flows from investing activities

For the nine months ended September 30, 2011, we reported "Net cash outflows from investing activities" of $1.681 billion, which was primarily related to the Hughes Acquisition of $2.090 billion, net of cash received, and capital expenditures of $261 million, partially offset by cash receipts of $552 million related to our investment in TerreStar and the net sales of marketable investment securities of $171 million. The capital expenditures include $146 million of satellite related capital expenditures and $115 million of other corporate capital expenditures.

Cash flows from financing activities

For the nine months ended September 30, 2011, we reported "Net cash flows from financing activities" of $1.928 billion primarily resulting from proceeds received of $1.942 billion from the issuance of debt, net of deferred financing costs.

Contractual Obligations

As of September 30, 2011, future maturities of our contractual obligations are summarized as follows:

Payments due by period

	Total	2011	2012	2013	2014	2015	Thereafter
				(In thousands)			
Long-term debt obligations	$ 2,006,895	$ 233	$ 1,177	$ 1,054	$ 1,117	$ 1,142	$ 2,002,172
Capital lease obligations	390,744	13,869	58,328	62,528	64,283	12,487	179,249
Interest expense on long-term debt and capital lease obligations	1,481,336	85,362	175,313	169,990	164,224	160,531	725,916
Satellite-related obligations	1,179,419	119,327	275,842	126,768	99,773	78,774	478,935
Operating lease obligations	63,675	5,547	20,109	13,584	10,243	6,864	7,328
Purchase and other obligations	403,967	390,584	11,679	1,171	533	—	—
Payments in connection with acquisitions	22,426	5,798	7,012	5,866	3,750	—	—
Total	$ 5,548,462	$ 620,720	$ 549,460	$ 380,961	$ 343,923	$ 259,798	$ 3,393,600

Future commitments related to satellites, including two launch contracts for satellites that are currently under construction, as described below, are included in the table above under “Satellite-related obligations.” Payments related to the QuetzSat-1 capital lease are currently included in “Satellite-related obligations” but will be reclassified to “Capital lease obligations” when the satellite is placed into service later this year.

- *EchoStar XVI.* During November 2009, we entered into a contract for the construction of EchoStar XVI, a direct broadcast satellite (“DBS”), which is expected to be completed during the second half of 2012 and will operate at the 61.5 degree orbital location. DISH Network has agreed to lease all of the capacity on this satellite from us for a portion of its useful life. As of September 30, 2011, the remaining obligation related to EchoStar XVI of $85 million, including the launch contract, is included in the table above.

- *Jupiter.* During June 2009, Hughes Communications entered into an agreement with SS/L for the construction of Jupiter, which is expected to launch in the first half of 2012. Barrett Xplore Inc. has agreed to lease the user beams designed to operate in Canada, which represents a portion of the capacity available on the Jupiter satellite. As of September 30, 2011, the remaining obligation related to Jupiter of $103 million, including the launch contract, is included in the table above.

Our “Purchase and other obligations” primarily consist of binding purchase orders for digital set-top boxes and related components, digital broadcast operations, transitional service agreements and transponder lease agreements. Our purchase obligations can fluctuate significantly from period to period due to, among other things, management’s control of inventory levels, and can materially impact our future operating asset and liability balances, and our future working capital requirements. These purchase obligations will be paid from 2011 through 2014.

The table above does not include $49 million of liabilities associated with unrecognized tax benefits which were accrued and are included on our Condensed Consolidated Balance Sheets as of September 30, 2011. We do not expect any portion of this amount to be paid or settled within the next 12 months.

In certain circumstances, the dates on which we are obligated to make these payments could be delayed. These amounts will increase to the extent we procure insurance for our satellites or contract for the construction, launch or lease of additional satellites.

