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EchoStar CORP

Form 10-Q

May 10, 2018

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CORP013900000211P1YP1YP1YP5YP4YP3YP5Y0.0010.0010.0010.0010.0010.0010.0010.0010.0010.001400000000080000

0001415404 2018-01-01 2018-03-31 0001415404 us-gaap:CommonClassBMember 2018-04-30 0001415404

us-gaap:CommonClassAMember 2018-04-30 0001415404 2017-12-31 0001415404 2018-03-31 0001415404

us-gaap:CommonClassBMember 2017-12-31 0001415404 us-gaap:CommonClassBMember 2018-03-31 0001415404

sats:CommonClassDMember 2018-03-31 0001415404 us-gaap:CommonClassAMember 2018-03-31 0001415404

sats:CommonClassDMember 2017-12-31 0001415404 us-gaap:CommonClassCMember 2018-03-31 0001415404

us-gaap:CommonClassAMember 2017-12-31 0001415404 us-gaap:CommonClassCMember 2017-12-31 0001415404

us-gaap:PreferredStockMember 2018-03-31 0001415404 us-gaap:PreferredStockMember 2017-12-31 0001415404

2017-01-01 2017-03-31 0001415404 sats:PreferredTrackingStockMember 2017-12-31 0001415404

us-gaap:RetainedEarningsMember 2017-01-01 0001415404 sats:OtherNoncontrollingInterestsMember 2017-01-01

2017-03-31 0001415404 sats:OtherNoncontrollingInterestsMember 2017-03-31 0001415404

us-gaap:RetainedEarningsMember 2017-01-01 2017-03-31 0001415404 sats:PreferredTrackingStockMember

2017-01-01 0001415404 sats:OtherNoncontrollingInterestsMember 2018-01-01 2018-03-31 0001415404

us-gaap:RetainedEarningsMember 2018-01-01 2018-01-01 0001415404 us-gaap:NoncontrollingInterestMember

2017-03-31 0001415404 sats:OtherNoncontrollingInterestsMember 2017-12-31 0001415404

us-gaap:RetainedEarningsMember 2017-12-31 0001415404 us-gaap:NoncontrollingInterestMember 2017-01-01

2017-03-31 0001415404 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-01-01 2017-03-31

0001415404 sats:PreferredTrackingStockMember 2017-03-31 0001415404 us-gaap:AdditionalPaidInCapitalMember

2018-03-31 0001415404 us-gaap:TreasuryStockMember 2016-12-31 0001415404 us-gaap:TreasuryStockMember

2018-01-01 0001415404 2017-01-01 0001415404 sats:OtherNoncontrollingInterestsMember 2018-03-31 0001415404

us-gaap:RetainedEarningsMember 2017-01-01 2017-01-01 0001415404 us-gaap:AdditionalPaidInCapitalMember

2016-12-31 0001415404 us-gaap:RetainedEarningsMember 2018-03-31 0001415404

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-01-01 0001415404

sats:OtherNoncontrollingInterestsMember 2016-12-31 0001415404 us-gaap:AdditionalPaidInCapitalMember

2018-01-01 2018-03-31 0001415404 us-gaap:CommonStockMember 2017-12-31 0001415404

us-gaap:NoncontrollingInterestMember 2017-12-31 0001415404

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-03-31 0001415404

us-gaap:AdditionalPaidInCapitalMember 2017-01-01 2017-03-31 0001415404 sats:PreferredTrackingStockMember

2018-01-01 0001415404 us-gaap:NoncontrollingInterestMember 2016-12-31 0001415404

us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0001415404

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-12-31 0001415404 2018-01-01 2018-01-01

0001415404 us-gaap:TreasuryStockMember 2018-03-31 0001415404 sats:OtherNoncontrollingInterestsMember

2017-01-01 0001415404 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0001415404

us-gaap:CommonStockMember 2018-03-31 0001415404 us-gaap:CommonStockMember 2017-03-31 0001415404

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us-gaap:AdditionalPaidInCapitalMember 2017-01-01 0001415404 sats:OtherNoncontrollingInterestsMember

2018-01-01 0001415404 2017-03-31 0001415404 us-gaap:RetainedEarningsMember 2018-01-01 0001415404

