

**VIA U.S. REGISTERED MAIL & ELECTRONIC MAIL**

February 5, 2024

EchoStar Corporation  
100 Inverness Terrace East  
Englewood, CO 80112  
Attn: Board of Directors

c/o Mr. Dean Manson  
Chief Legal Officer  
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[dean.manson@echostar.com](mailto:dean.manson@echostar.com)

Re: EchoStar's Silence Since January 22, 2024, Public Letter – EchoStar Corporation (the “**Company**” or “**EchoStar**”)

Ladies and Gentlemen of the EchoStar Board of Directors (the “**Board**”):

The Buxton Helmsley Group, Inc. (“**BHG**” or “**we**”) addresses the Board here after our public letter issued on January 22, 2024 (the “**January 22 Letter**”). One could hear a pin drop since we laid out this Board's apparent knowledge of the evidential accounting and securities fraud occurring at DISH Network Corporation (“**DISH**”), with this Board's abhorrent response (as discussed in the January 22 Letter) being to strip DISH of its assets out of apparent fear of being pegged on such concealed, evidenced insolvency.

We believe it is extremely telling that this leadership has, to our knowledge, entirely refrained from commenting after inquiries (to the Company) from journalists regarding BHG's January 22 Letter. This Company and Board cannot even bring themselves to deny BHG's allegations (and it would be laughable if it only did so now, after this letter), making it crystal clear to us this leadership is aware of the validity of our allegations. With such an effective “pleading the fifth” by this leadership (utter silence, amid clear attempts to bury news regarding the January 22 Letter with positive Company press releases), your investors should now even more clearly see the writing on the wall. That said, your investors certainly are already coming to such a realization, with EchoStar's stock price having declined approximately 16% in the days since the January 22 Letter. Yet, this Board has sat in utter silence; it is pathetic.

We wish to highlight (and make very clear) that BHG's allegations of apparent accounting and securities fraud occurring at this Company have been based on the actions taken by this leadership and that of DISH. DISH's board of directors, at the time of signing onto the DISH-EchoStar “merger” agreement, conceded that the open market had long been efficiently valuing the Company's assets, despite that

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leadership concealing apparent knowledge (of assets being worth tens of billions of dollars less than what was being certified, as a result of that evidentially snowballing depreciation, concealed since Q1 2021) within periodic filings with the U.S. Securities and Exchange Commission (the “**SEC**”).

On this front, it is also important to point out that any (even material) contingent liability exposure remains moot when it comes to DISH’s evidenced net asset insolvency, given that DISH’s senior unsecured notes rank higher in creditor status than any possibly valid contingent liability exposure (though, contingent liability exposure certainly impacts transactional leverage, and therefore asset values, as is the reason why contingent liability exposure is a “triggering event” under GAAP ASC 350/360). Further, even DISH’s secured notes are trading far below par value, and at interest rates astronomical for such “secured” debt securities, which indicates the notes are not being fully secured by asset value. This fact further validates Standard & Poor’s 0% recovery opinion on major senior unsecured bond issues of DISH. Further validating the evidence (and picture as a whole), the majority of secured debt issues at DISH have a Standard & Poor’s recovery rating of 80%, and *no secured debt issue of DISH has a 100% recovery rating.* (emphasis added)

In addition, the Company is offering certain (“certain” is the key word) senior unsecured bondholders an asset distribution (a recovery), at a time of evidential net asset insolvency, while other prejudiced bondholders (ranking equivalent in capital structure seniority) may be shortly turned to an empty bag, which is a starkly apparent creditor preference violation at a time of evidenced insolvency. Is it not laughable how everything aligns except this Company’s disclosures (and the Company’s actions endlessly contradicting those disclosures)?