Acquisition of Brazilian Orbital Slots. On August 30, 2011, we were declared the winner of the right to select two orbital slots in an auction conducted by ANATEL, the Brazilian communications regulatory authority. We initially selected the 45 degree west orbital location and the 68.5 degree west orbital location for bids of approximately $79 million and $19 million, respectively, using an exchange rate of 1.8291 as of September 30, 2011. These amounts are not included in the table above. Our right to each orbital slot has been separately challenged by other auction participants, and these challenges are pending. In addition, we must comply with certain post-auction regulatory and payment requirements before we will receive the orbital slot(s). Once we receive the orbital slot(s), the slot(s) will be used to expand our video and data capabilities in South America.

Off-Balance Sheet Arrangements

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

As of September 30, 2011, we had $21 million of contractual obligations to customers and other statutory/governmental agencies, which were secured by letters of credit and insurance bonds. Of this amount, $5 million was secured by restricted cash; $1 million related to insurance bonds; and $15 million was issued under credit arrangements available to our foreign subsidiaries. Certain letters of credit issued by our foreign subsidiaries are secured by their assets.

We currently have $7 million of foreign currency forward contracts in place to partially mitigate foreign exchange risk. We evaluate our derivative financial instruments from time to time but there can be no assurance that we will not enter into additional foreign currency forward contracts, among other things, in the future to mitigate our foreign exchange risk.

Availability of Credit

On June 1, 2011, we issued $1.1 billion aggregate principal amount of our eight-year, 6 1/2% Senior Secured Notes due June 15, 2019 at an issue price of 100.0%. Interest accrues at an annual rate of 6 1/2% and is payable semi-annually in cash, in arrears on June 15 and December 15 of each year, commencing on December 15, 2011. In addition, on June 1, 2011, we issued $900 million aggregate principal amount of our ten-year, 7 5/8% Senior Notes due June 15, 2021 at an issue price of 100.0%. Interest accrues at an annual rate of 7 5/8% and is payable semi-annually in cash, in arrears on June 15 and December 15 of each year, commencing on December 15, 2011. As discussed below, certain of our debt covenants may limit us from raising additional capital on acceptable terms or at all. See Note 8 in the Notes to our Condensed Consolidated Financial Statements for further discussion.

Future Capital Requirements

We primarily rely on our existing cash and marketable investment securities balances, as well as cash flow generated through our operations to fund our investment needs. Since we currently depend on DISH Network for a substantial portion of our revenue, our cash flow from operations depends heavily on its needs for equipment and services. As a result of DISH Network's previously disclosed higher than normal inventory levels, during the nine months ended September 30, 2011, DISH Network purchased fewer digital set-top boxes and related components from us. It is possible that DISH Network revenue will be lower in the future than it has been in the past. This decrease could have a material adverse effect on our results of operations. In addition, to the extent that DISH Network's gross subscriber additions continue to decrease or DISH Network continues to experience a net loss of subscribers, sales of our digital set-top boxes and related components to DISH Network may further decline, which in turn could have a further material adverse effect on our financial position and results of operations. In addition, we currently have two satellites under construction, EchoStar XVI and Jupiter. The expected future payments related to these satellites are $188 million. As a result, there can be no assurance that we will have positive cash flows from operations. Furthermore, if we experience negative cash flows, our existing cash and marketable investment securities balances may be reduced.

Satellites

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

Stock Repurchases

Our Board of Directors previously authorized stock repurchases of up to $500 million of our Class A common stock. On November 2, 2011, our Board of Directors extended the plan, such that we are currently authorized to repurchase up to $500 million of our outstanding shares of Class A common stock through and including December 31, 2012. As of September 30, 2011, we may repurchase up to $500 million under this plan.

Critical Accounting Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect amounts reported therein. Management bases its estimates, judgments and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates. The information presented below updates, and should be read in conjunction with, the critical accounting estimates in our Annual Report on Form 10-K for the year ended December 31, 2010.

Business Combinations. When we acquire a business, we allocate the purchase price to the various components of the acquisition based upon the fair value of each component using various valuation techniques, including the market approach, income approach and/or cost approach.