2018-01-01 0001415404 us-gaap:TreasuryStockMember 2017-12-31 0001415404

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 0001415404 2016-12-31 0001415404

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2018-03-31 0001415404 sats:PreferredTrackingStockMember 2018-03-31 0001415404

us-gaap:AdditionalPaidInCapitalMember 2017-03-31 0001415404 sats:PreferredTrackingStockMember 2017-01-01

2017-03-31 0001415404 us-gaap:CommonStockMember 2017-01-01 0001415404 us-gaap:TreasuryStockMember

2017-01-01 0001415404 2017-01-01 2017-01-01 0001415404 us-gaap:CommonStockMember 2018-01-01

0001415404 us-gaap:NoncontrollingInterestMember 2018-03-31 0001415404

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-03-31 0001415404

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sats:PreferredTrackingStockMember 2016-12-31 0001415404 us-gaap:RetainedEarningsMember 2018-01-01  
2018-03-31 0001415404 us-gaap:AdditionalPaidInCapitalMember 2018-01-01 0001415404  
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-01-01 0001415404  
us-gaap:CommonStockMember 2016-12-31 0001415404 us-gaap:NoncontrollingInterestMember 2018-01-01  
0001415404 us-gaap:RetainedEarningsMember 2016-12-31 0001415404 sats:DISHNetworkMember  
sats:EchoStarTechnologiesBusinessMember sats:ShareExchangeAgreementMember 2017-02-28 0001415404  
sats:DISHNetworkMember sats:PreferredTrackingStockMember sats:HughesRetailGroupMember  
sats:SatelliteAndTrackingStockTransactionMember 2017-02-28 2017-02-28 0001415404  
us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-03-31  
0001415404 sats:AccountingStandardsUpdate201409And201601Member  
sats:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606AndAccountingStandardsUpdate201601Member  
2018-01-01 2018-03-31 0001415404 us-gaap:AccountingStandardsUpdate201601Member 2018-01-01 2018-03-31  
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us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-01-01 2018-03-31 0001415404  
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2018-01-01 2018-03-31 0001415404 us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member  
2017-12-31 0001415404 us-gaap:AccountingStandardsUpdate201409Member  
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sats:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606AndAccountingStandardsUpdate201601Member  
2017-12-31 0001415404 us-gaap:AccountingStandardsUpdate201409Member  
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sats:AccountingStandardsUpdate201409And201601Member  
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2018-03-31 0001415404 us-gaap:AccountingStandardsUpdate201618Member 2017-12-31 0001415404  
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2018-03-31 0001415404 us-gaap:ResearchAndDevelopmentExpenseMember 2018-01-01 2018-03-31 0001415404  
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2018-01-01 2018-03-31 0001415404 us-gaap:AccountingStandardsUpdate201618Member 2017-03-31 0001415404  
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2018-03-31 0001415404 sats:ContractFulfillmentCostsMember 2018-03-31 0001415404  
us-gaap:WeightedAverageMember 2018-01-01 2018-03-31 0001415404 sats:LeaseReceivableMember 2018-03-31  
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us-gaap:SegmentDiscontinuedOperationsMember 2017-01-01 2017-03-31 0001415404 us-gaap:SubsidiariesMember