This begs the question: If the Company’s bonds are trading at such distressed levels and interest rates that indicate such an under-securement of asset value, why would a potential acquirer give consideration (as part of a bid) any real material extent higher? The validity of that logical question is, once again, re-affirmed by DISH apparently having received no competing bids for its assets anywhere near what was being certified within DISH financial statements at the time when DISH and EchoStar were “negotiating”. Rational bidders (for assets where a company has such “narrow paths”, as DISH leadership has said) tend not to throw money at the wall where they are not required to (by bidding higher than the evidenced fair value of asset(s) they wish to acquire).<sup>1</sup>

### **Company Bonds are Strangely Trading at Astronomical Interest Rates, for a Reason.**

We will also clearly spell out that the Company’s bonds trading at such astronomical interest rates are the inherent result of negative cash flow offsets (over the future) anticipated by bidders of capital structure interests (and, thereby, the Company’s assets); when it comes to bidding for assets, such negative cash flow offsets are also inherently part of deriving the fair value (you do not just take into account the positive cash flows, which is apparently how financial statements have been formulated here).

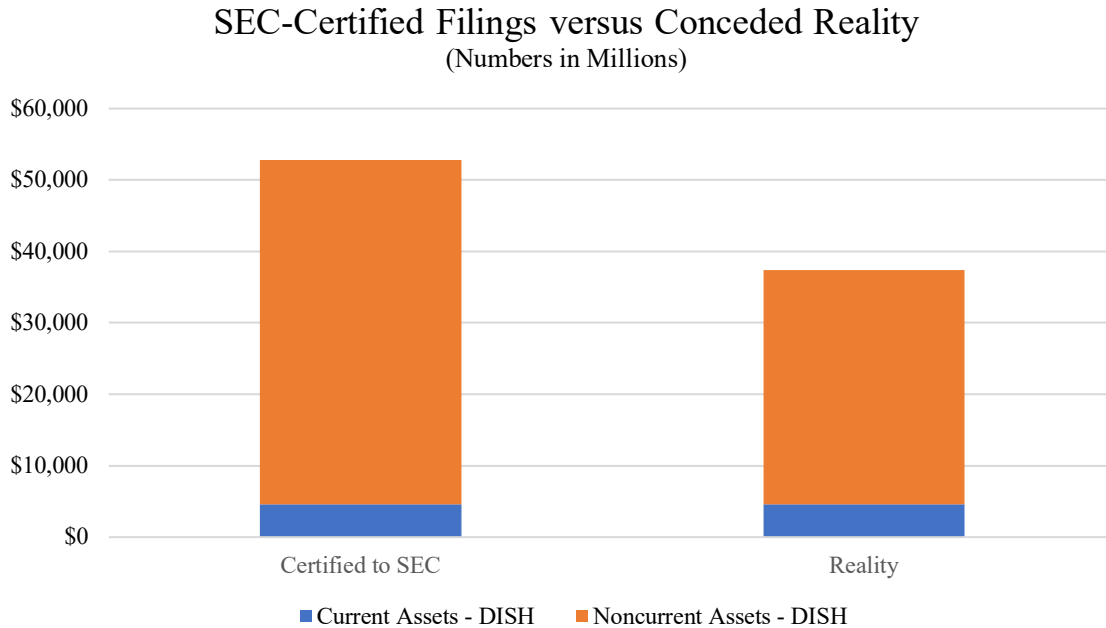
We believe it will help readers to give a visual presentation as to the evidentially inflated, but conceded *very maximum*<sup>2</sup> fair value of assets implied by DISH and EchoStar, as part of their “merger” negotiations

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<sup>1</sup> Let alone, DISH had long lost a material amount of transactional leverage, as thoroughly discussed within the January 22 Letter.

<sup>2</sup> We say “maximum” based on the value consideration agreed to as part of the DISH-EchoStar “merger”, even despite the evidence that EchoStar agreed to stunning over-consideration for DISH equity (in the midst of the glaring conflicts of interest thoroughly discussed in our January 22 Letter).