The accounting standard for business combinations requires most identifiable assets, liabilities, noncontrolling interests and goodwill acquired to be recorded at fair value. Transaction costs related to the acquisition of the business are expensed as incurred. Costs associated with the issuance of debt associated with a business combination are capitalized and included as a yield adjustment to the underlying debt's stated rate.

Acquired intangible assets other than goodwill are amortized over their estimated useful lives unless the lives are determined to be indefinite. Amortization of these intangible assets is recorded on a straight line basis over an average finite useful life primarily ranging from approximately one to twenty years or in relation to the estimated discounted cash flows over the life of the intangible.

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

Recently Adopted Accounting Guidance

In October 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2009-13 amending Accounting Standards Codification ("ASC") 605 "Revenue Recognition" related to revenue arrangements with multiple deliverables. Among other things, ASU 2009-13 provides guidance for entities in determining the accounting for multiple deliverable arrangements and establishes a hierarchy for determining the amount of revenue to allocate to the various deliverables. The adoption of ASU 2009-13 on January 1, 2011 did not have a material impact on our financial statements.

In October 2009, the FASB issued ASU 2009-14 to amend ASC 605 to change the accounting model for revenue arrangements that include both tangible products and software elements. The adoption of ASU 2009-14 on January 1, 2011 did not have a material impact on our financial statements.

New Accounting Pronouncements

In September 2011, the FASB issued ASU 2011-08 amending ASC 350 "Intangibles - Goodwill and Other" related to goodwill impairment testing. Among other things, ASU 2011-08 allows an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under these amendments, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments include a number of events and circumstances for an entity to consider in conducting the qualitative assessment. Although early adoption is allowed, the amendment is effective for impairment tests performed for fiscal years beginning after December 15, 2011. We do not expect the adoption of ASU 2010-08 to have a material impact on our financial position or results of operations.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks Associated With Financial Instruments and Foreign Currency

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

Cash, Cash Equivalents and Current Marketable Investment Securities

As of September 30, 2011, our cash, cash equivalents and current marketable investment securities had a fair value of $1.436 billion. Of that amount, a total of $1.262 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. Based on our September 30, 2011 current non-strategic investment portfolio of $1.262 billion, a hypothetical 10% increase in average interest rates would result in a decrease of approximately $12 million in fair value of this portfolio. We normally hold these investments to maturity; however, the hypothetical loss in fair value would be realized if we sold the investments prior to maturity.

Our cash, cash equivalents and current marketable investment securities had an average annual rate of return for the nine months ended September 30, 2011 of 0.6%. 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 2011 would result in a decrease of $1 million in annual interest income.

Strategic Marketable Investment Securities

As of September 30, 2011, we held strategic and financial debt and equity investments of public companies with a fair value of $174 million. These investments, which are held for strategic and financial purposes, are concentrated in a small number of companies, are highly speculative and have experienced and continue to experience volatility. The fair value of 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 $17 million in the fair value of these investments.

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

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

Restricted Cash and Marketable Investment Securities

As of September 30, 2011, we had $21 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 September 30, 2011 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.

Other Investment Securities

As of September 30, 2011, we had $278 million of public and nonpublic debt and equity instruments that we hold for strategic business purposes and account for under the cost, equity and/or fair value methods of accounting. Of this amount, $140 million relates to our investments in TerreStar Networks and TerreStar Corporation which are accounted for under the fair value method. TerreStar Networks and TerreStar Corporation filed for bankruptcy protection under the U.S. Bankruptcy Code on October 19, 2010 and February 16, 2011, respectively. Subsequent to September 30, 2011, we received $77 million related to our aggregate outstanding investments in TerreStar. See Note 4 in the Notes to the Condensed Consolidated Financial Statements for further discussion. A hypothetical 10% adverse change in the price of the $63 million remaining would result in a decrease of approximately $6 million in the fair value of these investments. The remaining amount of our other investment securities portfolio of $138 million is accounted for under the cost and/or equity methods of accounting. A hypothetical 10% adverse change in the price of these debt and equity instruments would result in a decrease of approximately $14 million in the fair value of these investments.

