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, 2024.

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: 001-39144

DISH Network Corporation
(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	**88-0336997** (I.R.S. Employer Identification No.)
9601 South Meridian Boulevard **Englewood, Colorado** (Address of principal executive offices)	**80112** (Zip code)

(303) 723-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

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. (Note: The registrant is a voluntary filer of reports under Section 13 or 15(d) of the Securities Exchange Act of 1934.) Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 November 1, 2024, the registrant's outstanding common stock consisted of 1,000 shares of common stock, $0 par value per share.

The registrant meets the conditions set forth in General Instructions (H)(1)(a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format.

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* This item has been omitted pursuant to the reduced disclosure format as set forth in General Instructions (H)(2) of Form 10-Q.

PART I — FINANCIAL INFORMATION

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Unless otherwise required by the context, in this report, the words “DISH Network,” “DISH,” the “Company,” “we,” “our” and “us” refer to DISH Network Corporation and its subsidiaries, “EchoStar” refers to EchoStar Corporation, our parent company, and its subsidiaries, including us, and “DISH DBS” and “DDBS” refers to DISH DBS Corporation, our wholly-owned, indirect subsidiary and its subsidiaries.

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including, in particular, statements about our plans, objectives and strategies, growth opportunities in our industries and businesses, our expectations regarding future results, financial condition, liquidity and capital requirements, our estimates regarding the impact of regulatory developments and legal proceedings, and other trends and projections. Forward-looking statements are not historical facts and may be identified by words such as “future,” “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “estimate,” “expect,” “predict,” “will,” “would,” “could,” “can,” “may,” and similar terms. These forward-looking statements are based on information available to us as of the date of this Quarterly Report on 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 known and unknown risks, uncertainties and other factors, which may be beyond our control. 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, those summarized below:

SUMMARY OF RISK FACTORS

Risks Relating to the DIRECTV Transaction

- We are subject to a number of risks while the DIRECTV Transaction is pending, which may have an adverse effect on our business, financial condition and results of operations.

Risks Related to the Integration

- Although we expect that the Merger will result in synergies and other benefits, those synergies and benefits may not be realized in the amounts anticipated, or may not be realized within the expected timeframe, or at all, and risks associated with the foregoing may also result from any extended delay in the Integration.

Competition and Economic Risks

- We face intense and increasing competition from providers of video, broadband and/or wireless services. Changing consumer behavior and new technologies in our Pay-TV and/or Wireless business may reduce our subscriber activations and may cause our subscribers to purchase fewer services from us or to cancel our services altogether, resulting in less revenue to us.
- We face certain risks competing in the wireless services industry and operating a facilities-based wireless services business.
- Our pay-TV competitors may be able to leverage their relationships with programmers to reduce their programming costs and/or offer exclusive content that will place them at a competitive advantage to us.
- Through the MNSA and the NSA, we depend on T-Mobile and AT&T to provide network services to our Wireless subscribers. Our failure to effectively manage these relationships, including without limitation, our minimum commitments, any system failure in their wireless networks, interruption in the services provided to us, and/or the termination of the MNSA or the NSA could have a material adverse effect on our business, financial condition and results of operations.

- We compete with the MNOs whose networks we rely on to provide wireless services to our customers, and they may seek to limit, reduce or terminate our network access to the extent that it becomes competitively advantageous to do so.
- If we are unable to take advantage of technological developments on a timely basis, or at all, we may experience a decline in demand for our services or face challenges in implementing or evolving our business strategy.

Operational and Service Delivery Risks

- Any deterioration in our operational performance, subscriber activations and churn rate and subscriber satisfaction could adversely affect our business, financial condition and results of operations.
- We depend on others to provide the programming that we offer to our Pay-TV subscribers and, if we fail to obtain or lose access to certain programming, our Pay-TV subscriber activations and our subscriber churn rate may be negatively impacted.
- We have limited satellite capacity and any failures or reduced capacity, caused by, among other things, operational and environmental risks, could adversely affect our business, financial condition and results of operations.
- Extreme weather may result in risk of damage to our infrastructure and therefore our ability to provide services, and may lead to changes in federal, state and foreign government regulation, all of which could materially and adversely affect our business, results of operations and financial condition.
- We rely on a single vendor or a limited number of vendors to provide certain key products or services to us, and the inability of these key vendors to meet our needs could have a material adverse effect on our business.
- We depend on independent third parties to solicit orders for our services that represent a meaningful percentage of our total gross new subscriber activations.

Risks Related to our Human Capital

- We rely on highly skilled personnel for our business, and any inability to hire and retain key personnel or to hire qualified personnel may negatively affect our business, financial condition and results of operations.
- Our business growth and customer retention strategies rely in part on the work of technically skilled employees.

Risks Related to our Products and Technology

- Our business depends on certain intellectual property rights and on not infringing the intellectual property rights of others.
- We are, and may become, party to various lawsuits which, if adversely decided, could have a significant adverse impact on our business, particularly lawsuits regarding intellectual property.
- If our products contain defects, we could be subject to significant costs to correct such defects and our product and network service contracts could be delayed or cancelled, which could adversely affect our revenue.

Risks Related to Cybersecurity

- We have experienced and may experience in the future consistent cyber-attacks and attempts to gain unauthorized access to our systems and any failure or inadequacy of our information technology infrastructure and communications systems or those of third parties that we use in our operations could disrupt or harm our business.
- The confidentiality, integrity, and availability of our services and products depends on the continuing operation of our information technology and other enabling systems.

Acquisition and Capital Structure Risks

- We have substantial debt outstanding and may incur additional debt and covenants in our Indentures could limit our ability to undertake certain types of activities and adversely affect our liquidity.
- We may pursue acquisitions, dispositions, capital expenditures, the development, acquisition and launch of new satellites and other strategic initiatives to complement or expand our business, which may not be successful and we may lose a portion or all of our investment in these acquisitions and transactions.
- We have made substantial investments to acquire certain wireless spectrum licenses and other related assets, and may be unable to realize a return on these assets.
- We may need additional capital, which may not be available on favorable terms, to fund current obligations, to continue investing in our business and to finance acquisitions and other strategic transactions.
- Our parent, EchoStar, is controlled by one principal stockholder, who is also our Chairman.

Risks Related to the Regulation of Our Business

- Our services depend on FCC licenses that can expire or be revoked or modified and applications for FCC licenses that may not be granted.

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 Quarterly Report on Form 10-Q and in Part I, Item 1A of our most recent Annual Report on Form 10-K (the “10-K”) filed with the SEC, those discussed in “Management’s Narrative Analysis of Results of Operations” herein and in the 10-K and those discussed in other documents we file with the SEC. All cautionary statements made or referred to herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks and uncertainties described or referred to herein and should not place undue reliance on any forward-looking statements. The forward-looking statements speak only as of the date made, and we expressly disclaim any obligation to update these forward-looking statements.

Item 1. FINANCIAL STATEMENTS

DISH NETWORK CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share amounts)
(Unaudited)

	As of	
	September 30, 2024	December 31, 2023
Assets		
Current Assets:		
Cash and cash equivalents	$ 378,575	$ 373,641
Current restricted cash and cash equivalents	2,047,489	—
Marketable investment securities	172	8,122
Trade accounts receivable, net of allowance for credit losses of $67,064 and $53,991, respectively (Note 12)	859,378	890,333
Inventory	268,653	497,058
Prepaids and other assets	578,980	572,199
Other current assets	38,065	2,308
Total current assets	4,171,312	2,343,661
Noncurrent Assets:		
Restricted cash, cash equivalents and marketable investment securities	125,413	108,879
Property and equipment, net	7,257,621	7,401,947
Regulatory authorizations, net	30,592,886	38,114,249
Other investments, net	64,327	168,825
Operating lease assets	3,030,380	2,934,862
Intangible assets, net	67,394	159,490
Other noncurrent assets, net	260,684	181,118
Total noncurrent assets	41,398,705	49,069,370
Total assets	$ 45,570,017	$ 51,413,031
Liabilities and Stockholder's Equity (Deficit)		
Current Liabilities:		
Trade accounts payable	$ 678,347	$ 673,291
Deferred revenue and other	570,886	638,471
Accrued programming	1,499,375	1,427,762
Accrued interest	390,466	258,603
DISH 2021 Intercompany Loan 2026 Tranche - Interest payable in cash (Note 8)	87,400	—
Other accrued expenses and liabilities	1,545,790	1,552,610
Current portion of debt, finance lease and other obligations (Note 8)	2,513,226	3,041,429
Total current liabilities	7,285,490	7,592,166
Long-Term Obligations, Net of Current Portion:		
Long-term debt, finance lease and other obligations, net of current portion (Note 8)	20,032,711	18,178,288
DISH 2021 Intercompany Loan 2026 Tranche (Note 8)	4,767,289	—
Deferred tax liabilities, net	8,270,093	4,557,262
Operating lease liabilities	2,999,747	2,992,863
Long-term deferred revenue and other long-term liabilities	915,122	861,896
Total long-term obligations, net of current portion	36,984,962	26,590,309
Total liabilities	44,270,452	34,182,475
Commitments and Contingencies (Note 9)		
Redeemable noncontrolling interests (Note 2)	—	438,382
Stockholder's Equity (Deficit):		
Common stock, $0 par value, 1,000 shares authorized, 1,000 shares issued and outstanding		
Additional paid-in capital	1,420,792	4,916,120
Accumulated other comprehensive income (loss)	(2,403)	(2,676)
Accumulated earnings (deficit)	(562,851)	11,876,627
Total DISH Network stockholder's equity (deficit)	855,538	16,790,071
Noncontrolling interests	444,027	2,103
Total stockholder's equity (deficit)	1,299,565	16,792,174
Total liabilities and stockholder's equity (deficit)	$ 45,570,017	$ 51,413,031

The accompanying notes are an integral part of these condensed consolidated financial statements.

DISH NETWORK CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands, except per share amounts)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue:				
Service revenue	$ 3,380,913	$ 3,590,581	$ 10,329,859	$ 11,126,777
Equipment sales and other revenue	134,404	113,935	393,617	446,298
Total revenue	3,515,317	3,704,516	10,723,476	11,573,075
Costs and Expenses (exclusive of depreciation and amortization):				
Cost of services	2,415,552	2,238,216	7,226,180	6,831,393
Cost of sales - equipment and other	319,564	570,688	956,918	1,569,159
Selling, general and administrative expenses	540,502	642,621	1,548,287	1,878,068
Depreciation and amortization	364,199	294,797	1,122,383	806,504
Total costs and expenses	3,639,817	3,746,322	10,853,768	11,085,124
Operating income (loss)	(124,500)	(41,806)	(130,292)	487,951
Other Income (Expense):				
Interest income	8,627	18,649	31,794	90,907
Interest expense, net of amounts capitalized	(160,625)	(10,173)	(495,821)	(27,379)
Other, net (Note 4)	18,019	(151,497)	80,884	(120,726)
Total other income (expense)	(133,979)	(143,021)	(383,143)	(57,198)
Income (loss) before income taxes	(258,479)	(184,827)	(513,435)	430,753
Income tax (provision) benefit, net	47,971	67,988	80,872	(81,930)
Net income (loss)	(210,508)	(116,839)	(432,563)	348,823
Less: Net income (loss) attributable to noncontrolling interests, net of tax	15	22,346	3,688	64,980
Net income (loss) attributable to DISH Network	$ (210,523)	$ (139,185)	$ (436,251)	$ 283,843
Comprehensive Income (Loss):				
Net income (loss)	$ (210,508)	$ (116,839)	$ (432,563)	$ 348,823
Other comprehensive income (loss):				
Foreign currency translation adjustments	(125)	573	(138)	1,303
Unrealized holding gains (losses) on available-for-sale debt securities	53	(230)	1,792	(200)
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	(9)	230	(1,758)	231
Deferred income tax (expense) benefit, net	(2)	(199)	(3)	(358)
Total other comprehensive income (loss), net of tax	(83)	374	(107)	976
Comprehensive income (loss)	(210,591)	(116,465)	(432,670)	349,799
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of tax	15	22,346	3,688	64,980
Comprehensive income (loss) attributable to DISH Network	$ (210,606)	$ (138,811)	$ (436,358)	$ 284,819

The accompanying notes are an integral part of these condensed consolidated financial statements.