(and solidified by their subsequent “merger” agreement), compared to what has been certified within periodic filings with the SEC:



We also wish to highlight that KPMG has long been the auditor of both DISH and EchoStar. Whether KPMG failed to adequately audit DISH (failing to conduct sufficient due diligence to realize that DISH’s assets were impaired (had depreciated) by tens of billions of dollars more than what was being certified by their audit client’s management), and/or DISH’s management concealed their belief of assets being worth tens of billions of dollars less than what they were leading their auditors to believe (the former possibility seems an apparent given, even if the second possibility were true), it is clear to us KPMG has a duty to this Company’s public investors to resign from such a client engagement under the circumstances, or else not dispute that they had a part in this apparent accounting and securities fraud. KPMG was apparently either duped by their audit client’s management and/or KPMG colossally failed to engage in adequate due diligence (particularly, depreciation testing); the latter is, again, an apparent given. KPMG can pick which of those circumstances was the reality (or both), but either circumstance calls for their immediate resignation.

In addition, EchoStar has indicated within their definitive “merger” statement that they apparently intend to further violate GAAP (and, therefore, also Regulation S-X) by recording DISH’s assets at the historically reported carrying values, when DISH has already implicated such carrying values to have been inflated far beyond their true, fair value (by tens of billions of dollars). With such an intent to continue the apparent violations of GAAP (a continuance of the apparent accounting and securities fraud), once again, KPMG needs to resign. We remind the Board that, when we look at the pre-“merger” financial statements of EchoStar, the picture is disturbingly similar (nearly identical, in our view) to what had been occurring at DISH. In other words, look at the EchoStar’s pre-“merger” financial statements since 2020. Then look at how materially investors have adjusted their valuations in the open market since that time. Very material losses in reality, but – on paper – there are virtually none, very magically; just the same as DISH. Once again, this is not shocking, given that both companies were not only under

common control pre-“merger”, but also since KPMG was the auditor for both companies. Since KPMG so apparently colossally failed to engage in adequate due diligence at one of the companies (DISH), that does not bode well for the integrity of the financial statements of EchoStar (provides virtually *zero* “assurance”, in our eyes, and we believe other investors would share our view), and especially when the picture is so disturbingly similar compared to DISH.

### **EchoStar Terminates Most Debt Exchange Offers**

We must also point out that the Company, after BHG’s January 22 Letter, has now announced terminating most debt exchange offers. How shocking...

That said, the Company is apparently still continuing on its path of certain of more than one debt exchange offer (related to the convertible notes), in the midst of the proposed security interests not only being a product of apparent fraudulent conveyances, but also in the midst of a continued failure to disclose (within the prospectus related to those exchange offers) that the Company stripped those DISH assets (that this Company is now attempting to re-collateralize) after this Board was written in private by BHG as to such evidential insolvency at DISH being concealed from financial statements being filed with the SEC.

This is yet another instance of apparent securities fraud occurring at EchoStar; a very apparent material omission from that prospectus. When those assets are clawed back, and those bondholders are then likely not repaid (and do not have the promised collateral securing their debt interests), as this leadership has already disclosed would be likely in the instance of those asset transfers being deemed a fraudulent conveyance by a court,<sup>3</sup> how on earth can you all say you did you not defraud those investors by failing to disclose you stripped those assets from DISH *after* BHG’s private letters pegging this company on evidenced, concealed insolvency (massively heightening the risk that those conveyances would be deemed fraudulent)? Just because *we* have informed the public of very apparent material omissions from SEC filings does not mean that *you* (the Company, and this Board) have disclosed those matters within SEC filings, as you are obligated to do. If you think you do not need to disclose that issue within your prospectus related to those debt exchange offers, investors should then *really* not trust a word this Company says (let alone, invest a dime, in our view), with the knowledge that this leadership is somehow able to delusionally rationalize that not constituting a material omission.