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

Foreign Currency Risk

We generally conduct our business in U.S. dollars. Our international business is conducted in a variety of foreign currencies, including U.S. dollars, and it is therefore exposed to fluctuations in foreign currency exchange rates. Our objective in managing our exposure to foreign currency changes is to reduce earnings and cash flow volatility associated with foreign exchange rate fluctuations. Accordingly, we may enter into foreign exchange contracts to mitigate risks associated with foreign currency denominated assets, liabilities, commitments and anticipated foreign currency transactions. As of September 30, 2011, we had an estimated $29 million of foreign currency denominated receivables and payables outstanding, and $7 million of foreign currency forward contracts in place to partially mitigate foreign currency risk. The differences between the face amount of the foreign exchange contracts and their estimated fair values were not material as of September 30, 2011. The impact of a hypothetical 10% adverse change in exchange rates on the fair value of foreign currency denominated net assets and liabilities of our foreign subsidiaries would be an estimated loss of $11 million as of September 30, 2011.

Long-Term Debt

As of September 30, 2011, we had long-term debt of $2.007 billion, excluding capital lease obligations, on our Condensed Consolidated Balance Sheets. We estimated the fair value of this debt to be approximately $1.952 billion using quoted market prices for our publicly traded debt, which constitutes approximately 99% of our debt.

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Our debt has fixed interest rates, however 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 $95 million. To the extent interest rates increase, our costs of financing would increase if and when we refinance our debt. As of September 30, 2011, a hypothetical 10% increase in assumed interest rates would increase our annual interest expense by approximately $14 million.

Derivative Financial Instruments

While in general we do not use derivative financial instruments for hedge accounting or speculative purposes, we currently have $7 million of foreign currency forward contracts in place to partially mitigate foreign exchange risk. We evaluate our derivative financial instruments from time to time but there can be no assurance that we will not enter into additional foreign currency forward contracts, among other things, in the future to mitigate our foreign exchange risk.

Item 4. CONTROLS AND PROCEDURES

Conclusions 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

On June 8, 2011, we completed the Hughes Acquisition. We are currently integrating policies, processes, people, technology and operations for the combined company. Management will continue to evaluate our internal control over financial reporting as we execute integration activities. Except as discussed above, 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

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 cases seek an indeterminate amount of damages. We regularly evaluate the status of legal proceedings in which we are involved, to assess whether a loss is probable or there is a reasonable possibility that a loss or additional loss may have been incurred and determine if accruals are appropriate. We further evaluate each legal proceeding to assess whether an estimate of the possible loss or range of possible loss can be made, if accruals are not appropriate.

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

Broadcast Innovation, L.L.C.

During 2001, Broadcast Innovation, L.L.C. ("Broadcast Innovation") filed a lawsuit against DISH Network, DirecTV, Thomson Consumer Electronics and others in United States District Court in Denver, Colorado. Broadcast Innovation is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. The suit alleges infringement of United States Patent Nos. 6,076,094 (the '094 patent) and 4,992,066 (the '066 patent). The '094 patent relates to certain methods and devices for transmitting and receiving data along with specific formatting information for the data. The '066 patent relates to certain methods and devices for providing the scrambling circuitry for a pay television system on removable cards. Subsequently, DirecTV and Thomson settled with Broadcast Innovation leaving DISH Network as the only defendant.

During 2004, the District Court issued an order finding the '066 patent invalid. Also in 2004, the District Court found the '094 patent invalid in a parallel case filed by Broadcast Innovation against Charter and Comcast. In 2005, the United States Court of Appeals for the Federal Circuit overturned that finding of invalidity with respect to the '094 patent and remanded the Charter case back to the District Court. During June 2006, Charter filed a reexamination request with the United States Patent and Trademark Office. The District Court has stayed the Charter case pending reexamination, and our case has been stayed pending resolution of the Charter case.

