

FOR IMMEDIATE RELEASE

## Hughes Communications, Inc. Announces Third Quarter 2006 Results

*Hughes Network Systems, LLC Third Quarter 2006 Revenues Increase over Third Quarter 2005 to \$210 million  
EBITDA Increases to \$33 Million; New Orders Increase to \$183 million*

**Germantown, Md., November 14, 2006**—Hughes Communications, Inc. (NASDAQ: HUGH) (“Hughes”), the global leader in broadband satellite network solutions and services, today announced financial results for the quarter ended September 30, 2006, its third quarter as a publicly traded company. Hughes' consolidated operations are classified into three reportable segments: VSAT, Telecom Systems, and Other. The VSAT and Telecom Systems represent all of the operations of Hughes Network Systems, LLC (“HNS”), Hughes' principal operating subsidiary. The Other segment includes the financial results of Hughes Corporate, Electronic System Products, Inc., and the minority interest in the other companies that were contributed from SkyTerra Communications, Inc. (“SkyTerra”), Hughes' predecessor, prior to the separation of SkyTerra and Hughes in February 2006.

### Hughes Network Systems, LLC (HNS)

“We are pleased that the company continues to deliver on its business plan, both financially and strategically,” said Pradman Kaul, President and Chief Executive Officer. “The enterprise business in both North America and International continues to be the strong base on which we are growing the VSAT business, with significant orders from Sonic Industries, U.S. Satellite, GTECH, TJMaxx, Telefonica, Banco do Brazil and Ericsson. Earlier in the year we also had indicated that the major driver of our growth would be the consumer/SMB (small/medium business) market. In the third quarter of 2006, our gross subscriber additions were over 35,000, a robust increase of approximately 5,000 over the second quarter of 2006, resulting in the subscriber count exceeding 313,000 at the end of the quarter, and a 21% revenue increase over the third quarter of 2005. Our mobile satellite business is also showing excellent growth, as we recognize revenues from our system contracts with Thuraya, Terrestar, ICO, and Mobile Satellite Ventures.”

Set forth below is a table highlighting certain of HNS' results for the three months and nine months ended September 30, 2006 and September 30, 2005:

Hughes Network Systems, LLC				
(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenue				
VSAT	\$ 186,608	\$ 187,316	\$ 551,772	\$ 525,922
Telecom Systems	23,007	13,302	63,138	52,856
<b>Total</b>	<b>\$ 209,615</b>	<b>\$ 200,618</b>	<b>\$ 614,910</b>	<b>\$ 578,778</b>
Operating income (loss)				
VSAT	\$ 13,740	\$ 15,568	\$ 19,194	\$ 5,682
Telecom Systems	6,312	3,786	13,529	9,660
<b>Total</b>	<b>\$ 20,052</b>	<b>\$ 19,354</b>	<b>\$ 32,723</b>	<b>\$ 15,342</b>
<b>Net income (loss)</b>	<b>\$ 12,142</b>	<b>\$ 12,333</b>	<b>\$ 7,908</b>	<b>\$ 2,105</b>
<b>EBITDA</b>	<b>\$ 32,937</b>	<b>\$ 29,980</b>	<b>\$ 63,303</b>	<b>\$ 47,791</b>
<b>Adjusted EBITDA<sup>a</sup></b>	<b>\$ 33,920</b>	<b>\$ 30,883</b>	<b>\$ 80,164</b>	<b>\$ 73,723</b>
<b>New Orders</b>	<b>\$ 183,353</b>	<b>\$ 164,898</b>	<b>\$ 570,627</b>	<b>\$ 539,138</b>

a) For the definition of Adjusted EBITDA, see “Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures” below.

Commenting on the financial performance, Grant Barber, Executive Vice President and CFO said, “As you can see from the table above, our revenue, net income, EBITDA, and Adjusted EBITDA have shown steady improvement in the nine month period ended September 2006 over the same period in 2005. Our ongoing focus on working capital management resulted in ending the quarter with a strong balance sheet including \$203 million of cash and marketable securities at HNS and a consolidated cash and marketable securities balance for Hughes of \$215 million.”