DISH NETWORK CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIT)
(In thousands)
(Unaudited)

	Class A and B Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Noncontrolling Interests	Total	Redeemable Noncontrolling Interests
Balance, December 31, 2022	$ 5,311	$ 4,851,392	$ (3,029)	$ 13,088,850	$ 1,757	$ 17,944,281	$ 464,359
Issuance of Class A common stock	4	2,863	—	—	—	2,867	—
Non-cash, stock-based compensation	—	12,037	—	—	—	12,037	—
Other comprehensive income (loss)	—	—	481	—	—	481	—
Net income (loss) attributable to noncontrolling interests	—	—	—	—	127	127	20,405
Net income (loss) attributable to DISH Network	—	—	—	222,705	—	222,705	—
Balance, March 31, 2023	$ 5,315	$ 4,866,292	$ (2,548)	$ 13,311,555	$ 1,884	$ 18,182,498	$ 484,764
Issuance of Class A common stock	23	17,934	—	—	—	17,957	—
Non-cash, stock-based compensation	—	9,894	—	—	—	9,894	—
Other comprehensive income (loss)	—	—	121	—	—	121	—
Net income (loss) attributable to noncontrolling interests	—	—	—	—	79	79	22,023
Net income (loss) attributable to DISH Network	—	—	—	200,323	—	200,323	—
Balance, June 30, 2023	$ 5,338	$ 4,894,120	$ (2,427)	$ 13,511,878	$ 1,963	$ 18,410,872	$ 506,787
Issuance of Class A common stock	5	2,468	—	—	—	2,473	—
Non-cash, stock-based compensation	—	7,557	—	—	—	7,557	—
Other comprehensive income (loss)	—	—	374	—	—	374	—
Net income (loss) attributable to noncontrolling interests	—	—	—	—	80	80	22,266
Net income (loss) attributable to DISH Network	—	—	—	(139,185)	—	(139,185)	—
Balance, September 30, 2023	$ 5,343	$ 4,904,145	$ (2,053)	$ 13,372,693	$ 2,043	$ 18,282,171	$ 529,053

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Noncontrolling Interests	Total	Redeemable Noncontrolling Interests
Balance, December 31, 2023	$ —	$ 4,916,120	$ (2,676)	$ 11,876,627	$ 2,103	$ 16,792,174	$ 438,382
Non-cash, stock-based compensation	—	6,115	—	—	—	6,115	—
Other comprehensive income (loss) and other	—	(62)	17	—	—	(45)	—
Asset Transfer to EchoStar, including deferred taxes of $3,775,370	—	(3,775,370)	380	(12,003,227)	(146)	(15,778,363)	—
Sale of Assets to EchoStar, net of deferred taxes of $3,857	—	5,513	—	—	—	5,513	—
700 MHz Spectrum Sale to EchoStar, net of deferred taxes of $37,681	—	114,831	—	—	—	114,831	—
Conversion of outstanding redeemable noncontrolling interest in SNR HoldCo to noncontrolling interest	—	—	—	—	441,998	441,998	(441,998)
Net income (loss) attributable to noncontrolling interests	—	—	—	—	32	32	3,616
Net income (loss) attributable to DISH Network	—	—	—	(13,879)	—	(13,879)	—
Balance, March 31, 2024	$ —	$ 1,267,147	$ (2,279)	$ (140,479)	$ 443,987	$ 1,568,376	$ —
Non-cash, stock-based compensation	—	6,923	—	—	—	6,923	—
Other comprehensive income (loss)	—	—	(41)	—	—	(41)	—
Orbital II Transfer from EchoStar	—	140,510	—	—	—	140,510	—
Net income (loss) attributable to noncontrolling interests	—	—	—	—	25	25	—
Net income (loss) attributable to DISH Network	—	—	—	(211,849)	—	(211,849)	—
Balance, June 30, 2024	$ —	$ 1,414,580	$ (2,320)	$ (352,328)	$ 444,012	$ 1,503,944	$ —
Non-cash, stock-based compensation	—	6,212	—	—	—	6,212	—
Other comprehensive income (loss)	—	—	(83)	—	—	(83)	—
Net income (loss) attributable to noncontrolling interests	—	—	—	—	15	15	—
Net income (loss) attributable to DISH Network	—	—	—	(210,523)	—	(210,523)	—
Balance, September 30, 2024	$ —	$ 1,420,792	$ (2,403)	$ (562,851)	$ 444,027	$ 1,299,565	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

DISH NETWORK CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Nine Months Ended September 30, 2024	2023
Cash Flows From Operating Activities:		
Net income (loss)	$ (432,563)	$ 348,823
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	1,122,383	806,504
Realized and unrealized losses (gains) on investments, impairments and other	922	(73,998)
Realized and unrealized losses (gains) on derivatives	—	192,107
Realized losses (gains) on Sale of Assets to EchoStar (Note 1)	(128,788)	—
Liberty Puerto Rico Asset Sale losses (gains) (Note 9)	(21,310)	—
Non-cash, stock-based compensation	19,250	29,488
Deferred tax expense (benefit)	(104,080)	95,526
Equity in (earnings) losses of affiliates	68,257	3,596
Changes in allowance for credit losses	13,073	7,275
Change in long-term deferred revenue and other long-term liabilities	88,123	18,786
Other, net	101,679	126,041
Changes in current assets and current liabilities, net	147,544	163,948
Net cash flows from operating activities	874,490	1,718,096
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(17,987)	(1,368,964)
Sales and maturities of marketable investment securities	34,118	1,942,010
Purchases of property and equipment (Note 6)	(977,141)	(2,326,883)
Capitalized interest related to regulatory authorizations (Note 2)	(491,094)	(747,743)
Purchases of regulatory authorizations, including deposits	(1,104)	(1,802)
Sale of Assets to EchoStar (Note 1)	245,800	—
700 MHz Spectrum Sale to EchoStar (Note 1)	1,036,500	—
Liberty Puerto Rico Asset Sale (Note 9)	95,435	—
Other, net (Note 6)	(36,429)	5,115
Net cash flows from investing activities	(111,902)	(2,498,267)
Cash Flows From Financing Activities:		
Repayment of long-term debt, finance lease and other obligations	(97,205)	(95,789)
Redemption and repurchases of convertible and senior notes	(951,170)	(1,634,084)
Proceeds from issuance of senior notes	—	1,500,000
Debt issuance costs and debt (discount) premium	—	21,635
Proceeds from New DISH DBS Financing (Note 9)	2,500,000	—
Debt issuance costs and debt (discount) premium from New DISH DBS Financing	(136,208)	—
Early debt extinguishment gains (losses) of convertible and senior notes	—	72,566
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	—	8,617
Other, net	(61)	(4,670)
Net cash flows from financing activities	1,315,356	(131,725)
Net increase (decrease) in cash, cash equivalents, restricted cash and cash equivalents	2,077,944	(911,896)
Cash, cash equivalents, restricted cash and cash equivalents, beginning of period (Note 4)	462,748	1,847,981
Cash, cash equivalents, restricted cash and cash equivalents, end of period (Note 4)	$ 2,540,692	$ 936,085

The accompanying notes are an integral part of these condensed consolidated financial statements.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Business Activities

Principal Business

DISH Network Corporation is a holding company. Its subsidiaries (which together with DISH Network Corporation are referred to as "DISH Network," the "Company," "we," "us" and/or "our," unless otherwise required by the context) operate three primary business segments. DISH Network is a wholly-owned subsidiary of EchoStar Corporation ("EchoStar"), a publicly traded company listed on the NASDAQ Global Select Market ("NASDAQ") under the symbol "SATS."

Recent Developments

DIRECTV Transaction

On September 29, 2024, EchoStar and DIRECTV Holdings, LLC ("DTV"), entered into an Equity Purchase Agreement (the "Purchase Agreement"). Pursuant to the terms and subject to the conditions set forth in the Purchase Agreement, DTV agreed to acquire from us all of the issued and outstanding equity interests of DISH DBS Corporation ("DISH DBS"), which operates our Pay-TV business (the "Business" and such acquisition of the Business the "DIRECTV Transaction"). Prior to the closing of the DIRECTV Transaction (the "DIRECTV Closing"), we will complete the Pre-Closing Restructuring, as defined in the Purchase Agreement, and the Pre-Closing Reorganization, as defined in the Purchase Agreement, following which, among other things, DISH DBS will hold all of the properties, rights, assets and liabilities primarily related to the Business, except for certain excluded assets and excluded liabilities.

During the period between signing of the Purchase Agreement and the DIRECTV Closing, DISH DBS and its subsidiaries are not permitted to declare or pay dividends or otherwise cause or permit any leakage (which includes, among other things, cash payments and certain other value transfers by DISH DBS and its subsidiaries, on the one hand, to us or certain other related persons, on the other hand), other than (i) certain permitted cash transfers prior to September 30, 2025 in an aggregate amount not to exceed the permitted cash transfer cap set forth in the Purchase Agreement, and (ii) certain permitted tax sharing payments, in each case, on terms and conditions as set forth in the Purchase Agreement. The permitted cash transfer cap is initially equal to $1.52 billion, calculated in accordance with the Purchase Agreement, ("Permitted Transfer Cap") and is subject to certain adjustments set forth in the Purchase Agreement, including transaction expenses and certain accrued interest adjustments and adjustments tied to certain key performance indicators.

As set forth in the Reorganization Plan, immediately prior to the DIRECTV Closing, DISH DBS will distribute the DISH 2021 Intercompany Loan 2028 Tranche (see Note 8) to our seller subsidiary. At the DIRECTV Closing, our seller subsidiary will sell and transfer to DTV all of the issued and outstanding equity interests of DISH DBS in exchange for a total cash purchase price of $1.00 plus the assumption of net debt of DISH DBS and its subsidiaries that is outstanding as of the DIRECTV Closing. Additionally, effective with the DIRECTV Closing, certain other intercompany amounts between DISH DBS and us (in addition to the DISH 2021 Intercompany Loan 2028 Tranche) will be subject to cancellation.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

As of September 30, 2024, the balance of the DISH DBS intercompany receivables for the DISH 2021 Intercompany Loan 2028 Tranche and other intercompany amounts totaled $4.606 billion, not including Permitted Transfer Cap receivables of up to $1.52 billion and certain other amounts of residual capital remaining based on performance. Upon the completion of the DIRECTV Transaction, DISH DBS will become a direct and wholly-owned subsidiary of DTV.

Completion of the DIRECTV Transaction is subject to satisfaction or waiver of closing conditions set forth in the Purchase Agreement, including, but not limited to, the receipt of governmental approvals and the success of the DISH DBS Exchange Offers, as detailed and defined in Note 8. The DISH DBS Exchange Offers expired at 5:00 p.m., New York City time on November 12, 2024, and the DISH DBS Exchange Offers have been terminated due to the failure to satisfy the Minimum Series Exchange Condition and the Acquisition Consent Threshold Condition, each as defined in the Exchange Offering Memorandum (defined herein). Pursuant to the terms of the Purchase Agreement, DIRECTV may terminate the Purchase Agreement by November 22, 2024 due to the failure to consummate the DISH DBS Exchange Offers by November 12, 2024 or the failure to satisfy the Acquisition Consent Threshold Condition.

Sale and Transfer of Assets

In accordance with Accounting Standards Codification *805-50 Business Combinations – Related Issues,* for transactions among entities under common control, generally the assets transferred and/or sold are recorded at the net carrying value of the assets. The difference between the net carrying value and the fair value of the assets transferred and/or sold is recorded in “Additional paid-in capital” or “Accumulated earnings (deficit)” on our Condensed Consolidated Balance Sheets. If an asset transferred and/or sold among entities under common control is determined to be a financial asset, any gain or loss on the sale of the financial asset is recorded in “Other, net” within “Other Income (Expense)” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). All transactions detailed below are transactions among entities under common control.

Sale of Assets to EchoStar. On January 10, 2024, we sold certain assets and equity interests to EchoStar, which included the sale of a financial asset (the “Sale of Assets to EchoStar”), for fair value of approximately $246 million. The difference between our net carrying value of the assets sold to their fair value was $138 million, of which $6 million, net of deferred tax, was recorded in “Additional paid-in capital” on our Condensed Consolidated Balance Sheets as of September 30, 2024 and a $129 million gain related to the financial asset was recorded in “Other, net” within “Other Income (Expense)” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the nine months ended September 30, 2024.

Asset Transfer to EchoStar. On January 10, 2024, we transferred our wholly-owned subsidiaries that hold certain assets, including the EchoStar XXV satellite currently under construction, and our wireless spectrum licenses, including AWS-4, H-Block, CBRS (3550-3650 MHz), C-Band – Cheyenne (3.7-3.98 GHz), 12GHz (MVDDS), LMDS, 24 GHz, 28 GHz, 37GHz, 39GHz and 47GHz to EchoStar Wireless Holding L.L.C., a direct wholly-owned subsidiary of our parent, EchoStar (together with the “Intercompany Loan 2026 Tranche” defined below, the “Asset Transfer to EchoStar”). In addition, DISH DBS, in its capacity as “Lender” under the terms of the Loan and Security Agreement related to the Intercompany Loan between DISH Network and DISH DBS, has consummated the assignment pursuant to such terms, without any modification or amendment thereto, of its receivable in respect to the 2026 Tranche of $4.7 billion (the “Intercompany Loan 2026 Tranche”) to DBS Intercompany Receivable L.L.C. DBS Intercompany Receivable L.L.C. has subsequently assigned its rights as lender thereunder to EchoStar Intercompany Receivable Company L.L.C., our parent, EchoStar’s direct wholly-owned subsidiary, such that amounts owed in respect of the 2026 Tranche will now be paid by us to EchoStar Intercompany Receivable L.L.C.