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 require us to materially modify certain user-friendly features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

InterAD Technologies, LLC

On September 16, 2011, InterAD Technologies, LLC filed a complaint against us and our wholly-owned subsidiary EchoStar Technologies L.L.C., as well as DISH Network L.L.C. a wholly-owned subsidiary of DISH Network, Atlantic Broadband Finance, LLC, AT&T, Inc., Bright House Networks, LLC, Cable One, Inc., Cequel Communications, LLC, Charter Communications Holding Company, LLC, Charter Communications, Inc., Comcast Corporation, Cox Communications, Inc., CSC Holdings, LLC, DirecTV, Inc., Insight Communications Company, Inc., Knology, Inc., Mediacom Broadband, LLC, RCN Telecom Services, LLC, Time Warner Cable, Inc., and Verizon, Inc. in the United States District Court for the District of Delaware alleging infringement of United States Patent No. 5,438,355, which is entitled "Interactive System for Processing Viewer Responses to Television Programming."

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.

Joao Control

During December 2010, Joao Control & Monitoring Systems ("Joao") filed suit against Sling Media Inc., our indirect wholly owned subsidiary, ACTI Corporation, ADT Security, Alarmclub.Com, American Honda Motor Company, BMW, Byremote, Drivecam, Honeywell, Iveda Corporation, Magtec Products, Mercedes-Benz, On-Net Surveillance, OnStar, SafeFreight Technology, Skyway Security, SmartVue Corporation, Toyota Motor Sales, Tyco, UTC Fire and Xanboo in the United States District Court for the Central District of California alleging infringement of United States Patent Nos. 6,549,130 and 6,587,046. The abstracts of the patents state that the claims are directed to the remote control of devices and appliances. Joao is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. During April 2011, the case was ordered to be transferred to the Northern District of California.

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 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.

LVL Patent Group, LLC

On September 15, 2011, LVL Patent Group, LLC filed a complaint against us and our wholly-owned subsidiary, EchoStar Technologies L.L.C., as well as DISH Network L.L.C. a wholly-owned subsidiary of DISH Network, and DirecTV, Inc. in the United States District Court for the District of Delaware alleging infringement of United States Patent No. 6,044,382, which is entitled "Data Transaction Assembly Server."

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.

Nazomi Communications

On February 10, 2010, Nazomi Communications, Inc. ("Nazomi") filed suit against Sling Media, Inc., our indirect wholly owned subsidiary, Nokia Corp, Nokia Inc., Microsoft Corp., Amazon.com Inc., Western Digital Corp., Western Digital Technologies, Inc., Garmin Ltd., Garmin Corp., Garmin International, Inc., Garmin USA, Inc., Vizio Inc. and iOmega Corp in the United States District Court for the Central District of California alleging infringement of United States Patent No. 7,080,362 (the '362 patent) and United States Patent No. 7,225,436 (the '436 patent). The '362 patent and the '436 patent relate to Java hardware acceleration. The suit alleges that the Slingbox-Pro-HD product infringes the '362 patent and the '436 patent because the Slingbox-PRO HD allegedly incorporates an ARM926EJ-S processor core capable of Java hardware acceleration. During 2010, the case was transferred to the Northern District of California.

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 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.

NorthPoint Technology

On July 2, 2009, NorthPoint Technology, Ltd filed suit against us, DISH Network, and DirecTV in the United States District Court for the Western District of Texas alleging infringement of United States Patent No. 6,208,636 (the '636 patent). The '636 patent relates to the use of multiple low-noise block converter feedhorns, or LNBFs, which are antennas used for satellite reception. On April 21, 2011, the U.S. Patent and Trademark Office issued an order granting reexamination of the '636 patent. On June 21, 2011, the District Court entered summary judgment in our favor, finding that all asserted claims of the '636 patent are invalid. The plaintiff has appealed.