### **Selected Third Quarter Highlights**

- Received notification from NASDAQ that Hughes’ common stock was approved for listing on the NASDAQ Global Market and trading commenced on Friday, September 22, 2006 with ‘HUGH’ as the trading symbol;
- Booked new orders of \$183 million in the third quarter of 2006, up 11% over the same period in 2005;
- Announced the completion of a 30-day program of rigorous over-the-air (OTA) testing of the broadband IP networking capabilities of the SPACEWAY™ system on DIRECTV’s SPACEWAY 2 satellite;
- Announced an agreement between Microsoft Corporation India Pvt. Ltd and Hughes India for the roll out of 5,000 broadband-enabled ICT (Information & Communications Technology) kiosks, which will be deployed across 200 small towns and rural areas across the country;
- Launched a Virtual Private Network (VPN) for Nabors Industries, Ltd., the largest drilling contractor in the world, using the continent-wide HughesNet™ service;
- Began the rollout of HughesNet broadband Internet access service to 800 schools in the state of Parana, located in the southern part of Brazil, through a contract with Copel Telecom, a wholly owned subsidiary of COPEL Inc.;
- Announced the completion of an agreement with Cabela’s, the world’s largest mail order, retail and Internet outdoor outfitter, to provide HughesNet Access Continuity Service. HughesNet Access Continuity Service uses satellite broadband technology to create a truly diverse access path from a primary terrestrial network; and
- Established a cooperative agreement with Telecom Italia Sparkle, Hughes, Intelsat, and Telespazio to provide high-quality broadband satellite services for Italian businesses operating in Eastern Europe and North Africa, utilizing the new Marco Polo technology platform.

To summarize, Kaul said, “Our fundamental message is the same today as it was nine months ago—a strong enterprise segment that provides the core revenue with loyal customers who commit to long-term contracts. In addition, growth is fueled by the consumer/SMB and mobile satellite markets. Our next-generation satellite, SPACEWAY 3, is on schedule to be launched in the first half of 2007 and should be in commercial service later in 2007. We expect that SPACEWAY will substantially reduce our costs and open up new revenue opportunities going forward. We believe that all of the above, combined with solid financial performance for the first three quarters of this year, have positioned HNS very well for the future.”

### **Hughes Communications, Inc. (Hughes)**

On January 1, 2006, Hughes consummated the purchase (the “January 2006 Acquisition”) from DTV Network Systems, Inc. of the remaining 50% of HNS. As a result of the January 2006 Acquisition, Hughes’ business has changed materially. For periods following the closing of the January 2006 Acquisition, the financial position and operating results of HNS are included in Hughes’ consolidated financial statements. From April 22, 2005 (the date of the acquisition of the initial 50% interest in HNS) through December 31, 2005, Hughes’ investment in HNS is recorded using the equity method of accounting.

Certain financial information for Hughes is shown below. The financial information for the three and nine months ended September 30, 2006 is a combination of the HNS and Other Businesses.

<b>Hughes Communications, Inc.</b>				
(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenue				
VSAT	\$ 186,608	\$ -	\$ 551,772	\$ -
Telecom Systems	23,007	-	63,138	-
Other	146	196	385	443
<b>Total</b>	<b>\$ 209,761</b>	<b>\$ 196</b>	<b>\$ 615,295</b>	<b>\$ 443</b>
Operating income (loss)				
VSAT	\$ 13,740	\$ -	\$ 19,194	\$ -
Telecom Systems	6,312	-	13,529	-
Other	(742)	(1,501)	(3,276)	(5,594)
<b>Total</b>	<b>\$ 19,310</b>	<b>\$ (1,501)</b>	<b>\$ 29,447</b>	<b>\$ (5,594)</b>
<b>Net income (loss)</b>	<b>\$ 11,369</b>	<b>\$ 5,558</b>	<b>\$ (48,570)</b>	<b>\$ 1,656</b>
<b>EBITDA<sup>a</sup></b>	<b>\$ 32,002</b>	<b>\$ 5,262</b>	<b>\$ 58,805</b>	<b>\$ 478</b>

a) For the definition of EBITDA, see "Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures" below.