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sats:DISHNetworkMember sats:HughesRetailGroupMember sats:SatelliteAndTrackingStockTransactionMember  
2014-03-01 2014-03-02 0001415404 us-gaap:ParentCompanyMember sats:DISHNetworkMember  
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sats:SatelliteAndTrackingStockTransactionMember 2014-03-01 2014-03-02 0001415404  
us-gaap:StockCompensationPlanMember 2017-01-01 2017-03-31 0001415404  
us-gaap:StockCompensationPlanMember 2018-01-01 2018-03-31 0001415404  
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember  
us-gaap:AccumulatedOtherthanTemporaryImpairmentIncludingPortionAttributableToNoncontrollingInterestMember  
2017-01-01 2017-03-31 0001415404  
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember  
us-gaap:AccumulatedNetInvestmentGainLossIncludingPortionAttributableToNoncontrollingInterestMember  
2017-01-01 2017-03-31 0001415404  
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us-gaap:AccumulatedNetInvestmentGainLossIncludingPortionAttributableToNoncontrollingInterestMember  
2018-01-01 2018-03-31 0001415404  
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2018-01-01 2018-03-31 0001415404 us-gaap:CorporateBondSecuritiesMember 2017-12-31 0001415404  
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us-gaap:OtherNonoperatingIncomeExpenseMember us-gaap:EquitySecuritiesMember 2018-01-01 2018-03-31  
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2018-03-31 0001415404 us-gaap:FairValueInputsLevel3Member 2017-12-31 0001415404  
sats:FurnitureFixturesEquipmentAndOtherMember 2017-01-01 2017-03-31 0001415404 sats:SatellitesMember  
2017-01-01 2017-03-31 0001415404 sats:SatellitesMember 2018-01-01 2018-03-31 0001415404  
us-gaap:BuildingAndBuildingImprovementsMember 2018-01-01 2018-03-31 0001415404  
sats:FurnitureFixturesEquipmentAndOtherMember 2018-01-01 2018-03-31 0001415404

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sats:CustomerRentalEquipmentMember 2018-01-01 2018-03-31 0001415404  
us-gaap:BuildingAndBuildingImprovementsMember 2017-01-01 2017-03-31 0001415404  
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sats:ProgressAmountsForSatelliteConstructionIncludingPrepaymentsUnderCapitalLeasesAndLaunchCostsMember  
2017-12-31 0001415404 sats:SatelliteRelatedEquipmentMember 2018-03-31 0001415404  
sats:ConstructionInProgressOtherMember 2018-03-31 0001415404 sats:SatelliteRelatedEquipmentMember  
2017-12-31 0001415404  
sats:ProgressAmountsForSatelliteConstructionIncludingPrepaymentsUnderCapitalLeasesAndLaunchCostsMember  
2018-03-31 0001415404 sats:ConstructionInProgressOtherMember 2017-12-31 0001415404 sats:EchoStarXMember  
2017-01-01 2017-11-30 0001415404 sats:EchoStarXMember 2017-12-31 0001415404  
us-gaap:OtherCurrentAssetsMember sats:EchoStar105SES11Member 2017-10-01 2017-10-31 0001415404  
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0001415404 sats:SatellitesMember 2018-03-31 0001415404 us-gaap:LandMember 2018-03-31 0001415404  
sats:FurnitureFixturesEquipmentAndOtherMember 2017-12-31 0001415404  
us-gaap:BuildingAndBuildingImprovementsMember 2018-03-31 0001415404  
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0001415404 sats:SatellitesMember 2017-12-31 0001415404 sats:FurnitureFixturesEquipmentAndOtherMember  
2018-03-31 0001415404 us-gaap:BuildingAndBuildingImprovementsMember 2017-12-31 0001415404  
us-gaap:ConstructionInProgressMember 2018-03-31 0001415404 us-gaap:ConstructionInProgressMember  
2017-12-31 0001415404 us-gaap:AssetsHeldUnderCapitalLeasesMember 2017-12-31 0001415404  
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0001415404 us-gaap:BuildingAndBuildingImprovementsMember us-gaap:MinimumMember 2018-01-01 2018-03-31  
0001415404 sats:SatellitesMember us-gaap:MaximumMember 2018-01-01 2018-03-31 0001415404  
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us-gaap:AssetsHeldUnderCapitalLeasesMember us-gaap:MinimumMember 2018-01-01 2018-03-31 0001415404  
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sats:SatellitesMember us-gaap:MinimumMember 2018-01-01 2018-03-31 0001415404  
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us-gaap:BuildingAndBuildingImprovementsMember us-gaap:MaximumMember 2018-01-01 2018-03-31  
0001415404 us-gaap:AssetsHeldUnderCapitalLeasesMember us-gaap:MaximumMember 2018-01-01 2018-03-31  
0001415404 sats:FurnitureFixturesEquipmentAndOtherMember us-gaap:MaximumMember 2018-01-01 2018-03-31  
0001415404 sats:EchoStar105SES11Member 2017-01-01 2017-12-31 0001415404  
us-gaap:OtherIntangibleAssetsMember 2018-01-01 2018-03-31 0001415404 us-gaap:OtherIntangibleAssetsMember  
2017-01-01 2017-03-31 0001415404 us-gaap:DevelopedTechnologyRightsMember 2017-12-31 0001415404  
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us-gaap:WeightedAverageMember 2018-01-01 2018-03-31 0001415404 us-gaap:TrademarksMember 2018-03-31  
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2017-12-31 0001415404 us-gaap:TrademarksMember us-gaap:WeightedAverageMember 2018-01-01 2018-03-31  
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2018-03-31 0001415404 sats:FiniteLivedRegulatoryAuthorizationsMember 2018-03-31 0001415404  
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2017-01-01 2017-03-31 0001415404 sats:SeniorSecuredNotes5.250PercentDue2026Member 2017-12-31 0001415404  
sats:SeniorSecuredNotes5.250PercentDue2026Member 2018-03-31 0001415404  
sats:SeniorSecuredNotes6.50PercentDue2019Member 2018-03-31 0001415404  
sats:SeniorSecuredNotes6.50PercentDue2019Member 2017-12-31 0001415404