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The transferred amount equals our historical net carrying value of these assets, which was $12.003 billion with the offset recorded as a dividend in “Accumulated earnings (deficit)” on our Condensed Consolidated Balance Sheets as of September 30, 2024.

Tax Associated with the Asset Transfer to EchoStar. During the nine months ended September 30, 2024, we recorded $3.775 billion in “Deferred tax liabilities, net” on our Condensed Consolidated Balance Sheets resulting from the step up in basis due to the difference in the fair value compared to the book value of the Asset Transfer to EchoStar, with the offset recorded in “Additional paid-in capital” on our Condensed Consolidated Balance Sheets.

700 MHz Spectrum Sale to EchoStar. On March 12, 2024, we sold our wholly-owned subsidiary which holds the 700 MHz spectrum to a wholly-owned subsidiary of our parent, EchoStar (the “700 MHz Spectrum Sale to EchoStar”), for fair value of approximately $1.037 billion. The difference between our net carrying value of the assets sold to their fair value of $115 million, net of deferred tax, was recorded in “Additional paid-in capital” on our Condensed Consolidated Balance Sheets as of September 30, 2024. The proceeds were used to pay the remaining balance of $951 million on our 2 3/8% Convertible Note which matured on March 15, 2024.

The Sale of Assets to EchoStar, Asset Transfer to EchoStar and 700 MHz Spectrum Sale to EchoStar together are referred to as (the “Sale and Transfer of Assets to EchoStar”).

Orbital II Transfer from EchoStar. On May 2, 2024, EchoStar transferred certain assets to us, including the EchoStar XXV satellite currently under construction. The transferred amount equals our historical net carrying value of these assets, which was $141 million with the offset recorded as a capital contribution in “Additional paid-in capital” on our Condensed Consolidated Balance Sheets as of September 30, 2024.

Merger with EchoStar

On December 31, 2023, EchoStar completed the acquisition of DISH Network pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of October 2, 2023 (the “Amended Merger Agreement”), by and among EchoStar, EAV Corp., a Nevada corporation and its wholly owned subsidiary (“Merger Sub”), and DISH Network, pursuant to which EchoStar acquired DISH Network by means of the merger of Merger Sub with and into DISH Network (the “Merger”), with DISH Network surviving the Merger as EchoStar’s wholly owned subsidiary. For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

With the Merger complete, we are currently focused on the process of integrating our and EchoStar’s business in a manner that facilitates synergies, cost savings, growth opportunities and achieves other anticipated benefits (the “Integration”).

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Future Capital Requirements

The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

During the third quarter of 2024 and through the issuance date of these condensed consolidated financial statements we and our parent EchoStar completed several financing transactions, including, but not limited to, our issuance of $2.5 billion (including $136 million of debt issuance costs) of New DISH DBS Financing, as detailed and defined in Note 8, which includes $2.047 billion of funds required to be used for the redemption, repayment or repurchase of the principal balance and remaining interest outstanding on our 5 7/8% Senior Notes due November 15, 2024, and our parent, EchoStar's (i) issuance of $5.356 billion (including $156 million issuable in kind as discounts and commitment and/or backstop premiums) of new EchoStar 10 3/4% Senior Secured Notes due 2029, and (ii) closing of a PIPE investment for an aggregate cash purchase price of approximately $400 million. For further information on our parent, EchoStar's, financing transactions refer to EchoStar's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024.

As a result of these transactions, our parent, EchoStar, committed to providing us with sufficient funds necessary to meet our obligations through one year from the date of filing these condensed consolidated financial statements. Accordingly, substantial doubt no longer exists about our ability to continue as a going concern.

Our cash and cash equivalents, current restricted cash and cash equivalents, and marketable investment securities totaled $2.426 billion as of September 30, 2024 ("Cash on Hand") and we will fund the $1.983 billion of debt maturing in November 2024 from Cash on Hand.

Segments

We currently operate three primary business segments: (1) Pay-TV; (2) Retail Wireless and (3) 5G Network Deployment.

Pay-TV

We offer pay-TV services under the DISH® brand and the SLING® brand (collectively "Pay-TV" services). The DISH branded pay-TV service consists of, among other things, Federal Communications Commission ("FCC") licenses authorizing us to use direct broadcast satellite ("DBS") and Fixed Satellite Service ("FSS") spectrum, our owned and leased satellites, receiver systems, broadcast operations, a leased fiber optic network, in-home service and call center operations, and certain other assets utilized in our operations ("DISH TV"). We also design, develop and distribute receiver systems and provide digital broadcast operations, including satellite uplinking/downlinking, transmission and other services to third-party pay-TV providers. The SLING branded pay-TV services consist of, among other things, multichannel, live-linear and on-demand streaming over-the-top ("OTT") Internet-based domestic, international, Latino and Freestream video programming services ("SLING TV"). As of September 30, 2024, we had 8.031 million Pay-TV subscribers in the United States, including 5.888 million DISH TV subscribers and 2.143 million SLING TV subscribers.

Retail Wireless

We offer nationwide prepaid and postpaid retail wireless services to subscribers primarily under our Boost Mobile® and Gen Mobile® brands (“Retail Wireless” services), as well as a competitive portfolio of wireless devices. Prepaid wireless subscribers generally pay in advance for monthly access to wireless talk, text and data services. Postpaid wireless subscribers are qualified to pay after receiving wireless talk, text and data services, and may also qualify for certain device financing arrangements.

We are currently operating our Retail Wireless segment primarily as a mobile virtual network operator (“MVNO”) as we continue our 5G Network Deployment and commercialize and grow customer traffic on our 5G Network, as defined below. We are transitioning our Retail Wireless segment to a mobile network operator (“MNO”) as our 5G Network has become commercially available and we grow customer traffic on our 5G Network. We are currently activating Boost Mobile subscribers with compatible devices onto our 5G Network in markets where we have reached voice over new radio (“VoNR”). We have deployed 5G VoNR covering over 200 million Americans. Within our MVNO operations, today we depend on T-Mobile and AT&T to provide us with network services under the amended Master Network Services Agreement (“MNSA”) and Network Services Agreement (the “NSA”), respectively. As of September 30, 2024, we had 6.984 million Wireless subscribers.

5G Network Deployment

We initially invested a total of over $30 billion in Wireless spectrum licenses, and a portion of these licenses were included in the Sale and Transfer of Assets to EchoStar. We currently have $24 billion of investments related to Wireless spectrum licenses, which does not include $7 billion of capitalized interest related to the carrying value of such licenses. See Note 1, Note 2 and Note 9 for further information. We plan to commercialize our Wireless spectrum licenses through the completion of the nation’s first cloud-native, Open Radio Access Network (“O-RAN”) based 5G network (our “5G Network Deployment”). We have committed to deploy a facilities-based 5G broadband network (our “5G Network”) capable of serving increasingly larger portions of the U.S. population at different deadlines.

We may need to raise additional capital in the future, which may not be available on favorable terms, to fund the efforts described below, as well as, among other things, make any potential Northstar Re-Auction Payment and SNR Re-Auction Payment for the AWS-3 licenses retained by the FCC. There can be no assurance that we will be able to complete all build-out requirements or profitably deploy our Wireless spectrum licenses, which may affect the carrying amount of these assets and our future financial condition or results of operations. See Note 9 for further information.

Our Wireless spectrum licenses are subject to certain interim and final build-out requirements, as well as certain renewal requirements. On September 29, 2023, the FCC confirmed we have met all of our June 14, 2023 band-specific 5G deployment commitments, and two of our three nationwide 5G commitments. The single remaining 5G commitment, that at least 70% of the U.S. population has access to average download speeds equal to 35 Mbps, was achieved in March 2024 using the drive test methodology previously agreed upon by us and the FCC and overseen by an independent monitor. We currently have the largest commercial deployment of 5G VoNR in the world covering over 200 million Americans and 5G broadband service covering over 250 million Americans.

In September 2024, the FCC conditionally granted our requests to extend the 5G deployment deadlines for certain of our licenses based on several commitments, as detailed in Note 9.

We may need to make significant additional investments or partner with others to, among other things, continue our 5G Network Deployment and further commercialize, build-out and integrate these licenses and related assets and any additional acquired licenses and related assets, as well as to comply with regulations applicable to such licenses. Depending on the nature and scope of such activities, any such investments or partnerships could vary significantly. In addition, as we continue our 5G Network Deployment, we have and may continue to incur significant additional expenses related to, among other things, research and development, wireless testing and ongoing upgrades to the wireless network infrastructure, software and third-party integration. As a result of these investments, among other factors, we may need to raise additional capital, which may not be available on favorable terms. We may also determine that additional wireless spectrum licenses may be required for our 5G Network Deployment and to compete effectively with other wireless service providers.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these statements do not include all of the information and notes required for complete financial statements prepared under GAAP. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Our results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023. Certain prior period amounts have been reclassified to conform to the current period presentation.

"Cost of services." Historically, as we built-out our 5G Network, certain direct costs related to our 5G Network Deployment, including lease expense on communication towers, transport, cloud services and other costs, were presented within "Cost of sales – equipment and other" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) as our 5G Network service had not commenced. As we have commenced utilizing our 5G Network for commercial traffic, such amounts now represent costs of operating our 5G Network and are, beginning on January 1, 2024, presented within the "Cost of services" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The change has no impact on net income. For the three and nine months ended September 30, 2023, the direct costs related to our 5G Network Deployment included within the "Cost of sales – equipment and other" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) were $261 million and $671 million, respectively.

Principles of Consolidation

We consolidate all majority owned subsidiaries, investments in entities in which we have controlling influence and VIEs where we have been determined to be the primary beneficiary. Minority interests are recorded as noncontrolling interests or redeemable noncontrolling interests. See below for further information. Non-consolidated investments are accounted for using the equity method when we have the ability to significantly influence the operating decisions of the investee. When we do not have the ability to significantly influence the operating decisions of an investee, these equity securities are classified as either marketable investment securities or other investments, which will be initially recorded at cost, and based on observable market prices, will be adjusted to their fair value. We record fair value adjustments in "Other, net" within "Other Income (Expense)" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the current period presentation.

Redeemable Noncontrolling Interests

Northstar Wireless. Northstar Wireless, L.L.C. ("Northstar Wireless") is a wholly-owned subsidiary of Northstar Spectrum, LLC ("Northstar Spectrum"), which is an entity wholly-owned by us and, prior to October 12, 2023, by us and Northstar Manager, LLC ("NorthStar Manager"). On October 12, 2023, the FCC consented to the sale of Northstar Manager's ownership interests in Northstar Spectrum, which we purchased for a total of approximately $109 million. This purchase resulted in the elimination of all of our redeemable noncontrolling interest as it related to Northstar Spectrum as of the purchase date and we continue to consolidate the Northstar Entities as wholly-owned subsidiaries.

SNR Wireless. SNR Wireless LicenseCo, LLC ("SNR Wireless") is a wholly-owned subsidiary of SNR Wireless HoldCo, LLC ("SNR HoldCo"), which is an entity owned by us and our parent's direct wholly-owned subsidiary, EchoStar SNR Holdco L.L.C. and, prior to February 16, 2024, by us and SNR Wireless Management, LLC ("SNR Management"). On February 16, 2024, the FCC consented to the sale of SNR Management's ownership interests in SNR HoldCo, which was purchased by EchoStar SNR HoldCo L.L.C. for a total of approximately $442 million. This purchase resulted in the conversion of our outstanding redeemable noncontrolling interest as it relates to SNR HoldCo to noncontrolling interest, which is now held by our parent, EchoStar, as of the purchase date and we continue to consolidate the SNR Entities into our financial statements.

For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

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Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense for each reporting period. Estimates are based on historical experience, observable market inputs, and other reasonable assumptions in accounting for, among other things, allowances for credit losses (including those related to our installment billing programs), self-insurance obligations, deferred taxes and related valuation allowances, uncertain tax positions, loss contingencies, fair value of financial instruments, fair value of options granted under EchoStar's stock-based compensation plans, fair value of assets and liabilities acquired in business combinations, inputs used to recognize revenue over time, including the relative standalone selling prices of performance obligations, finance leases, asset impairments, estimates of future cash flows used to evaluate and recognize impairments, useful lives of property, equipment and intangible assets, incremental borrowing rate ("IBR") on lease right of use assets, nonrefundable upfront fees, independent third-party retailer incentives, programming expenses, subscriber lives and likelihood of certain contingent events. Economic conditions may increase the inherent uncertainty in the estimates and assumptions indicated above. Actual results may differ from previously estimated amounts, and such differences may be material to our condensed consolidated financial statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected prospectively in the period they occur.