The net loss for the nine months ended September 30, 2006 includes a tax charge of approximately \$51.3 million in connection with the SkyTerra/Hughes separation. As Hughes is the accounting successor to SkyTerra, the taxes associated with the separation are included in Hughes' results for the quarter ended March 31, 2006 and a portion of the deferred tax assets were utilized to satisfy the tax expense resulting from the taxable gain. Accordingly, Hughes does not expect this expense to have a significant impact on its cash from operations.

### Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures

The following table reconciles the differences between HNS' net income as determined under United States of America generally accepted accounting principles (GAAP), EBITDA and Adjusted EBITDA.

<b>Hughes Network Systems, LLC</b>				
(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
<b>Net income (loss)</b>	<b>\$ 12,142</b>	<b>\$ 12,333</b>	<b>\$ 7,908</b>	<b>\$ 2,105</b>
Add:				
Interest expense	11,158	9,182	30,898	15,787
Foreign income tax expense (benefit)	1,068	56	2,055	490
Depreciation and amortization	11,520	9,436	28,736	31,085
Less:				
Interest income	(2,951)	(1,027)	(6,294)	(1,676)
<b>EBITDA</b>	<b>\$ 32,937</b>	<b>\$ 29,980</b>	<b>\$ 63,303</b>	<b>\$ 47,791</b>
Add:				
Inventory provision related to shift to Broadband focus	-	-	11,879	-
HughesNet branding costs	-	-	1,454	-
Facilities costs	-	-	-	2,363
Transaction costs related to the April 2005 Acquisition	-	-	-	979
Elimination of payroll and benefits reflective of headcount reductions	-	-	-	5,418
Assumed net reduction of SPACEWAY operating costs	-	-	-	4,542
Restructuring charge	-	-	-	3,068
Benefits/insurance programs sponsored by DIRECTV	653	653	1,960	6,944
Legal expenses related to non-acquired business	-	-	-	2,178
Legal settlement and related fees - pre-April 2005 Acquisition	-	-	586	-
Equity incentive plan compensation	80	-	232	-
Management fee to Hughes Communications, Inc.	250	250	750	440
<b>Adjusted EBITDA</b>	<b>\$ 33,920</b>	<b>\$ 30,883</b>	<b>\$ 80,164</b>	<b>\$ 73,723</b>

The following table reconciles the differences between Hughes' net income as determined under GAAP and EBITDA:

<b>Hughes Communications, Inc.</b>				
(Dollars in thousands)	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2006	2005	2006	2005
<b>Net income (loss)</b>	\$ 11,369	\$ 5,558	\$ (48,570)	\$ 1,656
Add:				
Interest expense	11,159	-	32,648	-
Income tax expense	1,068	-	52,889	-
Depreciation and amortization	11,520	6	28,736	20
Less:				
Interest income	(3,114)	(302)	(6,898)	(1,198)
<b>EBITDA</b>	<b>\$ 32,002</b>	<b>\$ 5,262</b>	<b>\$ 58,805</b>	<b>\$ 478</b>

The condensed financial statements of Hughes and HNS as of September 30, 2006 and for the three and nine months ended September 30, 2006 are attached to this press release.