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 are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Personalized Media Communications

During 2008, Personalized Media Communications, Inc. ("PMC") filed suit against us, DISH Network and Motorola Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent Nos. 4,694,490; 5,109,414; 4,965,825; 5,233,654; 5,335,277; and 5,887,243, which relate to satellite signal processing. PMC is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. Subsequently, Motorola Inc. settled with PMC leaving DISH Network and us as the only defendants.

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 require us to materially modify certain user-friendly features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Suomen Colorize Oy

During October 2010, Suomen Colorize Oy ("Suomen") filed suit against us and DISH Network L.L.C., an indirect wholly owned subsidiary of DISH Network, in the United States District Court for the Middle District of Florida alleging infringement of United States Patent No. 7,277,398. The abstract of the patent states that the claims are directed to a method and terminal for providing services in a telecommunication network. Suomen is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. The action has been transferred to the United States District Court for the District of Colorado.

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 are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Technology Development Licensing

On January 22, 2009, Technology Development and Licensing L.L.C. ("TDL") filed suit against us and DISH Network in the United States District Court for the Northern District of Illinois alleging infringement of United States Patent No. Re. 35,952, which relates to certain favorite channel features. TDL is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. In July 2009, the Court granted our motion to stay the case pending two reexamination petitions before the 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 require us to materially modify certain user-friendly features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

TiVo

In connection with our litigation with TiVo Inc. ("TiVo"), which is described in our periodic reports filed with the Securities and Exchange Commission, including in our annual report on Form 10-K for the year ended December 31, 2010 under the caption "Item 3. Legal Proceedings — TiVo Inc.," on April 20, 2011, the U.S. Court of Appeals for the Federal Circuit vacated the District Court's contempt ruling on infringement, articulated a new standard for determining "colorable difference" and remanded that issue back to the District Court for determination. The

Federal Circuit also vacated the District Court's amended injunction requiring that we inform the court of any further attempts to design around TiVo's United States Patent No. 6,233,389 (the '389 patent) and seek approval from the court before any such design-around is implemented. The Federal Circuit also vacated the infringement damages for the period after we deployed our original alternative technology (although it did not foreclose that damages may be reinstated if upon remand a new court or jury decision found that the original alternative technology infringed TiVo's '389 patent). The Federal Circuit affirmed the District Court's contempt ruling on disablement, holding that the original 2006 injunction required that we disable DVR functionality in all but approximately 192,000 digital set-top boxes deployed with customers (the "Disablement Provision") and affirmed the $90 million in contempt sanctions awarded against us for violating the Disablement Provision.

On April 29, 2011, we and DISH Network entered into a settlement agreement with TiVo. The settlement resolves all pending litigation between us and DISH Network, on the one hand, and TiVo, on the other hand, including litigation relating to alleged patent infringement involving certain DISH Network digital video recorders, or DVRs, which litigation is described in our periodic reports filed with the Securities and Exchange Commission including in our annual report on Form 10-K for the year ended December 31, 2010 under the caption "Item 3. Legal Proceedings — TiVo Inc."

Under the settlement agreement, all pending litigation has been dismissed with prejudice and all injunctions that permanently restrain, enjoin or compel any action by us and DISH Network have been dissolved. We and DISH Network 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. Pursuant to the terms and conditions of the agreements entered into in connection with our Spin-off from DISH Network, DISH Network made the initial payment to TiVo in May 2011, except for a contribution from us totaling approximately $10 million, representing an allocation of liability relating to our sales of DVR-enabled receivers to an international customer. Future payments will be allocated between DISH Network and us based on historical sales of certain licensed products with us being responsible for 5% of each annual payment, or approximately $10 million in total. Of our initial payment of $10 million, approximately $8 million relates to prior periods and the remaining $2 million represents a prepayment. The prepayment of $2 million plus our share of the remaining payments, a total of $12 million, will be expensed ratably from April 1, 2011 through July 31, 2018, the expiration date of the '389 patent.