With respect to the remaining, still-pending debt exchange offers (not yet cancelled), this Company is apparently attempting to further violate the U.S. Bankruptcy Code by distributing an asset/recovery (in the form of a bond) to senior unsecured creditors, when even DISH’s *secured* bondholders are thoroughly evidenced to be materially impaired (under-secured by asset value), which is – again – supported by Standard & Poor’s 0% recovery rating on major senior unsecured bond issues of DISH. This Company already apparently violated the absolute priority rule (an apparent fraudulent conveyance), by having distributed assets (a recovery) to DISH’s equity holders. Now, you are further affirming the validity of that allegation (a fraudulent conveyance to DISH equity holders) being the reality with your implicit admission that bondholders are under-secured by asset value (the still-pending debt exchange offers would not otherwise involve such a massive haircut for those bondholders being offered a debt swap). As apparently demanded by the *ad hoc* bondholder group represented by Milbank, those still-pending exchange offers which expressly run counter to the absolute priority rule, at a time of evidenced insolvency, must also be cancelled. Nothing this Company says or does adds up; with every step being

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<sup>3</sup> See January 22 Letter (Page 4)

taken, the Company appears to be exponentially self-destructing its integrity. Further, KPMG is apparently going along with these despicable actions; that is, unless they resign.

Lastly, we will address Chief Financial Officer Veronika Takacs, once again (given that she apparently has not yet resigned). We wish to point out to her that, with one of the last companies we investigated and exposed for similar improprieties and unethical actions, senior executives (particularly, a Chief Executive Officer and Vice President of Finance) who held out before resigning (until the situation spiraled out of control), or did not resign at all, apparently – on information available to us (LinkedIn profiles, Bloomberg data, SEC filings, etc.) and subsequent belief – have yet to secure another similar full-time executive-level position, *more than two years later*. That apparent short-term lapse of judgment (merely to continue receiving a paycheck) was not worth the long-term effects (such as an extended lack of a paycheck), quite clearly. This Board and management could attempt to entice Ms. Takacs to abandon acting on her beliefs as to what constitutes ethical and legal conduct at a company (possibly attempting to convince her not to resign in the face of such appalling conduct at this Company), but the long-term effects of abandoning her instincts will almost surely have long-term consequences for her career, whereas she could avoid that by simply resigning.

These are public matters now, this Company has not even denied our allegations of accounting and securities fraud, and it is abhorrent if Ms. Takacs remains standing by such a company. We remain with high hopes for Ms. Takacs' personal moral compass than to go along with this scheme, and we hope that she will prove to the investing public that this is conduct that she *will not* stand behind. Otherwise, it will appear as though she endorses and is a willing part of such conduct.

We look forward to continuing to highlight additional improper and hypocritical actions and statements made by this Board and management related to these issues. The Company would be wise to continue remaining silent (a truly double-edged sword) or will otherwise almost surely further impeach itself (beginning to give excuses for this situation will almost surely further implicate violations of accounting standards and securities laws). Creditors, in the meantime, should take immediate action to protect their interests, as they have a real apparent problem (seemingly, ballooning by the day) on their hands with this present Board and management. There is a reason why analysts are publicly cited to believe that the asset stripping from DISH will continue,<sup>4</sup> and that prediction (which we agree with) – if proven true – will leave bondholders even further harmed, if they do not intervene (and immediately). Time is ticking.

Very Truly Yours,

A handwritten signature in black ink, appearing to read 'AEP', with a long horizontal flourish extending to the right.

Alexander E. Parker  
Senior Managing Director  
The Buxton Helmsley Group, Inc.

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<sup>4</sup> “At Dish Network, a bondholder vs. shareholder fight is brewing” (*Axios*, published January 25, 2024): <https://www.axios.com/2024/01/25/dish-network-bonds-debt>

EchoStar Corporation, *et al.*

February 5, 2024

Page 6 of 7

Cc (by e-mail and post): Ms. Veronika Takacs  
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Mr. Jaime Lizárraga, Commissioner

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