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sats:SeniorUnsecuredNotes6.625PercentDue2026Member 2017-12-31 0001415404  
sats:UnamortizedDebtIssuanceCostsMember 2018-03-31 0001415404 sats:SeniorNotes7.625PercentDue2021Member  
2017-12-31 0001415404 sats:SeniorUnsecuredNotes6.625PercentDue2026Member 2018-03-31 0001415404  
sats:SeniorNotes7.625PercentDue2021Member 2018-03-31 0001415404 sats:UnamortizedDebtIssuanceCostsMember  
2017-12-31 0001415404 sats:EmployeeAndNonEmployeeStockOptionMember 2018-01-01 2018-03-31 0001415404  
sats:NonPerformanceBasedStockAwardsMember 2018-03-31 0001415404  
sats:EmployeeAndNonEmployeeStockOptionMember 2017-01-01 2017-03-31 0001415404  
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us-gaap:SubsidiariesMember sats:ElbitMember 2017-11-01 2017-11-30 0001415404  
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2017-02-14 2017-02-14 0001415404 sats:HughesNetworkSystemsMember sats:EchoStarCorporationMember  
sats:RealtimeDataLLCMember 2018-03-31 0001415404 sats:Patent867Member sats:RealtimeDataLLCMember  
2017-02-14 2017-02-14 0001415404 sats:HughesNetworkSystemsMember us-gaap:SubsidiariesMember  
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sats:RealtimeDataLLCMember 2017-02-14 2017-02-14 0001415404 us-gaap:MaterialReconcilingItemsMember  
sats:AllOtherSegmentsAndEliminationsMember 2018-01-01 2018-03-31 0001415404  
us-gaap:OperatingSegmentsMember sats:EchoStarSatelliteServicesBusinessMember 2018-01-01 2018-03-31  
0001415404 us-gaap:MaterialReconcilingItemsMember  
sats:RevenuefromContractwithCustomersDesignDevelopmentandConstructionServicesNetMember  
sats:AllOtherSegmentsAndEliminationsMember 2018-01-01 2018-03-31 0001415404  
sats:RevenuefromContractwithCustomersDesignDevelopmentandConstructionServicesNetMember 2018-01-01  
2018-03-31 0001415404 us-gaap:OperatingSegmentsMember  
sats:RevenuefromContractswithCustomersServicesNetMember sats:EchoStarSatelliteServicesBusinessMember  
2018-01-01 2018-03-31 0001415404 us-gaap:OperatingSegmentsMember  
sats:RevenuefromContractswithCustomersServicesNetMember sats:HughesBusinessSegmentMember 2018-01-01  
2018-03-31 0001415404 us-gaap:OperatingSegmentsMember  
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2017-01-01 2017-03-31 0001415404 sats:HughesBusinessSegmentMember 2017-01-01 2017-03-31 0001415404  
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2018-03-31 0001415404 us-gaap:IntersegmentEliminationMember sats:AllOtherSegmentsAndEliminationsMember

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2017-01-01 2017-03-31 0001415404 us-gaap:MaterialReconcilingItemsMember  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2018.**

OR

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

**Commission File Number: 001-33807**

**EchoStar Corporation**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**26-1232727**

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

**100 Inverness Terrace East, Englewood, Colorado**

(Address of principal executive offices)

**80112-5308**

(Zip Code)

**(303) 706-4000**

(Registrant's telephone number, including area code)

**Not Applicable**

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

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

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

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

Large accelerated filer

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

Accelerated filer

Smaller reporting company



Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

\_\_\_\_\_ shares of Class A common stock and 47,687,039 shares of Class B common stock, each \$0.001 par value.