Note:

EBITDA is defined as earnings (loss) before interest, income taxes, depreciation and amortization. Adjusted EBITDA is used in calculating covenant compliance under HNS' credit agreement and the indenture governing HNS' 9½% Senior Notes due 2014. Adjusted EBITDA is defined as EBITDA further adjusted to exclude certain adjustments, including the net costs of SPACEWAY for the first quarter of 2005 to reflect the effects of the implementation of the SPACEWAY services agreement with DIRECTV, Inc. as if it had occurred on January 1, 2005. EBITDA and Adjusted EBITDA are not recognized terms under GAAP. EBITDA and Adjusted EBITDA do not represent net income or cash flows from operations, as these terms are defined under GAAP, and should not be considered as alternatives to net income as an indicator of operating performance or to cash flows as a measure of liquidity. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of cash flow available to management for discretionary use, as such measures do not consider certain cash requirements such as capital expenditures (including expenditures on VSAT operating lease hardware and capitalized software development costs), tax payments, and debt service requirements (including VSAT operating lease hardware). EBITDA and Adjusted EBITDA as presented herein are not necessarily comparable to similarly titled measures reported by other companies. EBITDA and Adjusted EBITDA are presented herein because HNS and Hughes use such information in their review of the performance of management and in the performance of their business. In addition, information concerning Adjusted EBITDA is being presented because it reflects important components included in the financial covenants under the senior note indenture and HNS' credit agreement.

**About Hughes Communications, Inc.**

Hughes Communications, Inc. (NASDAQ:HUGH) is the 100 percent owner of Hughes Network Systems, LLC. Hughes is the global leader in providing broadband satellite networks and services for enterprises, governments, small businesses, and consumers. HughesNet encompasses all broadband solutions and managed services from Hughes, bridging the best of satellite and terrestrial technologies. Its broadband satellite products are based on the IPoS (IP over Satellite) global standard, approved by the TIA, ETSI, and ITU standards organizations. To date, Hughes has shipped more than one million systems to customers in over 100 countries.

Headquartered outside Washington, D.C., in Germantown, Maryland, USA, Hughes maintains sales and support offices worldwide. For more information, please visit [www.hughes.com](http://www.hughes.com).

## **Safe Harbor Statement under the U.S. Private Securities Litigation Reform Act of 1995**

This press release may contain statements that are forward looking, as that term is defined by the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, discussions regarding industry outlook and Hughes' expectations regarding the performance of its business, its future liquidity and capital resource needs, its strategic plans and objectives and the ability to launch and deploy SPACEWAY 3. These forward-looking statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. When used in this release, the words "believe," "anticipate," "estimate," "expect," "intend," "project," "plans" and similar expressions and the use of future dates are intended to identify forward-looking statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. These statements are subject to certain risks, uncertainties and assumptions, including, but not limited to, the following: risks related to Hughes' substantial leverage and restrictions contained in its debt agreements, technological developments, its reliance on providers of satellite transponder capacity, changes in demand for Hughes' services and products, competition, industry trends, regulatory changes, foreign currency exchange rate fluctuations and other risks identified and discussed under the caption "Risk Factors" in Hughes' Annual Report on Form 10-K for the year ended December 31, 2005 filed with the Securities and Exchange Commission on April 17, 2006 and in the other documents Hughes files with the Securities and Exchange Commission from time to time.

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### **Attachments**

Hughes Communications, Inc.  
Condensed Consolidated Balance Sheets  
Condensed Consolidated Statements of  
Operations  
Condensed Consolidated Statements of Cash  
Flows

Hughes Network Systems, LLC  
Condensed Balance Sheets  
Condensed Statements of Operations  
Condensed Statements of Cash Flows