Capitalized Interest

We capitalize interest associated with the acquisition or construction of certain assets, including, among other things, our Wireless spectrum licenses, build-out costs associated with our 5G Network Deployment and satellites. Capitalization of interest begins when, among other things, steps are taken to prepare the asset for its intended use and ceases when the asset is ready for its intended use or when these activities are substantially suspended.

We are currently commercializing our 5G Network Deployment. As a result, the interest expense related to the carrying amount of the 5G Network Deployment qualifying assets is being capitalized. Historically, the qualifying assets exceeded the carrying value of our long-term debt and finance lease obligations, therefore substantially all of our interest expense was being capitalized.

As a result of the lower basis of our qualifying assets due to the Sale and Transfer of Assets to EchoStar and other qualifying assets, including certain bands of wireless spectrum licenses that have been placed into service with the deployment of our 5G Network, we no longer capitalize substantially all interest on those assets. We expect this trend to continue.

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Fair Value Measurements

We determine fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Market or observable inputs are the preferred source of values, followed by unobservable inputs or assumptions based on hypothetical transactions in the absence of market inputs. We apply the following hierarchy in determining fair value:

- Level 1, defined as observable inputs being quoted prices in active markets for identical assets;
- Level 2, defined as observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets and liabilities in active markets; and quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3, defined as unobservable inputs for which little or no market data exists, consistent with reasonably available assumptions made by other participants therefore requiring assumptions based on the best information available.

As of September 30, 2024 and December 31, 2023, the carrying amount for cash and cash equivalents, trade accounts receivable (net of allowance for credit losses) and current liabilities (excluding the “Current portion of debt, finance lease and other obligations”) was equal to or approximated fair value due to their short-term nature or proximity to current market rates.

Fair values of our marketable investment securities are measured on a recurring basis based on a variety of observable market inputs. For our investments in publicly traded equity securities and U.S. government securities, fair value ordinarily is determined based on Level 1 measurements that reflect quoted prices for identical securities in active markets. Fair values of our investments in other marketable debt securities are generally based on Level 2 measurements as the markets for such debt securities are less active. We consider trades of identical debt securities on or near the measurement date as a strong indication of fair value and matrix pricing techniques that consider par value, coupon rate, credit quality, maturity and other relevant features may also be used to determine fair value of our investments in marketable debt securities. Additionally, we use fair value measurements from time to time in connection with other investments, asset impairment testing and the assignment of purchase consideration to assets and liabilities of acquired companies. Those fair value measurements typically include significant unobservable inputs and are categorized within Level 3 of the fair value hierarchy. Transfers between levels in the fair value hierarchy are considered to occur at the beginning of the quarterly accounting period. See Note 4 for the fair value of our marketable investment securities and derivative instruments.

Furthermore, for any sale of a financial asset in a transaction among entities under common control the difference between the net carrying value and the fair value of the assets sold, if any, is recorded as a gain or loss on the sale of the financial asset in “Other, net” within “Other Income (Expense)” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Fair values for our publicly traded debt securities are based on quoted market prices, when available. The fair values of private debt are based on, among other things, available trade information, and/or an analysis in which we evaluate market conditions, related securities, various public and private offerings, and other publicly available information. In performing this analysis, we make various assumptions regarding, among other things, credit spreads, and the impact of these factors on the value of the debt securities. See Note 8 for the fair value of our long-term debt.

Assets Recognized Related to the Costs to Obtain a Contract with a Customer

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain sales incentive programs in our Pay-TV and Retail Wireless segments, including those with our independent third-party retailers, meet the requirements to be capitalized, and payments made under these programs are capitalized and amortized to expense over the estimated customer life or the contract term. These amounts are capitalized in "Prepaids and other assets" and "Other noncurrent assets, net" on our Condensed Consolidated Balance Sheets, and then amortized in "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Advertising Costs

We recognize advertising expense when incurred as a component of "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Advertising expenses totaled $173 million and $169 million for the three months ended September 30, 2024 and 2023, respectively. Advertising expenses totaled $422 million and $462 million for the nine months ended September 30, 2024 and 2023, respectively.

Research and Development

Research and development costs, not incurred in connection with customer requirements, are expensed as incurred and are included as a component of "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Research and development costs totaled $6 million and $11 million for the three months ended September 30, 2024 and 2023, respectively. Research and development costs totaled $20 million and $33 million for the nine months ended September 30, 2024 and 2023, respectively.

New Accounting Pronouncements

Joint Ventures. On August 23, 2023, the FASB issued ASU 2023-05, *Business Combinations — Joint Venture Formations (Subtopic 805-60)* ("ASU 2023-05"), which requires an entity that qualifies as either a joint venture or a corporate joint venture as defined in the FASB Accounting Standards Codification (ASC) master glossary to apply a new basis of accounting upon the formation of the joint venture. This standard will be effective for all joint venture formations with a formation date on or after January 1, 2025. A joint venture that was formed before January 1, 2025 may elect to apply the amendments retrospectively if it has sufficient information. Early adoption is permitted in any interim or annual period in which financial statements have not yet been issued or made available for issuance. We plan to adopt the standard if applicable and we expect the adoption of the standard will have an immaterial impact on our disclosures.

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Segment Reporting. On November 27, 2023, the FASB issued ASU 2023-07 *Segment Reporting (Topic 280): Improvements to Reporting Segment Disclosures* ("ASU 2023-07"), which will enhance financial reporting by providing additional information about a public company's significant segment expenses and more timely and detailed segment information reporting throughout the fiscal period. This standard will be effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. We plan to adopt the standard when it becomes effective for us beginning in our fiscal year 2024 annual financial statements, and we expect the adoption of the standard will impact certain of our segment reporting disclosures.

Income Taxes. On December 14, 2023, the FASB issued ASU 2023-9, *Income Taxes (Topic 740)*: *Improvements to Income Tax Disclosures* ("ASU 2023-09"), which will enhance income tax disclosures. ASU 2023-09 requires among other items disaggregated information in a reporting entity's rate reconciliation table, clarification on uncertain tax positions and the related financial statement impact as well as information on income taxes paid on a disaggregated basis. This standard will be effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. We are evaluating the impact the adoption of ASU 2023-09 will have on our Condensed Consolidated Financial Statements and related disclosures.

3. Supplemental Data - Statements of Cash Flows

The following table presents certain supplemental cash flow and other non-cash data. See Note 7 for supplemental cash flow and non-cash data related to leases.

	For the Nine Months Ended September 30,	
	2024	2023
	(In thousands)	
Cash paid for interest (including capitalized interest)	$ 798,598	$ 851,275
Cash paid for interest Intercompany Loan 2026 Tranche	64,582	—
Cash received for interest	8,832	11,578
Cash paid for income taxes, net of (refunds)	(22,268)	(10,113)
Cash paid for income taxes to EchoStar, net of (refunds)	—	—
Capitalized interest (1)	684,204	969,736
Employee benefits paid in Class A common stock	—	14,680
Vendor financing	—	87,343
Accrued capital expenditures	110,058	222,941
Asset retirement obligation	14,010	65,580
Asset Transfer to EchoStar, including deferred taxes of $3,775,370 (2)	15,778,363	—
Conversion of outstanding redeemable noncontrolling interest in SNR HoldCo to noncontrolling interest	441,998	—
Orbital II Transfer from EchoStar	140,510	—
Accrued Upfront Payment	—	100,000
Unsettled sales of marketable investment securities	—	119,068

(1) See Note 2 for further information.
(2) See Note 1 for further information.

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Beginning in 2024, DISH Network and its domestic subsidiaries join with EchoStar in filing U.S. consolidated federal income tax returns and, in some states, combined or consolidated returns. The federal and state income tax provisions or benefits recorded by DISH Network are generally those that would have been recorded if DISH Network and its domestic subsidiaries had filed returns as a consolidated group independent of EchoStar. Cash is due and paid to EchoStar based on amounts that would be payable based on DISH Network consolidated or combined group filings. Amounts are receivable from EchoStar on a basis similar to when they would be receivable from the IRS or state taxing authorities. During the three and nine months ended September 30, 2024, no payments were made to EchoStar for income taxes.

Exchange Offer

On March 4, 2024, EchoStar commenced a tender offer to eligible employees (which excludes EchoStar's and our co-founders and the non-executive/non-employee members of EchoStar's Board of Directors) to exchange eligible stock options (which excludes the Ergen 2020 Performance Award) for new options as detailed in its Schedule TO filed March 4, 2024 with the Securities and Exchange Commission (the "Exchange Offer"), to, among other things, further align employee incentives with the current market. The Exchange Offer expired on April 1, 2024 and EchoStar accepted for exchange approximately 7 million stock options. As a result of the Exchange Offer, during the second quarter of 2024, the exercise price of approximately 3 million new stock options associated with our employees, affecting approximately 800 eligible employees, was adjusted to $14.04. The total incremental non-cash stock-based compensation expense resulting from the Exchange Offer was $11 million, which will be recognized over the remaining vesting period of the applicable options.

4. Marketable Investment Securities, Restricted Cash and Cash Equivalents, and Other Investments

Our marketable investment securities, restricted cash and cash equivalents, and other investments consisted of the following:

	As of	
	September 30, 2024	**December 31, 2023**
	(In thousands)	
Marketable investment securities:		
Current marketable investment securities:		
Strategic - available-for-sale	$ 51	$ 144
Strategic - trading/equity	10	7,799
Other	111	179
Total current marketable investment securities	172	8,122
Restricted marketable investment securities (1)	10,785	19,772
Total marketable investment securities	10,957	27,894
Restricted cash and cash equivalents (1) (2)	2,162,117	89,107
Other investments, net:		
Equity method investments (3)	19,388	126,179
Cost method investments	5,648	3,448
Fair value method investments	39,291	39,198
Total other investments, net	64,327	168,825
Total marketable investment securities, restricted cash and cash equivalents, and other investments, net	$ 2,237,401	$ 285,826

(1) Restricted marketable investment securities and restricted cash and cash equivalents are included in "Current restricted cash and cash equivalents" and "Restricted cash, cash equivalents and marketable investment securities" on our Condensed Consolidated Balance Sheets.
(2) Includes $2.047 billion in proceeds received from the New DBS Financing, as detailed and defined in Note 8.
(3) This change primarily resulted from the Sale and Transfer of Assets to EchoStar, see Note 1 for further information, and the decrease in our Invidi Technologies Corporation investment, discussed below.

Marketable Investment Securities

Our marketable investment securities portfolio may consist of debt and equity instruments. All equity securities are carried at fair value, with changes in fair value recognized in "Other, net" within "Other Income (Expense)" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). All debt securities are classified as available-for-sale and are recorded at fair value.

We report the temporary unrealized gains and losses related to changes in market conditions of marketable debt securities as a separate component of "Accumulated other comprehensive income (loss)" within "Stockholder's Equity (Deficit)," net of related deferred income tax on our Condensed Consolidated Balance Sheets. The corresponding changes in the fair value of marketable debt securities, which are determined to be company specific credit losses are recorded in "Other, net" within "Other Income (Expense)" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 2 for further information.

Current Marketable Investment Securities – Strategic

Our current strategic marketable investment securities portfolio includes and may include strategic and financial debt and/or equity investments in private and public companies that are highly speculative and have experienced and continue to experience volatility. As of September 30, 2024, this portfolio consisted of securities of a small number of issuers, and as a result the value of that portfolio depends, among other things, on the performance of those issuers. The fair value of certain of the debt and equity securities in this portfolio can be adversely impacted by, among other things, the issuers' respective performance and ability to obtain any necessary additional financing on acceptable terms, or at all.

Current Marketable Investment Securities - Other

Our current other marketable investment securities portfolio includes investments in various debt instruments including, among others, commercial paper, corporate securities and United States treasury and/or agency securities.

Commercial paper consists mainly of unsecured short-term, promissory notes issued primarily by corporations with maturities ranging up to 365 days. Corporate securities consist of debt instruments issued by corporations with various maturities normally less than 18 months. U.S. Treasury and agency securities consist of debt instruments issued by the federal government and other government agencies.

Restricted Cash, Cash Equivalents and Marketable Investment Securities

As of September 30, 2024 and December 31, 2023, our restricted marketable investment securities, together with our restricted cash and cash equivalents, included amounts required as collateral for our letters of credit, surety bonds and trusts.