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**DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS**

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

- our reliance on DISH Network Corporation and its subsidiaries (“DISH Network”) for a significant portion of our revenue;
- significant risks related to the construction, launch and operation of our satellites, such as the risk of material malfunction on one or more of our satellites, risks resulting from delays or failures of launches of our satellites and potentially missing our regulatory milestones, changes in the space weather environment that could interfere with the operation of our satellites, and our general lack of commercial insurance coverage on our satellites;
- our ability to realize the anticipated benefits of our current satellites and any future satellite we may construct or acquire;
- our ability to implement and realize benefits of our domestic and/or international investments, commercial alliances, partnerships, joint ventures, acquisitions and other strategic initiatives;
- the failure of third-party providers of components, manufacturing, installation services and customer support services to appropriately deliver the contracted goods or services;
- our ability to bring advanced technologies to market to keep pace with our customers and competitors; and
- risk related to our foreign operations and other uncertainties associated with doing business internationally, including changes in foreign exchange rates between foreign currencies and the United States dollar, economic instability and political disturbances.

Other factors that could cause or contribute to such differences include, but are not limited to, those discussed under the caption “Risk Factors” in Part II, Item 1A of this Form 10-Q and in Part I, Item 1A of our most recent Annual Report on Form 10-K (“Form 10-K”) filed with the Securities and Exchange Commission (“SEC”), those discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part I, Item 2 of this Form 10-Q and in Part II, Item 7 of our Form 10-K and those discussed in other documents we file with the SEC.

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

Although we believe that the expectations reflected in any forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievements. We do not assume responsibility for

the accuracy and completeness of any forward-looking statements. We assume no responsibility for updating forward-looking information contained or incorporated by reference herein or in any documents we file with the SEC, except as required by law.

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

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Table of Contents**PART I — FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****ECHOSTAR CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share amounts)

	<b>As of</b>	
	<b>March 31,</b>	<b>December</b>
	<b>2018</b>	<b>31, 2017</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$2,239,591	\$2,431,456
Marketable investment securities, at fair value	1,060,733	814,161
Trade accounts receivable and contract assets, net (Note 3)	166,182	196,840
Trade accounts receivable - DISH Network, net	56,861	43,295
Inventory	85,995	83,595
Prepays and deposits	59,751	54,533
Other current assets	13,163	91,671
Total current assets	3,682,276	3,715,551
<b>Noncurrent Assets:</b>		
Property and equipment, net	3,461,004	3,465,471
Regulatory authorizations, net	536,548	536,936
Goodwill	504,173	504,173
Other intangible assets, net	55,273	58,955
Investments in unconsolidated entities	173,601	161,427
Other receivables - DISH Network	93,287	92,687
Other noncurrent assets, net	255,582	214,814
Total noncurrent assets	5,079,468	5,034,463
Total assets	\$8,761,744	\$8,750,014
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities:</b>		
Trade accounts payable	\$103,785	\$108,406
Trade accounts payable - DISH Network	3,742	4,753
Current portion of long-term debt and capital lease obligations	41,424	40,631
Contract liabilities	65,333	65,959
Accrued interest	57,297	47,616
Accrued compensation	32,905	47,756
Accrued expenses and other	105,291	98,769
Total current liabilities	409,777	413,890
<b>Noncurrent Liabilities:</b>		
Long-term debt and capital lease obligations, net	3,585,972	3,594,213
Deferred tax liabilities, net	433,174	436,023
Other noncurrent liabilities	127,306	128,503
Total noncurrent liabilities	4,146,452	4,158,739
Total liabilities	4,556,229	4,572,629
Commitments and contingencies (Note 15)		