**HUGHES COMMUNICATIONS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Dollars in Thousands)

	<b>September 30, 2006</b>	<b>December 31, 2005</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents.....	\$ 131,151	\$ 21,964
Short-term investments.....	83,753	6,000
Receivables, net.....	168,284	47
Inventories, net.....	56,598	-
Prepaid expenses and other.....	45,184	3,330
Deferred income taxes.....	1,007	23,378
Asset held for sale.....	-	468
<b>Total current assets</b> .....	<b>485,977</b>	<b>55,187</b>
Property, net.....	291,888	18
Capitalized software costs, net.....	32,636	-
Intangible assets, net.....	31,211	-
Investment in Hughes Network Systems, LLC.....	-	75,282
Investment in Mobile Satellite Ventures LP.....	-	42,761
Deferred income taxes.....	1,014	26,956
Other assets.....	41,733	5,133
<b>Total Assets</b> .....	<b>\$ 884,459</b>	<b>\$ 205,337</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current Liabilities		
Accounts payable.....	\$ 47,340	\$ 2,380
Short term borrowings.....	23,864	-
Accrued liabilities.....	116,837	2,473
Due to affiliates.....	6,845	-
Liabilities held for sale.....	-	525
<b>Total current liabilities</b> .....	<b>194,886</b>	<b>5,378</b>
Long-term debt.....	465,295	-
Other long-term liabilities.....	10,162	-
<b>Total liabilities</b> .....	<b>670,343</b>	<b>5,378</b>
Minority interests.....	5,032	8,474
Commitments and contingencies		
Series A Redeemable Convertible Preferred Stock, \$0.01 par value, net of amortized discount of \$28,194 at December 31, 2005.....	-	93,100
Stockholders' Equity		
Preferred stock, \$0.001 par value. Authorized 1,000,000 shares, no shares issued and outstanding.....	-	-
Preferred stock, \$0.01 par value. Authorized 10,000,000 shares, issued 1,199,077 shares as Series A Redeemable Convertible Preferred Stock at December 31, 2005.....	-	-
Common stock, \$0.001 par value. Authorized 64,000,000 shares; issued and outstanding 18,817,289 shares at September 30, 2006 and 4,365,988 shares at December 31, 2005.....	19	4
Non-voting common stock, \$0.01 par value. Authorized 50,000,000 shares; issued and outstanding 4,495,106 shares at December 31, 2005.....	-	45
Additional paid in capital.....	625,702	473,737
Accumulated deficit.....	(419,865)	(371,295)
Accumulated other comprehensive income (loss).....	3,228	(4,106)
<b>Total Stockholders' Equity</b> .....	<b>209,084</b>	<b>98,385</b>
<b>Total Liabilities and Stockholders' Equity</b> .....	<b>\$ 884,459</b>	<b>\$ 205,337</b>

**HUGHES COMMUNICATIONS, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
(Dollars in Thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
Revenues				
Services .....	\$ 112,215	\$ 196	\$ 325,257	\$ 443
Hardware sales .....	97,546	-	290,039	-
Total Revenues .....	<u>209,761</u>	<u>196</u>	<u>615,296</u>	<u>443</u>
Operating costs and expenses				
Cost of services .....	80,022	47	227,374	279
Cost of hardware products sold .....	74,175	-	237,193	-
Research and development .....	3,786	-	18,032	-
Sales and marketing .....	18,363	-	58,200	-
General and administrative .....	12,973	1,650	41,653	5,758
Amortization of intangibles .....	1,132	-	3,397	-
Total Operating Costs and Expenses .....	<u>190,451</u>	<u>1,697</u>	<u>585,849</u>	<u>6,037</u>
Operating Income (Loss) .....	19,310	(1,501)	29,447	(5,594)
Interest expense .....	(11,158)	-	(32,648)	-
Equity in earnings of Hughes Network Systems, LLC .....	-	6,364	-	12,887
Equity in loss of Mobile Satellite Ventures LP .....	-	(1,563)	(1,521)	(7,519)
Other income, net .....	4,285	1,320	8,843	2,176
Income before discontinued operations and taxes .....	12,437	4,620	4,121	1,950
Income tax expense .....	(1,068)	-	(52,889)	-
Income (loss) before discontinued operations .....	11,369	4,620	(48,768)	1,950
Income (loss) from discontinued operations .....	-	938	(42)	(294)
Gain on sale of discontinued operations .....	-	-	240	-
Net Income (Loss) .....	11,369	5,558	(48,570)	1,656
Cumulative dividends and accretion of convertible preferred stock to liquidation value .....	-	(2,492)	(1,454)	(7,477)
Net Income (Loss) Attributable to Common Stockholders .....	<u>\$ 11,369</u>	<u>\$ 3,066</u>	<u>\$ (50,024)</u>	<u>\$ (5,821)</u>
Basic earnings (loss) per common share:				
Continuing operations .....	\$ 0.60	\$ 0.24	\$ (3.15)	\$ (0.63)
Discontinued operations .....	-	0.11	0.01	(0.03)
Basic net earnings (loss) per share .....	<u>\$ 0.60</u>	<u>\$ 0.35</u>	<u>\$ (3.14)</u>	<u>\$ (0.66)</u>
Diluted earnings (loss) per common share:				
Continuing operations .....	\$ 0.60	\$ 0.23	\$ (3.15)	\$ (0.63)
Discontinued operations .....	-	0.10	0.01	(0.03)
Net earnings (loss) per share .....	<u>\$ 0.60</u>	<u>\$ 0.33</u>	<u>\$ (3.14)</u>	<u>\$ (0.66)</u>
Basic weighted average common shares outstanding .....	18,811,645	8,852,753	15,941,853	8,790,831
Diluted weighted average common shares outstanding .....	<u>19,059,227</u>	<u>9,310,806</u>	<u>15,941,853</u>	<u>8,790,831</u>