Current restricted cash and cash equivalents. As of September 30, 2024, “Current restricted cash and cash equivalents” on our Condensed Consolidated Balance Sheets includes $2.047 billion in proceeds received from the New DBS Financing, as detailed and defined in Note 8, which is required to be used for the redemption, repayment or repurchase of the principal balance and remaining interest outstanding on our 5 7/8% Senior Notes due November 15, 2024.

Other Investments, net

We have strategic investments in certain debt and/or equity securities that are included in noncurrent “Other investments, net” on our Condensed Consolidated Balance Sheets. Our debt securities are classified as available-for-sale and are recorded at fair value. Generally, our debt investments in non-publicly traded debt instruments without a readily determinable fair value are recorded at amortized cost. Our equity investments where we have the ability to exercise significant influence over the investee are accounted for using the equity method of accounting. Certain of our equity method investments are detailed below.

NagraStar L.L.C. We own a 50% interest in NagraStar L.L.C. (“NagraStar”), a joint venture that is our primary provider of encryption and related security systems intended to assure that only authorized customers have access to our programming. The three main technologies NagraStar provides to its customers are microchips, set-top box software, and uplink computer systems. NagraStar also provides end-to-end platform security testing services.

Invidi Technologies Corporation. We own a 35% interest in Invidi Technologies Corporation (“Invidi”), an entity that provides proprietary software for the addressable advertising market. Invidi contracts with multichannel video programming distributers to include its software in their respective set-top boxes and DVRs in order to deliver targeted advertisements based on a variety of demographic attributes selected by the advertisers. Invidi has also developed a cloud-based solution for internet protocol-based platforms. During the three months ended June 30, 2024, Invidi impaired the goodwill on their financial statements and our portion of this impairment resulted in a $63 million loss in “Equity in earnings (losses) of affiliates” recorded in “Other, net” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) during the nine months ended September 30, 2024.

We also hold investments that are not accounted for using the equity method of accounting, which are measured at fair value. Investments in equity securities without readily determinable fair values are accounted for at cost, less impairment, and adjusted for observable price changes for identical or similar investments of the same issuer.

Our ability to realize value from our strategic investments in securities that are not publicly traded depends on, among other things, the success of the issuers’ businesses and their ability to obtain sufficient capital, on acceptable terms or at all, and to execute their business plans. Because private markets are not as liquid as public markets, there is also increased risk that we will not be able to sell these investments, or that when we desire to sell them we will not be able to obtain fair value for them.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Fair Value Measurements

Our investments measured at fair value on a recurring basis were as follows:

	As of							
	September 30, 2024				December 31, 2023			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	(In thousands)							
Cash equivalents (including restricted)	$ 2,168,058	$ 85,330	$ 2,082,728	$ —	$ 347,976	$ 304,410	$ 43,566	$ —
Debt securities (including restricted):								
U.S. Treasury and agency securities	$ 10,785	$ 10,785	$ —	$ —	$ 7,567	$ 7,567	$ —	$ —
Commercial paper	—	—	—	—	7,500	—	7,500	—
Corporate securities	—	—	—	—	4,705	—	4,705	—
Other	162	—	111	51	323	—	179	144
Equity securities	10	10	—	—	7,799	7,799	—	—
Total	$ 10,957	$ 10,795	$ 111	$ 51	$ 27,894	$ 15,366	$ 12,384	$ 144

As of September 30, 2024, restricted and non-restricted marketable investment securities included debt securities of $11 million with contractual maturities within one year. Actual maturities may differ from contractual maturities as a result of our ability to sell these securities prior to maturity.

Derivative Instruments

We had the option to purchase certain of T-Mobile's 800 MHz spectrum licenses from T-Mobile at a fixed price pursuant to the License Purchase Agreement, as defined and detailed in our Annual Report on Form 10-K for the year ended December 31, 2023. This instrument met the definition of a derivative and was valued based upon, among other things, our estimate of the underlying asset price, the expected term, volatility, the risk free rate of return and the probability of us exercising the option. We did not exercise the option to purchase the 800 MHz spectrum licenses pursuant to the License Purchase Agreement, which expired on its own terms on April 1, 2024. As of December 31, 2023, the derivative's fair value was zero on our Condensed Consolidated Balance Sheets. All changes in the derivative's fair value were recorded in "Other, net" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See the table below.

We accounted for our option to purchase certain T-Mobile's 800 MHz spectrum licenses under the License Purchase Agreement as a Level 3 instrument within the fair value hierarchy.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Gains and Losses on Sales and Changes in Carrying Amounts of Investments and Other

"Other, net" within "Other Income (Expense)" included on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) is as follows:

Other, net:	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
	(In thousands)			
Marketable and non-marketable investment securities - realized and unrealized gains (losses)	$ (8)	$ 20	$ (922)	$ 1,432
Sale of Assets to EchoStar - realized gains (losses)	—	—	128,788	—
Derivative instruments - net realized and/or unrealized gains (losses)	—	(155,133)	—	(192,107)
Gains (losses) related to early redemption of debt	—	4,480	—	72,566
Equity in earnings (losses) of affiliates	(3,345)	(1,216)	(68,257)	(3,596)
Liberty Puerto Rico Asset Sale (Note 9)	21,310	—	21,310	—
Other	62	352	(35)	979
Total	$ 18,019	$ (151,497)	$ 80,884	$ (120,726)

5. Inventory

Inventory consisted of the following:

	As of September 30, 2024	As of December 31, 2023
	(In thousands)	
Finished goods	$ 221,254	$ 407,620
Work-in-process and service repairs	31,194	35,464
Consignment	13,066	47,723
Raw materials	3,139	6,251
Total inventory	$ 268,653	$ 497,058

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

6. Property and Equipment and Intangible Assets

Property and Equipment

Property and equipment consisted of the following:

	Depreciable Life (In Years)	As of September 30, 2024	As of December 31, 2023
		(In thousands)	
Equipment leased to customers	2 - 5	$ 1,044,268	$ 1,181,193
Satellites	6 - 15	1,718,865	1,718,865
Satellites acquired under finance lease agreements	15	344,447	344,447
Furniture, fixtures, equipment and other (1)	2 - 12	799,644	908,924
5G Network Deployment equipment (2)	3 - 15	4,860,116	4,263,327
Software and computer equipment	2 - 8	2,347,536	2,111,305
Buildings and improvements (1)	5 - 40	334,017	381,757
Land (1)	-	12,041	17,513
Construction in progress	-	1,833,073	1,802,000
Total property and equipment		13,294,007	12,729,331
Accumulated depreciation		(6,036,386)	(5,327,384)
Property and equipment, net		$ 7,257,621	$ 7,401,947

(1) The change primarily relates to the Sale and Transfer of Assets to EchoStar. See Note 1 for further information.
(2) Includes 5G Network Deployment assets acquired under finance lease agreements.

Depreciation and amortization expense consisted of the following:

	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
	(In thousands)			
Equipment leased to customers	$ 38,489	$ 34,466	$ 110,062	$ 126,073
Satellites	32,384	32,956	98,295	101,993
Buildings, furniture, fixtures, equipment and other	12,392	23,195	33,519	47,506
5G Network Deployment equipment	187,281	94,204	533,575	231,085
Software and computer equipment	86,316	65,069	254,830	164,053
Intangible assets and other amortization expense	7,337	44,907	92,102	135,794
Total depreciation and amortization	$ 364,199	$ 294,797	$ 1,122,383	$ 806,504

Cost of sales and operating expense categories included in our accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) do not include depreciation and amortization expense related to satellites, equipment leased to customers, or our 5G Network Deployment equipment and software.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Activity relating to our asset retirement obligations was as follows:

	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
	(In thousands)			
Balance at beginning of period	$ 300,475	$ 246,656	$ 278,287	$ 183,135
Liabilities incurred	5,051	11,229	14,010	65,580
Accretion expense	7,114	5,665	20,343	14,835
Revision to estimated cash flows	—	—	—	—
Balance at end of period	$ 312,640	$ 263,550	$ 312,640	$ 263,550
Total included in Other long-term liabilities	$ 312,640	$ 263,550	$ 312,640	$ 263,550

The corresponding assets, net of accumulated depreciation, related to asset retirement obligations were $215 million and $217 million as of September 30, 2024 and December 31, 2023, respectively.

Satellites

Pay-TV Segment. Our Pay-TV segment currently utilizes nine satellites in geostationary orbit approximately 22,300 miles above the equator, seven of which we own and depreciate over their estimated useful life. We also lease two satellites from third parties: Anik F3, which is accounted for as an operating lease, and Nimiq 5, which is accounted for as a finance lease and is depreciated over its economic life.

As of September 30, 2024, our Pay-TV segment satellite fleet in service consisted of the following:

Satellites	Launch Date	Degree Orbital Location	Lease Termination Date
Owned:			
EchoStar X	February 2006	110	N/A
EchoStar XI	July 2008	110	N/A
EchoStar XIV	March 2010	119	N/A
EchoStar XV	July 2010	61.5	N/A
EchoStar XVI	November 2012	61.5	N/A
EchoStar XVIII	June 2016	61.5	N/A
EchoStar XXIII	March 2017	110	N/A
Under Construction:			
EchoStar XXV	2026	110	N/A
Leased from Other Third-Party:			
Anik F3	April 2007	118.7	April 2025
Nimiq 5 (1)	September 2009	72.7	October 2029

(1) Subsequent to September 30, 2024, we extended the Nimiq 5 lease to October 2029 and as a result, beginning in the fourth quarter of 2024, we will account for the Nimiq 5 lease as an operating lease.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Satellite Under Construction

EchoStar XXV. On March 20, 2023, we entered into a contract with Maxar Space LLC for the construction of EchoStar XXV, a DBS satellite that is capable of providing service to the continental United States ("CONUS") and is intended to be used at the 110 degree orbital location. During the fourth quarter of 2023, we entered into an agreement with Space Exploration Technologies Corp ("SpaceX") for launch services for this satellite, which is expected to be launched during 2026. The EchoStar XXV contract was included in the Sale and Transfer of Assets to EchoStar on January 10, 2024. Subsequently, on May 2, 2024, the EchoStar XXV contract was included in the Orbital II Transfer from EchoStar. For the nine months ended September 30, 2024, capital expenditures for EchoStar XXV totaled $94 million, which includes $47 million for capital expenditures incurred after May 2, 2024, which is included in "Purchases of property and equipment," and $47 million for capital expenditures incurred between the Sale and Transfer of Assets to EchoStar on January 10, 2024 and May 2, 2024, which is included in "Other, net" within "Net cash flows from investing activities" on our Condensed Consolidated Statements of Cash Flows. See Note 1 for further information.

7. Leases

Lessee Accounting

We enter into non-cancelable operating and finance leases for, among other things, communication towers, satellites, satellite-related ground infrastructure, data centers, office space, dark fiber and transport equipment, warehouses and distribution centers, vehicles and other equipment. Substantially all of our leases have remaining lease terms from one to 13 years, some of which include renewal options, and some of which include options to terminate the leases within one year. For certain arrangements (generally communication towers), the lease term includes the non-cancelable period plus the renewal period that we are reasonably certain to exercise.

Our Nimiq 5 satellite is accounted for as finance lease within our Pay-TV segment. Subsequent to September 30, 2024, we extended the Nimiq 5 lease to October 2029 and as a result, beginning in the fourth quarter of 2024, we will account for the Nimiq 5 lease as an operating lease. Substantially all of our remaining leases are accounted for as operating leases, including our Anik F3 satellite lease.

