

C. Executive Summary

Executive Summary of Project for BIP and BTOP:

8. Infrastructure Projects Executive Summary

Hughes Network Systems, LLC (Hughes) is pleased to submit this application (Application) to the Rural Utility Service (RUS) for the Hughes RUS BIP #1 project. Hughes is the global leader in providing broadband satellite networks and services for consumers, small businesses, large enterprises, and governments. The Application provides for rapid deployment of broadband last mile infrastructure to rural and remote rural consumers, businesses and government enterprises eliminating or reducing upfront satellite terminal hardware and installation costs and reducing monthly service costs thereby enhancing broadband adoption. The Hughes project is immediately deployable. Our service is in place today and offers internet access plans up to 5Mbps and private network plans up to 10Mbps. It can be fully deployed and operating at any home, business, or government facility in the service area within 30 days after receipt of order. Requested funds are only drawn upon when a new subscriber in an eligible area is provisioned which offers the RUS a no risk value proposition.

We have developed this offer to support the objectives of RUS, to comply with the NOFA, and to be responsive to the statutory purposes and legislative intent of the Recovery Act. National recovery efforts are intended to advance important national objectives in a way that stimulates the U.S. economy and has an immediate positive impact on the lives of U.S. citizens. The Hughes RUS BIP #1 project meets each of these goals. We look forward to supporting you in this important effort.

Funds requested in this application cover [REDACTED]. The application seeks [REDACTED] per subscriber to cover the above costs. Covering these costs results in the following value proposition to a new eligible subscriber:

- Terminal Hardware and Installation: [REDACTED] discount. [REDACTED].
- Service Plan Discount: [REDACTED] service discount per terminal provisioned for an eligible new subscriber [REDACTED]. The discount is possible due to funding the eligible costs listed above.
- Low cost basic plan for remote rural areas: a plan [REDACTED] exclusively for eligible new subscribers in remote rural areas.
- Critical Community Facilities: a [REDACTED] service discount per terminal provisioned for an eligible new subscriber [REDACTED].
- Additional service credits: in addition to the above, Hughes will create a pool of service credits [REDACTED]. Hughes proposes that these service credits be applied on a state-by-state basis in proportion to the number of subscriber terminals provisioned under the program in each state and Hughes will work closely with RUS to finalize

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the approach. This benefit will help to spur recovery, aid stressed local economies, advance public safety, and provide significant goodwill for the RUS BIP program.

General Description of the Proposed Funded Service Area. Hughes proposes to serve all rural and rural remote unserved and underserved areas in the U.S., and Hughes has identified all census blocks in the U.S. meeting the definitions under the NOFA, as determined per the Methodology described in Q-17, Methodology of Area Status. The Hughes proposal is an exceptionally cost effective solution for RUS. As a satellite service, HughesNet "passes" virtually all households, businesses, community anchor institutions, public safety institutions and critical community organizations in the country, while only incurring costs for actual subscribers.

[REDACTED]

[REDACTED]

Proposed Services and Applications for Proposed Funded Service Areas. Hughes will provide our HughesNet broadband service to consumers and business and government enterprise customers in unserved and underserved areas nationwide, as follows:

-- Consumer Broadband Access Offerings: The service will provide Internet access up to 5Mbps.

-- Business and Government Enterprise Offerings: Offerings available will include business internet plans up to 5 Mbps, private network plans up to 10 Mbps, constant bit rate, on-demand bandwidth plans to support applications, such as video-conferencing and tele-medicine, and access continuity services for continuity of operations in the event of primary terrestrial network failure for enterprises, state and local government agencies and critical community facilities. These services will allow users to access the many benefits associated with satellite communications and the specialized features of the Hughes Spaceway® satellite.

Hughes' proposal offers flexibility to the users in the service areas. Consumers, businesses, and government agencies have a wide array of choices that allow them to tailor the HughesNet service to their needs from Internet connectivity to robust enterprise solutions. In addition, the Hughes project offers sustainability. To ensure maximum program impact at the lowest cost to the government, the ownership of the consumer CPEs would be maintained by Hughes and this equipment would be 100% dedicated to the Stimulus project service areas [REDACTED].

Hughes will comply with applicable non-discrimination and interconnection obligations and our approach is discussed in Section E.22.

Broadband System Description. The Spaceway satellite will be used to provide HughesNet services to consumers, businesses, and government agencies in the rural and remote rural unserved and underserved areas. Spaceway has a total traffic capacity of 10Gbps, and offers single-hop, mesh IP networking between sites, high-availability, and high security.

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As the global leader in providing broadband satellite networks and services, Hughes is uniquely positioned in terms of satellite capacity to support BIP with a satellite network covering the entire U.S., including Alaska and Hawaii. The Hughes project is immediately deployable. Our service is in place today and can be fully deployed and operating at any home, business, or government facility in the service area within 30 days after receipt of order. We currently operate a major national network and have in place all of the core organizational elements needed to effectively operate a large scale broadband service: advertising and marketing, terminal installation and field service, service provisioning, billing, customer care, network and service operations, applications engineering and other functional groups. We have many years of experience in Federal and state government contracting and we have in place all of the elements needed to operate and manage a large scale government projects in accordance with applicable RUS and other Federal regulations and policies: proven accounting systems, reporting systems, and project management. Our ability to deliver services quickly and reliably supports Recovery Act goals.

Hughes estimates [REDACTED] the loan portion estimated to be \$75,961,496 and the grant portion estimated to be \$74,442,267. Hughes will contribute [REDACTED]. A key benefit of the Hughes project is affordability.

[REDACTED]

Overall expected subscriber projections for this project. Hughes has made the following overall subscriber projections for this project: [REDACTED].

Number of Jobs Estimated to be Created or Saved. According to the Satellite Industry Association (SIA), a subsidy of [REDACTED] to end users of satellite broadband would create [REDACTED] across the United States, many in rural areas hit hardest by the recession. Hughes estimates [REDACTED] would be created or saved by equipment manufacturing, installation and customer care associated with the estimated subscribers for this project.