**HUGHES COMMUNICATIONS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in thousands)

	Nine Months Ended September 30,	
	2006	2005
<b>Cash Flows from Operating Activities</b>		
Net (loss) income.....	\$ (48,570)	\$ 1,656
Adjustments to reconcile net loss to cash flows from operating activities:		
Loss on discontinued operations .....	42	294
Depreciation and amortization .....	28,736	20
Amortization of debt issuance cost .....	698	-
Equity plan compensation expense .....	2,087	736
Equity in earnings of Hughes Network Systems, LLC .....	-	(12,887)
Equity in losses of unconsolidated affiliates .....	1,970	7,519
Loss on investments in affiliates.....	-	1,211
Gain on disposal of assets.....	(221)	(49)
Deferred income taxes.....	48,313	-
Gain on receipt of equity from unconsolidated affiliate.....	(1,787)	-
Minority interest.....	(22)	(1,531)
Compensation for issuance of warrants by consolidated subsidiary.....	-	56
Change in other operating assets and liabilities, net of acquisitions:		
Receivables, net.....	35,583	(40)
Inventories, net.....	17,367	-
Prepaid expenses and other .....	3,946	5,419
Deferred revenue.....	-	(21)
Accounts payable .....	(22,814)	(5,050)
Accrued liabilities and other.....	(16,731)	(226)
Net cash provided by (used in) continuing operations .....	48,597	(2,893)
Net cash (used in) provided by discontinued operations .....	(9)	(932)
Net cash provided by (used in) operating activities .....	48,588	(3,825)
<b>Cash Flows from Investing Activities</b>		
Purchase interest in HNS, LLC.....	-	(50,000)
Cash paid for investments in affiliates.....	-	(562)
Change in restricted cash.....	2,001	(3,060)
Net (purchases) sales of short-term investments.....	(67,219)	49,251
Expenditures for property .....	(53,835)	(3)
Proceeds from sale of property and intangibles.....	669	74
Sales of investment in affiliates.....	-	517
Expenditures for capitalized software .....	(12,962)	-
Acquisitions/divestitures, net of cash received .....	12,870	-
Other, net .....	(54)	-
Net cash used in continuing operations .....	(118,530)	(3,783)
Net cash used in discontinued operations .....	-	(58)
Net cash used in investing activities .....	(118,530)	(3,841)
<b>Cash Flows from Financing Activities</b>		
Net decrease in notes and loans payable .....	(1,463)	-
Debt borrowing from Apollo .....	100,000	-
Debt repayment to Apollo .....	(100,000)	-
Proceeds from rights offering .....	100,000	-
Distribution to SkyTerra .....	(8,789)	-
Payment of dividends on preferred stock .....	(1,394)	(4,182)
Proceeds from short term borrowings.....	-	229
Proceeds from exercise of stock options and warrants .....	1,982	80
Repurchase of common stock of consolidated subsidiary .....	-	(4)
Long-term debt borrowings .....	454,452	-
Repayment of long-term debt .....	(354,415)	-
Debt issuance cost.....	(11,169)	-
Net cash provided by (used in) continuing operations .....	179,204	(3,877)
Net cash provided by (used in) discontinued operations .....	-	-
Net cash provided by (used in) financing activities .....	179,204	(3,877)
Effect of exchange rate changes on cash and cash equivalents.....		
	(75)	15
Net increase in cash and cash equivalents .....	109,187	(11,528)
Cash and cash equivalents at beginning of the period.....	21,964	34,759
Cash and cash equivalents at end of the period.....	\$ 131,151	\$ 23,231
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest.....	\$ 18,729	\$ -
Cash paid for income taxes.....	\$ 3,983	\$ -