The components of lease expense were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Operating lease cost (1)	$ 150,048	$ 130,288	$ 461,172	$ 364,622
Short-term lease cost (2)	3,089	2,686	8,951	8,107
Finance lease cost:				
Amortization of right-of-use assets	12,847	13,316	40,211	53,505
Interest on lease liabilities	1,980	3,521	7,169	10,915
Total finance lease cost	14,827	16,837	47,380	64,420
Total lease costs	$ 167,964	$ 149,811	$ 517,503	$ 437,149

(1) The increase in operating lease cost is primarily related to communication tower leases.
(2) Leases that have terms of 12 months or less.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Supplemental cash flow information related to leases was as follows:

	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
	(In thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 344,810	$ 233,135
Operating cash flows from finance leases	$ 7,363	$ 9,778
Financing cash flows from finance leases	$ 49,648	$ 37,936
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 406,101	$ 559,539
Finance leases	$ —	$ 53,771

Supplemental balance sheet information related to leases was as follows:

	As of September 30, 2024	As of December 31, 2023
	(In thousands)	
Operating Leases:		
Operating lease assets	$ 3,030,380	$ 2,934,862
Other current liabilities	$ 471,663	$ 301,172
Operating lease liabilities	2,999,747	2,992,863
Total operating lease liabilities	$ 3,471,410	$ 3,294,035
Finance Leases:		
Property and equipment, gross	$ 465,549	$ 465,549
Accumulated depreciation	(410,467)	(370,768)
Property and equipment, net	$ 55,082	$ 94,781
Other current liabilities	$ 29,386	$ 56,459
Other long-term liabilities	44,623	67,199
Total finance lease liabilities	$ 74,009	$ 123,658
Weighted Average Remaining Lease Term:		
Operating leases	10.0 years	10.7 years
Finance leases	2.0 years	2.2 years
Weighted Average Discount Rate:		
Operating leases	10.3%	9.5%
Finance leases	9.3%	9.7%

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Maturities of lease liabilities as of September 30, 2024 were as follows:

For the Years Ending December 31,	Maturities of Lease Liabilities: Operating Leases	Finance Leases	Total
		(In thousands)	
2024 (remaining three months)	$ 95,440	$ 8,463	$ 103,903
2025	504,878	35,392	540,270
2026	541,249	36,588	577,837
2027	545,983	2,574	548,557
2028	505,253	—	505,253
Thereafter	3,371,530	—	3,371,530
Total lease payments	5,564,333	83,017	5,647,350
Less: Imputed interest	(2,092,923)	(9,008)	(2,101,931)
Total	3,471,410	74,009	3,545,419
Less: Current portion	(471,663)	(29,386)	(501,049)
Long-term portion of lease obligations	$ 2,999,747	$ 44,623	$ 3,044,370

8. Debt and Finance Lease Obligations

Fair Value of our Debt

The following table summarizes the carrying amount and fair value of our debt facilities as of September 30, 2024 and December 31, 2023:

	Issuer	As of September 30, 2024: Carrying Amount	September 30, 2024: Fair Value	December 31, 2023: Carrying Amount	December 31, 2023: Fair Value
			(In thousands)		
Current:					
2 3/8% Convertible Notes due 2024 (1)	DISH	$ —	$ —	$ 951,168	$ 944,034
5 7/8% Senior Notes due 2024	DDBS	1,982,544	1,978,559	1,982,544	1,872,275
Term Loan due 2025 (2)	DBS SubscriberCo	500,000	500,000	—	—
Long-Term:					
0% Convertible Notes due 2025	DISH	1,957,197	1,702,761	1,957,197	1,228,141
7 3/4% Senior Notes due 2026	DDBS	2,000,000	1,718,660	2,000,000	1,388,060
3 3/8% Convertible Notes due 2026	DISH	2,908,799	2,367,035	2,908,801	1,570,753
5 1/4% Senior Secured Notes due 2026	DDBS	2,750,000	2,536,875	2,750,000	2,366,073
11 3/4% Senior Secured Notes due 2027	DISH	3,500,000	3,683,750	3,500,000	3,668,980
7 3/8% Senior Notes due 2028	DDBS	1,000,000	729,150	1,000,000	600,160
5 3/4% Senior Secured Notes due 2028	DDBS	2,500,000	2,200,000	2,500,000	2,013,125
5 1/8% Senior Notes due 2029	DDBS	1,500,000	981,000	1,500,000	774,600
Term Loan due 2029 (2)	DBS SubscriberCo	1,800,000	1,800,000	—	—
Mandatorily Redeemable Preferred Shares due 2029 (2) (3)	DBS SubscriberCo	200,000	200,000	—	—
DISH 2021 Intercompany Loan 2026 Tranche (4)	Intercompany	4,767,289	4,767,289	—	—
Subtotal		27,365,829	25,165,079	21,049,710	16,426,201
Other notes payable		63,297	63,297	113,564	113,564
Unamortized deferred financing costs and other debt discounts, net		(189,909)	—	(67,215)	—
Finance lease obligations (5)		74,009	—	123,658	—
Total long-term debt, finance lease and other obligations (including current portion)		$ 27,313,226	$ 25,228,376	$ 21,219,717	$ 16,539,765

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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(1) We repurchased or redeemed the principal balance of our 2 3/8% Convertible Notes due 2024 as of March 15, 2024, the instrument's maturity date.
(2) See "New DISH DBS Financing" below for further information.
(3) Due to the mandatory redemption feature of this instrument, it is considered a debt instrument.
(4) In January 2024, DISH DBS assigned the DISH 2021 Intercompany Loan 2026 Tranche of $4.7 billion to EchoStar Intercompany Receivable Company L.L.C., our parent, EchoStar's, direct wholly-owned subsidiary, such that amounts owed in respect of the DISH 2021 Intercompany Loan 2026 Tranche will now be paid by us to EchoStar Intercompany Receivable L.L.C. The DISH 2021 Intercompany Loan 2026 Tranche was previously eliminated in consolidation and held by DISH DBS. The DISH 2021 Intercompany Loan 2026 Tranche is not publicly traded and therefore the carrying value is the fair value.
(5) Disclosure regarding fair value of finance leases is not required.

We estimated the fair value of our publicly traded long-term debt using market prices in less active markets (Level 2).

Recent Transactions

DISH DBS Exchange Offers

On September 30, 2024, we announced DISH DBS, our wholly-owned, indirect subsidiary, commenced offers to exchange (the "DISH DBS Exchange Offers") any and all of its: (a) 5 1/4% Senior Secured Notes due 2026 (the "Outstanding 2026 DBS Secured Notes") for an equal principal amount of its new 5 1/4% First Lien Notes due 2026 (the "New 2026 DBS First Lien Notes"), (b) 5 3/4% Senior Secured Notes due 2028 (the "Outstanding 2028 DBS Secured Notes") for an equal principal amount of its new 5 3/4% First Lien Notes due 2028 (the "New 2028 DBS First Lien Notes"), (c) 7 3/4% Senior Notes due 2026 (the "Outstanding 2026 DBS Notes") for an equal principal amount of its new 7 3/4% Second Lien Notes due 2026 (the "New 2026 DBS Second Lien Notes"), (d) 7 3/8% Senior Notes due 2028 (the "Outstanding 2028 DBS Notes") for an equal principal amount of its new 7 3/8% Second Lien Notes due 2028 (the "New 2028 DBS Second Lien Notes") and (e) 5 1/8% Senior Notes due 2029 (the "Outstanding 2029 DBS Notes" and, together with the Outstanding 2026 DBS Secured Notes, the Outstanding 2028 DBS Secured Notes, the Outstanding 2026 DBS Notes and the Outstanding 2028 DBS Notes, the "Outstanding DBS Notes") for an equal principal amount of its new 5 1/8% Second Lien Notes due 2029 (the "New 2029 DBS Second Lien Notes" and, together with the New 2026 DBS First Lien Notes, the New 2028 DBS First Lien Notes, the New 2026 DBS Second Lien Notes and the New 2028 DBS Second Lien Notes, the "New DBS Notes"), in each case, pursuant to the terms described in a confidential exchange offering memorandum and consent solicitation statement, dated September 30, 2024 ("Original Exchange Offering Memorandum"). On October 28, 2024, we announced DISH DBS, our wholly-owned, indirect subsidiary, amended certain terms of the DISH DBS Exchange Offers pursuant to the terms described in Supplement No. 1, dated October 28, 2024 (the "Supplement" and together with the Original Exchange Offering Memorandum, the "Exchange Offering Memorandum").

The DISH DBS Exchange Offers expired at 5:00 p.m., New York City time on November 12, 2024, and the DISH DBS Exchange Offers have been terminated due to the failure to satisfy the Minimum Series Exchange Condition and the Acquisition Consent Threshold Condition, each as defined in the Exchange Offering Memorandum.

New DISH DBS Financing

On September 29, 2024 (the "Financing Closing Date"), we and our subsidiary, DISH DBS Issuer LLC ("DBS SubscriberCo"), received $2.5 billion in financing from TPG Angelo Gordon and other co-lenders in the form of Term Loans and Mandatorily Redeemable Preferred Shares (each as defined below and together, the "New DISH DBS Financing"). Approximately $2.047 billion in proceeds received from the New DISH DBS Financing are included in "Current restricted cash and cash equivalents" on our Condensed Consolidated Balance Sheets and are required to be used for the redemption, repayment or repurchase of the principal balance and remaining interest outstanding on our 5 7/8% Senior Notes due November 15, 2024. If the DISH DBS Exchange Offers and the DIRECTV Transaction fails, the $2.5 billion in New DISH DBS Financing can be redeemed at our election with no prepayment penalty for 180 days.

Term Loans

On the Financing Closing Date, DBS SubscriberCo, Alter Domus (US) LLC, as Administrative Agent, and the lenders party thereto, entered into a Loan and Security Agreement (together with all the exhibits, annexes and schedules thereto, the "Loan and Security Agreement"), pursuant to which, among other things and subject to the terms and conditions set forth therein, the lenders agreed to extend credit to DBS SubscriberCo in an aggregate principal amount of up to $2.3 billion secured by the assets of DBS SubscriberCo, which includes approximately three million DISH TV subscribers and their related subscription and equipment agreements (such transactions, the "Loan Financing").

The Loan Financing consists of the following: (i) initial term loans in an aggregate principal amount of $1.8 billion that mature on June 30, 2029 (the "Term Loan due 2029"), (ii) incremental term loans in an aggregate principal amount of $500 million that are payable in equal monthly installments beginning in January 2025 and mature on September 30, 2025 (the "Term Loan due 2025") and (iii) an additional amount of incremental term loans (the "Roll-up Incremental Term Loans" and, together with the Term Loan due 2029 and the Term Loan due 2025, the "Term Loans"). The Roll-up Incremental Term Loans may be incurred from time to time, subject to DBS SubscriberCo's prior approval and pro forma compliance with a leverage ratio set forth in the Loan and Security Agreement, and mature on June 30, 2029.

The Roll-up Incremental Term Loans may be incurred in exchange for Outstanding DBS Notes in an aggregate principal amount equal to (i) the price at which certain lenders acquire such notes plus (ii)(A) in the case of Outstanding 2028 DBS Notes and Outstanding 2029 DBS Notes, 15% of the difference between the aggregate principal amount of such notes and the purchase price thereof, or (B) in the case of Outstanding 2026 DBS Notes, Outstanding 2026 DBS Secured Notes and Outstanding 2028 DBS Secured Notes, 20% of the difference between the aggregate principal amount of such notes and the purchase price thereof.

Interest on the Term Loans accrues and is payable monthly, generally in cash. The interest rate with respect to the Term Loan due 2029 is (i) from (and including) the Financing Closing Date and until (but excluding) the date that is twelve months thereafter, 10.75% per annum and (ii) from (and including) the date that is twelve months after the Financing Closing Date and until June 30, 2029, 11.25% per annum. The interest rate with respect to the Term Loan Due 2025 is 11.00% per annum. The interest rate with respect to the Roll-up Incremental Term Loans is (i) from (and including) the Financing Closing Date and until (but excluding) the date that is twelve months thereafter, 11.00% per annum and (ii) from (and including) the date that is twelve months after the Financing Closing Date and until the Maturity Date, 11.50% per annum.

The Loan and Security Agreement specifies a priority of payments for funds received by DBS SubscriberCo from subscriber payments and certain other revenue. Specifically, on each Transfer Date, as defined in the Loan and Security Agreement, payments will be made, as applicable, to the Administrative Agent for certain administrative and other fees, to DBS SubscriberCo for reimbursement of certain operating costs, to a subsidiary of DISH Network as Manager under the Loan and Security Agreement and as Servicer for DBS SubscriberCo, and to an account used to collect and remit interest on the Term Loans, preferred distributions with respect to Preferred Membership interests (as defined below), and monthly principal payments on the Term Loan due 2025. After remitting those payments, through September 30, 2025, if DBS SubscriberCo is in compliance with the terms of the Loan and Security Agreement, it will have the ability to accumulate any excess collections, subject to the terms of the Loan and Security Agreement. At its election, any such excess collections can be distributed by DBS SubscriberCo to its parent via an intercompany loan. No later than September 30, 2025, all excess collections will be used to fund the payment of the Term Loans, the Mandatorily Redeemable Preferred Shares and the associated interest and preferred distributions. If DBS SubscriberCo is not in compliance with its covenants, the entity will lose the ability to accumulate any excess collections with those proceeds being utilized to satisfy the debt obligation and associated interest.

