

EchoStar CORP  
Form 10-Q  
November 06, 2015  
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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 SEPTEMBER 30, 2015.**

**OR**

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

**FOR THE TRANSITION PERIOD FROM                      TO                      .**

**Commission File Number: 001-33807**

## EchoStar Corporation

(Exact Name of Registrant as Specified in Its Charter)

**Nevada**

(State or Other Jurisdiction of Incorporation or Organization)

**26-1232727**

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

**100 Inverness Terrace East, Englewood, Colorado**  
(Address of Principal Executive Offices)

**80112-5308**  
(Zip Code)

**(303) 706-4000**

(Registrant's Telephone Number, Including Area Code)

**Not Applicable**

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

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

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

As of October 28, 2015, the registrant's outstanding common stock consisted of 44,906,535 shares of Class A common stock and 47,687,039 shares of Class B common stock.



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**DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q ( 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, ca. 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 our primary customer, DISH Network Corporation and its subsidiaries ( DISH Network ), for a significant portion of our revenue;
- the impact of variable demand and the adverse pricing environment for digital set-top boxes;
- dependence on our ability to successfully manufacture and sell our digital set-top boxes in increasing volumes on a cost-effective basis and with acceptable quality;
- our ability to bring advanced technologies to market to keep pace with our competitors;
- significant risks related to the construction, launch and operation of our satellites, such as the risk of material malfunction on one or more of our satellites, changes in the space weather environment that could interfere with the operation of our satellites, and our general lack of commercial insurance coverage on our satellites;
- our failure to adequately anticipate the need for satellite capacity or the inability to obtain satellite capacity for our Hughes segment; and

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- the failure of third-party providers of components, manufacturing, installation services and customer support services to appropriately deliver the contracted goods or services.

Other factors that could cause or contribute to such differences include, but are not limited to, those discussed under the caption **Risk Factors** in Part II, Item 1A of this 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** herein and in 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.

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## PART I FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

## ECHOSTAR CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

	September 30, 2015 (Unaudited)	As of December 31, 2014 (Audited)
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 779,105	\$ 549,053
Marketable investment securities, at fair value	807,662	1,139,103
Trade accounts receivable, net of allowance for doubtful accounts of \$13,543 and \$14,188, respectively	177,553	163,232
Trade accounts receivable - DISH Network, net of allowance for doubtful accounts of zero	247,453	251,669
Inventory	73,956	62,963
Prepaid expenses	63,776	67,164
Deferred tax assets	95,525	87,208
Other current assets	12,623	7,699
Total current assets	2,257,653	2,328,091
<b>Noncurrent Assets:</b>		
Restricted cash and marketable investment securities	19,258	18,945
Property and equipment, net of accumulated depreciation of \$2,910,823 and \$2,899,353, respectively	3,320,222	3,194,793
Regulatory authorizations, net	544,343	568,378
Goodwill	510,630	510,630
Other intangible assets, net	147,535	195,662
Investments in unconsolidated entities	214,431	159,962
Other receivable - DISH Network	90,793	90,241
Other noncurrent assets, net	184,278	187,296
Total noncurrent assets	5,031,490	4,925,907
Total assets	\$ 7,289,143	\$ 7,253,998
<b>Liabilities and Stockholders Equity</b>		
<b>Current Liabilities:</b>		
Trade accounts payable	\$ 211,905	\$ 188,282
Trade accounts payable - DISH Network	23,247	32,474
Current portion of long-term debt and capital lease obligations	32,228	41,912
Deferred revenue and prepayments	69,239	71,708
Accrued compensation	31,658	32,117
Accrued royalties	22,306	27,590
Accrued interest	41,790	8,905
Accrued expenses and other	110,492	114,745
Total current liabilities	542,865	517,733
<b>Noncurrent Liabilities:</b>		
Long-term debt and capital lease obligations, net of current portion	2,195,985	2,325,775
Deferred tax liabilities	745,959	679,524
Other noncurrent liabilities	100,767	107,328
Total noncurrent liabilities	3,042,711	3,112,627

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Total liabilities	3,585,576	3,630,360
Commitments and Contingencies (Note 14)		
<b>Stockholders Equity:</b>		
Preferred Stock, \$.001 par value, 20,000,000 shares authorized:		
Hughes Retail Preferred Tracking Stock, \$.001 par value, 13,000,000 shares authorized, 6,290,499 issued and outstanding at each of September 30, 2015 and December 31, 2014	6	6
Common stock, \$.001 par value, 4,000,000,000 shares authorized:		
Class A common stock, \$.001 par value, 1,600,000,000 shares authorized, 50,432,666 shares issued and 44,900,348 shares outstanding at September 30, 2015 and 49,576,247 shares issued and 44,043,929 shares outstanding at December 31, 2014	50	50
Class B common stock, \$.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding at each of September 30, 2015 and December 31, 2014	48	48
Class C common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of September 30, 2015 and December 31, 2014		
Class D common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of September 30, 2015 and December 31, 2014		
Additional paid-in capital	3,755,547	3,706,122
Accumulated other comprehensive loss	(112,001)	(55,856)
Accumulated earnings (deficit)		