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### Stockholders' Equity:

Preferred stock, \$.001 par value, 20,000,000 shares authorized, none issued and outstanding at each of March 31, 2018 and December 31, 2017	—	—
Common stock, \$.001 par value, 4,000,000,000 shares authorized:		
Class A common stock, \$.001 par value, 1,600,000,000 shares authorized, 53,932,336 shares issued and 48,400,018 shares outstanding at March 31, 2018 and 53,663,859 shares issued and 48,131,541 shares outstanding at December 31, 2017	54	54
Class B convertible common stock, \$.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding at each of March 31, 2018 and December 31, 2017	48	48
Class C convertible common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of March 31, 2018 and December 31, 2017	—	—
Class D common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of March 31, 2018 and December 31, 2017	—	—
Additional paid-in capital	3,685,577	3,669,461
Accumulated other comprehensive loss	(111,413 )	(130,154 )
Accumulated earnings	714,423	721,316
Treasury stock, at cost	(98,162 )	(98,162 )
Total EchoStar Corporation stockholders' equity	4,190,527	4,162,563
Other noncontrolling interests	14,988	14,822
Total stockholders' equity	4,205,515	4,177,385
Total liabilities and stockholders' equity	\$8,761,744	\$8,750,014

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

Table of Contents**ECHOSTAR CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share amounts)

(Unaudited)

**For the three months  
ended March 31,  
2018      2017****Revenue:**

Services and other revenue - DISH Network	\$ 103,805	\$ 114,955
Services and other revenue - other	355,040	269,791
Equipment revenue	42,947	48,405
Total revenue	501,792	433,151

**Costs and expenses:**

Cost of sales - services and other (exclusive of depreciation and amortization)	143,793	131,783
Cost of sales - equipment (exclusive of depreciation and amortization)	44,023	43,938
Selling, general and administrative expenses	103,275	82,991
Research and development expenses	7,137	7,705
Depreciation and amortization	145,554	115,083
Total costs and expenses	443,782	381,500
Operating income	58,010	51,651

**Other income (expense):**

Interest income	15,635	8,291
Interest expense, net of amounts capitalized	(62,751 )	(45,396 )
Gains (losses) on investments, net	(36,663 )	12,035
Other-than-temporary impairment loss on available-for-sale securities	—	(3,298 )
Equity in earnings (losses) of unconsolidated affiliates, net	(1,009 )	6,408
Other, net	204	1,072
Total other expense, net	(84,584 )	(20,888 )
Income (loss) from continuing operations before income taxes	(26,574 )	30,763
Income tax benefit, net	5,403	12
Net income (loss) from continuing operations	(21,171 )	30,775
Net income from discontinued operations	—	6,577
Net income (loss)	(21,171 )	37,352
Less: Net loss attributable to noncontrolling interest in HSS Tracking Stock (Note 1)	—	(655 )
Less: Net income attributable to other noncontrolling interests	380	292
Net income (loss) attributable to EchoStar Corporation	(21,551 )	37,715
Less: Net loss attributable to Hughes Retail Preferred Tracking Stock (Note 1)	—	(1,209 )
Net income (loss) attributable to EchoStar Corporation common stock	\$ (21,551 )	\$ 38,924

**Amounts attributable to EchoStar Corporation common stock:**

Net income (loss) from continuing operations	\$ (21,551 )	\$ 32,347
Net income from discontinued operations	—	6,577
Net income (loss) attributable to EchoStar Corporation common stock	\$ (21,551 )	\$ 38,924

**Weighted-average common shares outstanding - Class A and B common stock:**

Basic	95,888	94,745
Diluted	95,888	95,893

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**Earnings (losses) per share - Class A and B common stock:**

Basic:		
Continuing operations	\$ (0.22 )	\$ 0.34
Discontinued operations	—	0.07
Total basic earnings (losses) per share	\$ (0.22 )	\$ 0.41
Diluted:		
Continuing operations	\$ (0.22 )	\$ 0.34
Discontinued operations	—	0.07
Total diluted earnings (losses) per share	\$ (0.22 )	\$ 0.41