Mandatorily Redeemable Preferred Shares Due 2029

On the Financing Closing Date, DBS SubscriberCo, entered into an amended and restated limited liability company agreement (the "SubscriberCo LLCA"), pursuant to which, among other things, DBS SubscriberCo issued to certain investors (the "Preferred Members") redeemable preferred equity interests (the "Preferred Membership Interests") with an aggregate liquidation preference of $200 million (the "Mandatorily Redeemable Preferred Shares"). The Mandatorily Redeemable Preferred Shares mature on June 30, 2029. Due to the mandatory redemption feature of this instrument, it is considered a debt instrument and recorded in "Long-term debt, finance lease and other obligations, net of current portion" on our Condensed Consolidated Balance Sheets.

The Preferred Membership Interests have a preferential cumulative return that accumulates daily in arrears at a rate of (a) from (and including) the Financing Closing Date and until (but excluding) the date that is 12 months thereafter, 13.25% per annum and (b) from (and including) the date that is 12 months after the Financing Closing Date and until June 30, 2029 (or the first business day thereafter), 13.75% per annum, payable in cash monthly and a liquidation preference equal to the issue price plus all accrued and unpaid dividends.

The Preferred Membership Interests are redeemable at DBS SubscriberCo's option prior to the June 30, 2029 maturity date at a premium as described in the SubscriberCo LLCA. Upon the maturity date, DBS SubscriberCo is required to redeem all of the Preferred Membership Interests issued and outstanding at such time, and upon payment in full of the aggregate liquidation preference, all rights of the Preferred Members will terminate. The Preferred Members also have certain governance and economic rights set forth in the SubscriberCo LLCA.

Convertible Notes

See Note 13 for update and details of the EchoStar Exchange Offers.

0% Convertible Notes due 2025

On December 21, 2020, we issued $2.0 billion aggregate principal amount of the Convertible Notes due December 15, 2025 in a private placement. These notes will not bear interest, and the principal amount of the Notes will not accrete.

The Convertible Notes due 2025 are:

- our general unsecured obligations;
- ranked senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the Convertible Notes due 2025;
- ranked equally in right of payment with all of our existing and future unsecured senior indebtedness;
- ranked effectively junior to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness;
- ranked structurally junior to all indebtedness and other liabilities of our subsidiaries; and
- not guaranteed by our subsidiaries.

We may not redeem the Convertible Notes due 2025 prior to the maturity date. If a “fundamental change” (as defined in the related indenture) occurs prior to the maturity date of the Convertible Notes due 2025, holders may require us to repurchase for cash all or part of their Convertible Notes due 2025 at a repurchase price equal to 100% of the principal amount of such Convertible Notes due 2025, plus accrued and unpaid interest to, but not including, the fundamental change repurchase date.

The indenture related to the Convertible Notes due 2025 does not contain any financial covenants and does not restrict us from paying dividends, issuing or repurchasing our other securities, issuing new debt (including secured debt) or repaying or repurchasing our debt.

Subject to the terms of the related indenture, the Convertible Notes due 2025 may be converted at an initial conversion rate of 8.566 shares of EchoStar’s Class A common stock per $1,000 principal amount of the Convertible Notes due 2025 (equivalent to an initial conversion price of approximately $116.74 per share of EchoStar’s Class A common stock) (the “Initial Conversion Rate”), at any time on or after July 15, 2025 through the second scheduled trading day preceding the maturity date. Holders of the Convertible Notes due 2025 will also have the right to convert the Convertible Notes due 2025 at the Initial Conversion Rate prior to July 15, 2025, but only upon the occurrence of specified events described in the related indenture. The conversion rate is subject to anti-dilution adjustments if certain events occur. Upon any conversion, EchoStar will settle its conversion obligation in cash, shares of EchoStar’s Class A common stock or a combination of cash and shares of EchoStar’s Class A common stock, at its election.

3 3/8% Convertible Notes due 2026

On August 8, 2016, we issued $3.0 billion aggregate principal amount of the Convertible Notes due August 15, 2026 in a private offering. Interest accrues at an annual rate of 3 3/8% and is payable semi-annually in cash, in arrears on February 15 and August 15 of each year.

The Convertible Notes due 2026 are:

- our general unsecured obligations;
- ranked senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the Convertible Notes due 2026;
- ranked equally in right of payment with all of our existing and future unsecured senior indebtedness;
- ranked effectively junior to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness;
- ranked structurally junior to all indebtedness and other liabilities of our subsidiaries; and
- not guaranteed by our subsidiaries.

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We may not redeem the Convertible Notes due 2026 prior to the maturity date. If a “fundamental change” (as defined in the related indenture) occurs prior to the maturity date of the Convertible Notes due 2026, holders may require us to repurchase for cash all or part of their Convertible Notes due 2026 at a specified make-whole price equal to 100% of the principal amount of such Convertible Notes due 2026, plus accrued and unpaid interest to, but not including, the fundamental change repurchase date.

The indenture related to the Convertible Notes due 2026 does not contain any financial covenants and does not restrict us from paying dividends, issuing or repurchasing our other securities, issuing new debt (including secured debt) or repaying or repurchasing our debt.

Subject to the terms of the related indenture, the Convertible Notes due 2026 may be converted at an initial conversion rate of 5.383 shares of EchoStar’s Class A common stock per $1,000 principal amount of Convertible Notes due 2026 (equivalent to an initial conversion price of approximately $185.76 per share of EchoStar’s Class A common stock) (the “Initial Conversion Rate”), at any time on or after March 15, 2026 through the second scheduled trading day preceding the maturity date. Holders of the Convertible Notes due 2026 will also have the right to convert the Convertible Notes due 2026 at the Initial Conversion Rate prior to March 15, 2026, but only upon the occurrence of specified events described in the related indenture. The conversion rate is subject to anti-dilution adjustments if certain events occur. Upon any conversion, EchoStar will settle its conversion obligation in cash, shares of EchoStar’s Class A common stock or a combination of cash and shares of EchoStar’s Class A common stock, at its election.

Convertible Note Hedge and Warrant Transactions

Merger with EchoStar. As defined and detailed in our Annual Report on Form 10-K for the year ended December 31, 2023, in connection with the completion of the Merger, on December 31, 2023, we and EchoStar entered into a note hedge amendment letter agreement with each option counterparty pursuant to which, at the Effective Time, our right to purchase shares of DISH Class A Common Stock pursuant to the terms of the applicable convertible note hedge transactions was changed into a right to purchase shares of EchoStar Class A Common Stock.

In addition, in connection with the completion of the Merger, on December 31, 2023, we and EchoStar entered into a warrant amendment letter agreement and warrant guarantee with each option counterparty, pursuant to which, at the Effective Time, each counterparty’s right to purchase shares of DISH Network Class A Common Stock pursuant to the applicable warrant transactions was changed into a right to purchase shares of EchoStar Class A Common Stock, and EchoStar guaranteed all of our obligations under the applicable warrant transactions.

In connection with the offering of the Convertible Notes due 2026, we entered into convertible note hedge transactions with certain option counterparties. The convertible note hedge transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the Convertible Notes due 2026, the number of shares of DISH Network Class A Common Stock underlying the Convertible Notes due 2026, which initially gives us the option to purchase approximately 46 million shares of DISH Network Class A Common Stock at a price of approximately $65.18 per share, which in connection with the completion of the Merger converted into approximately 16 million shares of EchoStar Class A Common Stock at a price of approximately $185.76 per share. The total cost of the original convertible note hedge transactions was $635 million.

Concurrently with entering into the convertible note hedge transactions, we also entered into warrant transactions with each option counterparty whereby we sold to such option counterparty warrants to purchase, subject to customary anti-dilution adjustments, up to the same number of shares of DISH Network Class A common stock, which initially gives the option counterparties the option to purchase approximately 46 million shares of DISH Network Class A common stock at a price of approximately $86.08 per share, which in connection with the completion of the Merger converted into approximately 16 million shares of EchoStar Class A Common Stock at price ranges of approximately $185.75 to $245.33 per share. We received $376 million in cash proceeds from the original sale of these warrants. In accordance with accounting guidance on hedge and warrant transactions, the net cost incurred in connection with the convertible note hedge and warrant transactions are recorded as a reduction in “Additional paid-in capital” within “Stockholder’s Equity (Deficit)” on our Condensed Consolidated Balance Sheets as of December 31, 2016.

We will not be required to make any cash payments to each option counterparty or its affiliates upon the exercise of the options that are a part of the convertible note hedge transactions, but will be entitled to receive from them a number of shares of Class A common stock, an amount of cash or a combination thereof. This consideration is generally based on the amount by which the market price per share of Class A common stock, as measured under the terms of the convertible note hedge transactions, is greater than the strike price of the convertible note hedge transactions during the relevant valuation period under the convertible note hedge transactions. Additionally, if the market price per share of Class A common stock, as measured under the terms of the warrant transactions, exceeds the strike price of the warrants during the measurement period at the maturity of the warrants, we will owe each option counterparty a number of shares of Class A common stock in an amount based on the excess of such market price per share of Class A common stock over the strike price of the warrants. However, as specified under the terms of the warrant transactions, we may elect to settle the warrants in cash.

DISH 2021 Intercompany Loan

The net proceeds from the offering of our 5 1/4% Senior Secured Notes due 2026 and our 5 3/4% Senior Secured Notes due 2028 (the “Senior Notes”) issued on November 26, 2021 were used by DISH DBS to make an intercompany loan to DISH Network pursuant to a Loan and Security Agreement dated November 26, 2021 (together with potential future advances to DISH Network, the “DISH 2021 Intercompany Loan”) between DISH DBS and DISH Network in order to finance the purchase of wireless spectrum licenses and for general corporate purposes, including our 5G Network Deployment. The DISH 2021 Intercompany Loan matures in two tranches, with the first tranche maturing on December 1, 2026 (the “DISH 2021 Intercompany Loan 2026 Tranche”) and the second tranche maturing on December 1, 2028 (the “DISH 2021 Intercompany Loan 2028 Tranche”). DISH DBS may make additional advances to DISH Network under the DISH 2021 Intercompany Loan, and on February 11, 2022, DISH DBS advanced an additional $1.5 billion to DISH Network under the DISH 2021 Intercompany Loan 2026 Tranche. Interest accrues and is payable semiannually, and interest payments with respect to the DISH 2021 Intercompany Loan are, at our option, payable in kind for the first two years from the issuance date of November 2021.

In the third year post issuance date, a minimum of 50% of each interest payment due with respect to each tranche of the DISH 2021 Intercompany Loan must be paid in cash. Thereafter, interest payments must be paid in cash. Interest will accrue: (a) when paid in cash, at a fixed rate of 0.25% per annum in excess of the interest rate applicable to, in the case of the DISH 2021 Intercompany Loan 2026 Tranche, the 5 1/4% Senior Secured Notes due 2026, and in the case of the DISH 2021 Intercompany Loan 2028 Tranche, the 5 3/4% Senior Secured Notes due 2028 (each, the “Cash Accrual Rate” with respect to the applicable tranche); and (b) when paid in kind, at a rate of 0.75% per annum in excess of the Cash Accrual Rate for the applicable tranche.

As of September 30, 2024, the total DISH 2021 Intercompany Loan amount outstanding plus interest paid in kind was $7.612 billion. During the three and nine months ended September 30, 2024, interest payments for the DISH 2021 Intercompany Loan paid in cash totaled zero and $107 million, respectively.

DISH 2021 Intercompany Loan 2028 Tranche. As of September 30, 2024, the DISH 2021 Intercompany Loan 2028 Tranche amount outstanding plus interest paid in kind was $2.844 billion. During the three and nine months ended September 30, 2024, interest payments for the DISH 2021 Intercompany Loan 2028 Tranche paid in cash totaled zero and $42 million, respectively.

DISH 2021 Intercompany Loan 2026 Tranche. In January 2024, DISH DBS assigned the DISH 2021 Intercompany Loan 2026 Tranche of $4.7 billion to EchoStar Intercompany Receivable Company L.L.C., our parent, EchoStar's, direct wholly-owned subsidiary, such that amounts owed in respect of the DISH 2021 Intercompany Loan 2026 Tranche will now be paid by us to EchoStar Intercompany Receivable L.L.C. The DISH 2021 Intercompany Loan 2026 Tranche was previously eliminated in consolidation and held by DISH DBS.

As of September 30, 2024, the total "DISH 2021 Intercompany Loan 2026 Tranche" amount outstanding plus interest paid in kind was $4.767 billion, not including "Intercompany Loan 2026 Tranche - Interest payable in cash" of $22 million recorded on our Condensed Consolidated Balance Sheets. During the three and nine months ended September 30, 2024, interest payments for the DISH 2021 Intercompany Loan 2026 Tranche paid in cash totaled zero and $65 million, respectively. During the three and nine months ended September 30, 2024, we recorded $65 million and $193 million, respectively, of "Interest expense, net of amounts capitalized" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

The DISH 2021 Intercompany Loan is secured by Weminuche's interest in the wireless spectrum licenses for the 3.45-3.55 GHz Licenses with such cash proceeds up to the total loan amount outstanding including interest paid in kind. Under certain circumstances, DISH Network wireless spectrum licenses (valued based upon a third-party valuation) may be substituted for the collateral. The DISH 2021 Intercompany Loan is not included as collateral for the Senior Secured Notes, and the Senior Secured Notes are subordinated to DISH DBS's existing and certain future unsecured notes with respect to certain realizations under the DISH 2021 Intercompany Loan and any collateral pledged as security for the DISH 2021 Intercompany Loan.