In addition, under the settlement agreement, TiVo granted us a license under its '389 patent and certain related patents, for the remaining life of those patents, solely to design and make certain DVR-enabled products for DISH Network and two international customers. We granted TiVo a license under certain DVR-related patents held by us for TiVo-branded, co-branded and ingredient branded products.

We and DISH Network, on the one hand, and TiVo, on the other hand, have also agreed on mutual releases of certain related claims and agreed not to challenge each other's DVR technology-related patents that are licensed under the settlement agreement.

Because both we and DISH Network were defendants in the TiVo lawsuit, we and DISH Network were jointly and severally liable to TiVo for any final damages and sanctions that could have been awarded by the District Court. As previously disclosed, DISH Network agreed that it was obligated under the agreements entered into in connection with the Spin-off to indemnify us for substantially all liability arising from this lawsuit. We contributed an amount equal to our $5 million intellectual property liability limit under the receiver agreement, and during 2009, we recorded a charge included in "General and administrative expenses — DISH Network" on our Consolidated Statements of Operations and Comprehensive Income (Loss) for this amount to reflect this contribution. We and DISH Network have further agreed that our $5 million contribution would not exhaust our liability to DISH Network for other intellectual property claims that may arise under the receiver agreement. We and DISH Network also agreed that we would each be entitled to joint ownership of, and a cross-license to use, any intellectual property developed in connection with any potential new alternative technology. Any amounts that we are responsible for under the settlement agreement with TiVo are in addition to the $5 million contribution previously made by us.

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Vigilos, LLC

On February 23, 2011, Vigilos, LLC filed suit against us, Sling Media, Inc. and EchoStar Technologies L.L.C., two of our subsidiaries, and Monsoon Multimedia, Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 6,839,731, which is entitled "System and Method for Providing Data Communication in a Device Network." The case was transferred to the Northern District of California.

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

Other

In addition to the above actions, we are subject to various other legal proceedings and claims which arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to materially affect our financial position, results of operations or liquidity.

Item 1A. RISK FACTORS

Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2011 and June 30, 2011, include a detailed discussion of our risk factors.

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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 July 1, 2011 through September 30, 2011.

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)			
July 1 - July 31, 2011	—	$ —	—	$ 500,000
August 1 - August 31, 2011	—	$ —	—	$ 500,000
September 1 - September 30, 2011	—	$ —	—	$ 500,000
Total	—	$ —	—	$ 500,000

(1) Our Board of Directors previously authorized stock repurchases of up to $500 million of our Class A common stock. On November 2, 2011, our Board of Directors extended the plan, such that we are currently authorized to repurchase up to $500 million of our outstanding shares of Class A common stock through and including December 31, 2012. 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.

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Item 6. EXHIBITS

(a) Exhibits.

31.1+	Section 302 Certification of Chief Executive Officer.
31.2+	Section 302 Certification of Chief Financial Officer.
32.1+	Section 906 Certification of Chief Executive Officer.
32.2+	Section 906 Certification of Chief Financial Officer.
101+	The following materials from the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2011, filed on November 7, 2011, 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.*

+ Filed herewith.

* In accordance with Rule 402 of Regulation S-T, the information in this Exhibit 101 shall not be deemed “filed” for the purposes of section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by the specific reference in such filing.

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SIGNATURES

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

ECHOSTAR CORPORATION

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

By: /s/ *David J. Rayner*
David J. Rayner
Chief Financial Officer
(Principal Financial Officer)

Date: November 7, 2011

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Michael T. Dugan, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 7, 2011

/s/ Michael T. Dugan
President, Chief Executive Officer and Director

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Section 302 Certification

I, David J. Rayner, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 7, 2011

/s/ David J. Rayner

Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of EchoStar 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 September 30, 2011 (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:	November 7, 2011
Name:	/s/ *Michael T. Dugan*
Title:	President, Chief Executive Officer and Director

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.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of EchoStar 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 September 30, 2011 (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:	November 7, 2011
Name:	*/s/ David J. Rayner*
Title:	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.