**HUGHES NETWORK SYSTEMS, LLC**  
**CONDENSED BALANCE SHEETS**  
(Dollars in Thousands)  
(Unaudited)

	<b>Consolidated Successor</b>	
	<b>September 30, 2006</b>	<b>December 31, 2005</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents.....	\$ 121,861	\$ 113,267
Marketable securities.....	81,426	13,511
Receivables, net.....	168,002	200,982
Inventories, net.....	56,598	73,526
Prepaid expenses and other.....	44,500	48,672
<b>Total Current Assets</b> .....	<b>472,387</b>	<b>449,958</b>
Property, net.....	291,888	259,578
Capitalized software costs, net.....	32,636	16,664
Intangible assets, net.....	31,211	-
Other assets.....	36,516	30,324
<b>Total Assets</b> .....	<b>\$ 864,638</b>	<b>\$ 756,524</b>
 <b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Accounts payable.....	\$ 46,235	\$ 51,294
Short term borrowings.....	23,864	29,616
Accrued liabilities.....	115,681	130,601
Due to affiliates.....	7,087	18,960
<b>Total Current Liabilities</b> .....	<b>192,867</b>	<b>230,471</b>
Long-term debt.....	465,295	342,406
Due to affiliates - long term.....	-	8,967
Other long-term liabilities.....	10,162	3,494
<b>Total Liabilities</b> .....	<b>668,324</b>	<b>585,338</b>
Commitments and contingencies		
Minority interests.....	5,013	6,594
Equity:		
Class A membership units.....	176,061	125,768
Class B membership units.....	-	-
Retained earnings.....	7,908	46,571
Accumulated other comprehensive income (loss).....	7,332	(7,747)
<b>Total Equity</b> .....	<b>191,301</b>	<b>164,592</b>
<b>Total Liabilities and Equity</b> .....	<b>\$ 864,638</b>	<b>\$ 756,524</b>

**HUGHES NETWORK SYSTEMS, LLC**  
**CONDENSED STATEMENTS OF OPERATIONS**  
(Dollars in Thousands)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenues:				
Services .....	\$ 112,069	\$ 109,882	\$ 324,871	\$ 313,431
Hardware sales.....	97,546	90,736	290,039	265,347
Total Revenues .....	<u>209,615</u>	<u>200,618</u>	<u>614,910</u>	<u>578,778</u>
Operating costs and expenses:				
Cost of services.....	79,987	77,210	227,311	221,318
Cost of hardware products sold .....	74,175	66,641	237,193	206,271
Research and development.....	3,786	7,494	18,032	31,745
Sales and marketing.....	18,363	18,476	58,200	58,021
General and administrative.....	12,120	11,443	38,054	44,456
Restructuring costs				1,625
Amortization of intangibles .....	1,132	-	3,397	-
Total Operating Costs and Expenses .....	<u>189,563</u>	<u>181,264</u>	<u>582,187</u>	<u>563,436</u>
Operating Income .....	20,052	19,354	32,723	15,342
Interest expense .....	(11,158)	(9,182)	(30,898)	(15,787)
Other income, net .....	4,316	2,217	8,138	3,040
Income Before Income Taxes .....	13,210	12,389	9,963	2,595
Income tax expense .....	(1,068)	(56)	(2,055)	(490)
<b>Net Income</b> .....	<u><b>\$ 12,142</b></u>	<u><b>\$ 12,333</b></u>	<u><b>\$ 7,908</b></u>	<u><b>\$ 2,105</b></u>