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



Table of Contents**ECHOSTAR CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(In thousands, except per share amounts)

(Unaudited)

	<b>For the three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Comprehensive income (loss):</b>		
Net income (loss)	\$(21,171 )	\$37,352
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	8,592	24,038
Unrealized gains (losses) on available-for-sale securities and other	(532 )	20,032
Recognition of realized gains on available-for-sale securities in net income (loss)	—	(2,756 )
Recognition of other-than-temporary impairment loss on available-for-sale securities in net income (loss)	—	3,298
Total other comprehensive income, net of tax	8,060	44,612
Comprehensive income (loss)	(13,111 )	81,964
Less: Comprehensive loss attributable to noncontrolling interest in HSS Tracking Stock	—	(655 )
Less: Comprehensive income attributable to other noncontrolling interests	166	292
Comprehensive income (loss) attributable to EchoStar Corporation	\$(13,277 )	\$82,327

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

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Table of Contents**ECHOSTAR CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

(In thousands)

(Unaudited)

	Class A and B Common Stock	Hughes Preferred Tracking Stock	Retail Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings	Treasury Stock	Noncontrolling Interest in HSS Tracking Stock	Other Noncontrolling Interests	Total
<b>Balance, December 31, 2016</b>	\$ 100	\$ 6	\$ 3,828,677	\$ (124,803 )	\$ 314,247	\$ (98,162 )	\$ 73,910	\$ 12,830	\$ 4,006,805
Cumulative effect of adoption of ASU 2016-09 as of January 1, 2017	—	—	—	—	14,508	—	—	—	14,508
<b>Balance, January 1, 2017</b>	100	6	3,828,677	(124,803 )	328,755	(98,162 )	73,910	12,830	4,021,313
Issuances of Class A common stock:									
Exercise of stock options	1	—	28,037	—	—	—	—	—	28,038
Employee benefits	—	—	11,199	—	—	—	—	—	11,199
Employee Stock Purchase Plan	—	—	2,409	—	—	—	—	—	2,409
Stock-based compensation	—	—	956	—	—	—	—	—	956
Reacquisition and retirement of Tracking Stock pursuant to Share Exchange Agreement (Note 1)	—	(6 )	(226,815 )	—	—	—	(73,255 )	—	(300,076 )
R&D tax credits utilized by DISH Network	—	—	(93 )	—	—	—	—	—	(93 )
Other	—	—	—	101	—	—	—	—	101
Net income (loss)	—	—	—	—	37,715	—	(655 )	292	37,352
Foreign currency translation adjustment	—	—	—	24,038	—	—	—	—	24,038
Unrealized gains and impairment on available-for-sale securities, net	—	—	—	20,473	—	—	—	—	20,473
<b>Balance, March 31, 2017</b>	\$ 101	\$ —	\$ 3,644,370	\$ (80,191 )	\$ 366,470	\$ (98,162 )	\$ —	\$ 13,122	\$ 3,845,710
<b>Balance, December 31, 2017</b>	\$ 102	\$ —	\$ 3,669,461	\$ (130,154 )	\$ 721,316	\$ (98,162 )	\$ —	\$ 14,822	\$ 4,177,385
Cumulative effect of adoption of ASU 2014-09 and ASU 2016-01 as of January 1, 2018 (Note 2)	—	—	—	10,467	14,658	—	—	—	25,125
<b>Balance, January 1, 2018</b>	102	—	3,669,461	(119,687 )	735,974	(98,162 )	—	14,822	4,202,510
Issuances of Class A common stock:									
Exercise of stock options	—	—	3,456	—	—	—	—	—	3,456
Employee benefits	—	—	7,605	—	—	—	—	—	7,605
Employee Stock Purchase Plan	—	—	2,636	—	—	—	—	—	2,636
Stock-based compensation	—	—	2,765	—	—	—	—	—	2,765
R&D tax credits utilized by DISH Network	—	—	(218 )	—	—	—	—	—	(218 )
Other	—	—	(128 )	(100 )	—	—	—	—	(228 )
Net income (loss)	—	—	—	—	(21,551 )	—	—	380	(21,171 )
Foreign currency translation adjustment	—	—	—	8,806	—	—	—	(214 )	8,592
Unrealized losses on available-for-sale securities, net	—	—	—	(432 )	—	—	—	—	(432 )
<b>Balance, March 31, 2018</b>	\$ 102	\$ —	\$ 3,685,577	\$ (111,413 )	\$ 714,423	\$ (98,162 )	\$ —	\$ 14,988	\$ 4,205,515

