

EchoStar CORP
Form 8-K
March 01, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 26, 2010**

ECHOSTAR CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation)

001-33807
(Commission File Number)

26-1232727
(IRS Employer
Identification No.)

100 INVERNESS TERRACE E.
ENGLEWOOD, COLORADO
(Address of principal executive offices)

80112
(Zip Code)

(303) 706-4000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement. On February 26, 2010, EchoStar Satellite Acquisition L.L.C. (*ESA LLC*), a wholly owned subsidiary of EchoStar Corporation (*EchoStar*), entered into a Stock Purchase Agreement (the *SPA*) with Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria, Nacional Financiera, S.N.C., Institución de Banca de Desarrollo, Dirección Fiduciaria and Satélites Mexicanos, S.A. de C.V. (*Satmex*), pursuant to which *ESA LLC* and a Mexican joint venture partner will together acquire all of the outstanding share capital of *Satmex*, a Mexican satellite operator that operates three satellites and two satellite uplink facilities, delivering video, audio and data services. Under the terms of the *SPA*, *Satmex* will be acquired in exchange for approximately \$267 million in cash, plus up to \$107 million in cash on *Satmex*'s balance sheet at closing, as a result of which total cash of up to \$374 million may be available for *Satmex*'s stakeholders. The purchase price is subject to further adjustments, including adjustments for working capital at closing and capital expenditures between signing and closing. *EchoStar* has agreed to guarantee the pre-closing payment obligations of *ESA LLC*.

The transaction is subject to the successful redemption or repurchase of a sufficient percentage of *Satmex*'s existing First Priority Senior Secured Notes due 2011 and Second Priority Senior Secured Notes due 2013 (together, the *Satmex* Notes) to enable any remaining *Satmex* Notes to be redeemed at the earliest optional redemption date with *Satmex*'s resources, together with a return to *Satmex* equity holders, if any, sufficient to obtain certain corporate approvals on behalf of the *Satmex* equity holders (including approval of a committee of the *Satmex* board responsible for evaluating any sale of *Satmex* shares). The transaction is also contingent upon other closing conditions, including actions with respect to construction of a replacement satellite for *Satmex 5*, completion of an evaluation of the operational capabilities of *Satmex*'s satellites, approvals under applicable U.S. export laws and other customary closing conditions such as U.S. and Mexican regulatory review and receipt of regulatory approvals.

The *SPA* contemplates that *Satmex* will offer to purchase all outstanding *Satmex* Notes for cash contingent upon and payable at the closing and would solicit consents to amend the indentures under which the *Satmex* Notes were issued to eliminate substantially all of the covenants and waive all defaults. *EchoStar* has been advised by *Satmex* that an Ad Hoc Committee of holders of the *Satmex* Notes has been formed, which has engaged advisors to assist in the negotiation of the terms of the redemption or repurchase and the consent solicitation, and *Satmex* has agreed to pay certain fees and expenses incurred by the Committee in this process. *EchoStar* anticipates that this process will be difficult and time consuming, and there can be no assurance that *Satmex* will be able to repurchase or redeem the *Satmex* Notes and obtain the required consents on terms that will be acceptable to each of the parties as well as the *Satmex* equity holders. The press release announcing the *SPA* is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits:

99.1 Press Release EchoStar to Acquire Mexican Satellite Operator Satmex

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 hereunto duly authorized.

ECHOSTAR CORPORATION

Date: February 26, 2010

By: */s/ R. Stanton Dodge*
R. Stanton Dodge
Executive Vice President,
General Counsel and Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release EchoStar to Acquire Mexican Satellite Operator Satmex