**HUGHES NETWORK SYSTEMS, LLC**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
(Dollars in Thousands)

	Consolidated Successor		Consolidated Predecessor	
	Nine Months Ended September 30, 2006	April 23 to September 30, 2005	January 1, to April 22, 2005	
<b>Cash Flows from Operating Activities:</b>				
Net income (loss) .....	\$ 7,908	\$ 24,628	\$ (22,523)	
Adjustments to reconcile net (loss) income to cash flows from operating activities:				
Depreciation and amortization .....	28,736	17,351	13,734	
Amortization of debt issuance cost .....	698	607	60	
Net unrealized loss (gain) on investment .....	-	1,081	-	
Gain on receipt of equity from unconsolidated affiliates.....	(1,787)	-	-	
Equity plan compensation expense.....	233	49	-	
Change in other operating assets and liabilities:				
Receivables, net.....	35,844	(15,408)	5,438	
Inventories, net.....	17,367	8,142	2,738	
Prepaid expenses and other .....	4,392	4,721	(3,965)	
Accounts payable .....	(21,918)	14,879	(31,721)	
Accrued liabilities and other.....	(16,024)	(4,503)	(16,457)	
Net Cash Provided by (Used in) Operating Activities .....	<u>55,449</u>	<u>51,547</u>	<u>(52,696)</u>	
<b>Cash Flows from Investing Activities</b>				
Change in restricted cash.....	(363)	(4,521)	1,978	
Purchase of short-term investments, net.....	(67,893)	(13,544)	-	
Expenditures for property .....	(53,835)	(13,065)	(22,912)	
Expenditures for capitalized software.....	(12,962)	(6,493)	(3,273)	
Proceeds from sale of property and intangibles.....	669	-	-	
Other, net .....	206	(1,044)	(958)	
Net Cash Used in Investing Activities .....	<u>(134,178)</u>	<u>(38,667)</u>	<u>(25,165)</u>	
<b>Cash Flows from Financing Activities</b>				
Net (decrease) increase in notes and loans payable .....	(1,463)	(3,502)	871	
Net borrowings from DIRECTV.....	-	(1,467)	(108,868)	
Long-term debt borrowings .....	454,452	17,208	327,775	
Repayment of long-term debt .....	(354,415)	(18,964)	(30,141)	
Debt issuance costs.....	(11,169)	-	(10,482)	
Net Cash Provided by (Used in) Financing Activities .....	<u>87,405</u>	<u>(6,725)</u>	<u>179,155</u>	
Effect of exchange rate changes on cash and cash equivalents.....	(82)	(6,591)	5,669	
Net increase (decrease) in cash and cash equivalents .....	8,594	(436)	106,963	
Cash and cash equivalents at beginning of the period.....	113,267	121,770	14,807	
<b>Cash and Cash Equivalents at End of Period .....</b>	<b><u>\$ 121,861</u></b>	<b><u>\$ 121,334</u></b>	<b><u>\$ 121,770</u></b>	
<b>Supplemental Cash Flow Information:</b>				
Cash paid for interest.....	\$ 16,979	\$ 13,734	\$ 1,496	
Cash paid for income taxes.....	\$ 1,800	\$ 493	\$ 208	
<b>Supplemental Non-Cash Disclosure Due to Acquisition by Hughes Communications, Inc.</b>				
Increase in assets acquired.....	\$ 29,399			
Increase in liabilities assumed .....	(18,162)			
<b>Increase in net assets acquired.....</b>	<b><u>\$ 11,237</u></b>			