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

Table of Contents**ECHOSTAR CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

(Unaudited)

	<b>For the three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Net income (loss)	\$(21,171 )	\$37,352
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	145,554	126,742
Amortization of debt issuance costs	1,936	1,790
Equity in (earnings) losses of unconsolidated affiliates, net	1,009	(5,249 )
Loss (gain) and impairment on investments, net	36,673	(8,737 )
Stock-based compensation	2,765	956
Deferred tax (benefit) provision	(7,036 )	343
Dividend received from unconsolidated entity	—	7,500
Changes in current assets and current liabilities, net	(13,313 )	(13,857 )
Changes in noncurrent assets and noncurrent liabilities, net	(13,982 )	(6,003 )
Other, net	2,840	518
Net cash flows from operating activities	135,275	141,355
Cash flows from investing activities:		
Purchases of marketable investment securities	(562,611 )	(45,905 )
Sales and maturities of marketable investment securities	298,596	209,923
Expenditures for property and equipment	(128,506 )	(102,463 )
Refunds and other receipts related to capital expenditures	77,524	—
Sale of investment in unconsolidated entity	—	17,781
Expenditures for externally marketed software	(7,148 )	(10,832 )
Net cash flows from investing activities	(322,145 )	68,504
Cash flows from financing activities:		
Repayment of debt and capital lease obligations	(9,368 )	(8,736 )
Net proceeds from Class A common stock options exercised	3,481	26,325
Net proceeds from Class A common stock issued under the Employee Stock Purchase Plan	2,636	2,409
Cash exchanged for Tracking Stock (Note 1)	—	(651 )
Other, net	(1,508 )	(1,475 )
Net cash flows from financing activities	(4,759 )	17,872
Effect of exchange rates on cash and cash equivalents	(242 )	715
Net increase (decrease) in cash and cash equivalents, including restricted amounts	(191,871 )	228,446
Cash and cash equivalents, including restricted amounts, beginning of period	2,432,249	2,571,866
Cash and cash equivalents, including restricted amounts, end of period	\$2,240,378	\$2,800,312
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest (including capitalized interest)	\$55,172	\$54,053
Capitalized interest	\$4,099	\$21,824
Cash paid for income taxes	\$839	\$1,035
Employee benefits paid in Class A common stock	\$7,605	\$11,199
Property and equipment financed under capital lease obligations	\$38	\$7,485
Increase (decrease) in capital expenditures included in accounts payable, net	\$585	\$(6,315 )

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Capitalized in-orbit incentive obligations	\$—	\$31,000
Non-cash net assets exchanged for Tracking Stock (Note 1)	\$—	\$299,425

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

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

**Note 1. Organization and Business Activities**

**Principal Business**

EchoStar Corporation (which, together with its subsidiaries, is referred to as “EchoStar,” the “Company,” “we,” “us” and/or “our”) is a holding company that was organized in October 2007 as a corporation under the laws of the State of Nevada. We are a global provider of satellite service operations, video delivery services, broadband satellite technologies and broadband internet services for home and small office customers. We also deliver innovative network technologies, managed services, and various communications solutions for aeronautical, enterprise and government customers. Our Class A common stock is publicly traded on the Nasdaq Global Select Market under the symbol “SATS.”

We primarily operate in the following two business segments:

**Hughes** — which provides broadband satellite technologies and broadband internet services to domestic and international home and small office customers and broadband network technologies, managed services, equipment, hardware, satellite services and communication solutions to domestic and international consumers and aeronautical, enterprise and government customers. The Hughes segment also designs, provides and installs gateway and terminal equipment to customers for other satellite systems. In addition, our Hughes segment designs, develops, constructs and provides telecommunication networks comprising satellite ground segment systems and terminals to mobile system operators and our enterprise customers.

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

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