9. Commitments and Contingencies

Commitments

5G Network Deployment

We initially invested a total of over $30 billion in Wireless spectrum licenses, and a portion of these licenses were included in the Sale and Transfer of Assets to EchoStar. We currently have $24 billion of investments related to Wireless spectrum licenses, which does not include $7 billion of capitalized interest related to the carrying value of such licenses. See Note 1 and Note 2 for further information. We plan to commercialize our Wireless spectrum licenses through our 5G Network Deployment. We have committed to deploy our 5G Network capable of serving increasingly larger portions of the U.S. population at different deadlines.

We may need to raise additional capital in the future, which may not be available on favorable terms, to fund the efforts described below, as well as, among other things, make any potential Northstar Re-Auction Payment and SNR Re-Auction Payment for the AWS-3 licenses retained by the FCC. There can be no assurance that we will be able to complete all build-out requirements or profitably deploy our Wireless spectrum licenses, which may affect the carrying amount of these assets and our future financial condition or results of operations.

Wireless Spectrum Licenses

Liberty Puerto Rico Asset Sale. On November 5, 2023, we entered into an Asset Purchase Agreement, License Purchase Agreement, and other ancillary transaction agreements with Liberty Latin America ("Liberty") and its affiliate providing for the sale of certain of our wireless assets in Puerto Rico and the US Virgin Islands (the "Liberty Puerto Rico Asset Sale"). The consideration also includes a right for us to receive preferential international roaming rates within Liberty's footprint at a reduced rate for a 10 year period. Subsequently, in the first quarter of 2024, a portion our wireless assets included in the Liberty Puerto Rico Asset Sale were included in the Sale and Transfer of Assets to EchoStar. The Liberty Puerto Rico Asset Sale was approved by the FCC and DOJ and closed in the third quarter of 2024.

Our parent, EchoStar, will receive payments totaling $251 million, of which we will receive payments totaling $125 million, including working capital adjustments, over a three year period, including an upfront payment, which we received in September 2024. We expect to receive the remaining amounts annually over the next three years. As of September 30, 2024, we received payments of $95 million, which includes payments for a portion of wireless assets held by our parent, EchoStar. As a result, $46 million is recorded in "Trade accounts payable" on our Condensed Consolidated Balance Sheets.

The difference between our net carrying value of the assets sold to their fair value resulted in a $21 million gain which was recorded in "Other, net" within "Other Income (Expense)" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2024.

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Our Wireless spectrum licenses are subject to certain build-out requirements, as well as certain renewal requirements that are summarized in the table below:

		Build-Out Deadlines			
			Final		
	Carrying Amount	Interim	Accelerated License Areas	Extension License Areas	Expiration Date
	(In thousands)				
Owned:					
DBS Licenses (1)	$ 677,409				
600 MHz Licenses	6,192,575		December 31, 2024 (3)	June 14, 2025 (5)	June 2029
3.45–3.55 GHz Licenses	7,329,093	May 4, 2026 (6)		May 4, 2030 (6)	May 2037
1695-1710 MHz, 1755-1780 MHz and 2155-2180 MHz (2)	972				March 2026
AWS-3	5,557,828		December 31, 2024 (4)	October 2025 (7)	October 2025 (7)
Subtotal owned	19,757,877				
Noncontrolling Investments:					
SNR	4,271,459		December 31, 2024 (4)	October 2025 (7)	October 2025 (7)
Capitalized Interest (8)	6,563,550				
Total Regulatory authorizations, net	$ 30,592,886				
Leased from EchoStar (9):					
700 MHz Licenses (2)	701,803		December 31, 2024 (10)	June 14, 2025 (11)	June 2033
AWS-4 Licenses (2)	1,928,688		December 31, 2024 (10)	June 14, 2025 (11)	June 2033
H Block Licenses (2)	1,671,506		December 31, 2024 (10)	June 14, 2025 (12)	June 2033
MVDDS Licenses (1)	24,000				July, August, September 2034
LMDS Licenses (1)	—				September 2028
28 GHz Licenses	2,883			October 2, 2029 (13)	October 2029
24 GHz Licenses	11,772			December 11, 2029 (13)	December 2029
37 GHz, 39 GHz and 47 GHz Licenses	202,392			June 4, 2030 (13)	June 2030
3550-3650 MHz Licenses	912,200			March 12, 2031 (13)	March 2031
3.7-3.98 GHz Licenses	2,969	July 23, 2029 (13)		July 23, 2033 (13)	July 2036
Total Leased from EchoStar	$ 5,458,213				

(1) The build-out deadlines for these licenses have been met.
(2) The interim build-out deadlines for these licenses are in the past.
(3) For certain of these license areas, we must offer 5G broadband service to at least 85% of the population in each Partial Economic Area (which is a service area established by the FCC), and for certain other licenses we must offer 5G broadband service to at least 80% of the population in each Partial Economic Area by this date. These licenses are set forth in Appendices B and E of our September 2024 FCC extension request.
(4) For certain of these license areas, we must provide reliable signal coverage and offer service for certain accelerated licenses to at least 85% of the population of each license area and for certain other accelerated licenses to at least 80% of the population of each license area by this date. These accelerated licenses are set forth in Appendices C and F of our September 2024 FCC extension request.

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(5) For the 600 MHz licenses set forth in Appendix G-2 of our September 2024 FCC extension request, if, by December 31, 2024, we satisfy the accelerated buildout obligations described in footnotes 3, 4 and 11 herein, the final deadline for us to offer 5G broadband service to at least 75% of the population in each Partial Economic Area (which is a service area established by the FCC) with respect to these licenses shall be extended to December 14, 2026. The final deadline shall be further extended to June 14, 2028, if: by December 31, 2024, we are offering 5G broadband service to at least 80% of the U.S. population and, as of June 14, 2025 (as defined in our September 2024 FCC extension request): (a) we have offered a low-cost 5G broadband plan and device to consumers nationwide; (b) we have deployed at least 24,000 5G sites; (c) we have upgraded our deployed 5G sites to 3GPP Release 17; and (d) we have provisioned at least 75% of new subscribers with an EchoStar-certified 5G device on our MNO network if the subscriber is within the accelerated markets as set forth in Appendices A-F of our September 2024 FCC extension request.

(6) There are a variety of build-out options and associated build-out metrics associated with these licenses. If the interim build-out requirement is not met, the final build-out requirement may be accelerated by one year from May 2030 to May 2029.

(7) For the AWS-3 licenses set forth in Appendix G-3 of our September 2024 FCC extension request, if, by December 31, 2024, we satisfy the accelerated buildout obligations described in footnotes 3, 4 and 11 herein, the final deadline for us to offer 5G broadband service to at least 75% of the population in each license area with respect to these licenses shall be extended to December 14, 2026. The final deadline shall be further extended to June 14, 2028, if: by December 31, 2024, we are offering 5G broadband service to at least 80% of the U.S. population and, as of June 14, 2025 (as defined in our September 2024 FCC extension request): (a) we have offered a low-cost 5G broadband plan and device to consumers nationwide; (b) we have deployed at least 24,000 5G sites; (c) we have upgraded our deployed 5G sites to 3GPP Release 17; and (d) we have provisioned at least 75% of new subscribers with an EchoStar-certified 5G device on our MNO network if the subscriber is within the accelerated markets as set forth in Appendices A-F of our September 2024 FCC extension request.

(8) See Note 2 for further information.

(9) See Note 1 for further information on the Sale and Transfer of Assets to EchoStar and see Note 12 for Related Party Transactions with EchoStar.

(10) For certain of these license areas, we must offer 5G broadband service to at least 85% of the population in each Economic Area (which is a service area established by the FCC), and for certain other licenses we must offer 5G broadband service to at least 80% of the population in each Economic Area by this date. These licenses are set forth in Appendices A and D of our September 2024 FCC extension request.

(11) For the 700 MHz and AWS-4 licenses set forth in Appendix G-1 of our September 2024 FCC extension request, if, by December 31, 2024, we satisfy the accelerated buildout obligations described in footnotes 3, 4 and 11 herein, the final deadline for us to offer 5G broadband service to at least 70% of the population in each Economic Area (which is a service area established by the FCC) with respect to these licenses shall be extended to December 14, 2026. The final deadline shall be further extended to June 14, 2028, if: by December 31, 2024, we are offering 5G broadband service to at least 80% of the U.S. population and, as of June 14, 2025 (as defined in our September 2024 FCC extension request): (a) we have offered a low-cost 5G broadband plan and device to consumers nationwide; (b) we have deployed at least 24,000 5G sites; (c) we have upgraded our deployed 5G sites to 3GPP Release 17; and (d) we have provisioned at least 75% of new subscribers with an EchoStar-certified 5G device on our MNO network if the subscriber is within the accelerated markets as set forth in Appendices A-F of our September 2024 FCC extension request.

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(12) For the H-Block licenses set forth in Appendix G-1 of our September 2024 FCC extension request, if, by December 31, 2024, we satisfy the accelerated buildout obligations described in footnotes 3, 4 and 11 herein, the final deadline for us to offer 5G broadband service to at least 75% of the population in each Economic Area (which is a service area established by the FCC) with respect to these licenses shall be extended to December 14, 2026. The final deadline shall be further extended to June 14, 2028, if: by December 31, 2024, we are offering 5G broadband service to at least 80% of the U.S. population and, as of June 14, 2025 (as defined in our September 2024 FCC extension request): (a) we have offered a low-cost 5G broadband plan and device to consumers nationwide; (b) we have deployed at least 24,000 5G sites; (c) we have upgraded our deployed 5G sites to 3GPP Release 17; and (d) we have provisioned at least 75% of new subscribers with an EchoStar-certified 5G device on our MNO network if the subscriber is within the accelerated markets as set forth in Appendices A-F of our September 2024 FCC extension request.
(13) There are a variety of build-out options and associated build-out metrics associated with these licenses.

Commercialization of Our Wireless Spectrum Licenses and Related Assets. On September 29, 2023, the FCC confirmed we have met all of our June 14, 2023 band-specific 5G deployment commitments, and two of our three nationwide 5G commitments. The single remaining 5G commitment, that at least 70% of the U.S. population has access to average download speeds equal to 35 Mbps, was achieved in March 2024 using the drive test methodology previously agreed upon by us and the FCC and overseen by an independent monitor. We currently have the largest commercial deployment of 5G VoNR in the world covering over 200 million Americans and 5G broadband service covering over 250 million Americans. We currently expect capital expenditures, excluding capitalized interest, for our 5G Network Deployment to be approximately $10 billion, including amounts incurred in 2021, 2022, 2023 and the first nine months of 2024. See Note 2 for further information.

In September 2024, the FCC conditionally granted our requests to extend the 5G deployment deadlines for certain of our licenses based on several commitments, described above.

We may need to make significant additional investments or partner with others to, among other things, continue our 5G Network Deployment and further commercialize, build-out and integrate these licenses and related assets and any additional acquired licenses and related assets, as well as to comply with regulations applicable to such licenses. Depending on the nature and scope of such activities, any such investments or partnerships could vary significantly. In addition, as we continue our 5G Network Deployment, we have and may continue to incur significant additional expenses related to, among other things, research and development, wireless testing and ongoing upgrades to the wireless network infrastructure, software and third-party integration. As a result of these investments, among other factors, we may need to raise additional capital, which may not be available on favorable terms. We may also determine that additional wireless spectrum licenses may be required for our 5G Network Deployment and to compete effectively with other wireless service providers.

AWS-3 Auction

Northstar Wireless is a wholly-owned subsidiary of Northstar Spectrum, which is an entity wholly-owned by us and, prior to October 12, 2023, by us and Northstar Manager. SNR Wireless is a wholly-owned subsidiary of SNR HoldCo, which is an entity owned by us and our parent’s direct wholly-owned subsidiary EchoStar SNR HoldCo L.L.C. and, prior to February 16, 2024, by us and SNR Management. See Note 2 for further information.

Northstar Wireless and SNR Wireless each filed applications with the FCC to participate in Auction 97 (the “AWS-3 Auction”) for the purpose of acquiring certain AWS-3 Licenses. Each of Northstar Wireless and SNR Wireless applied to receive bidding credits of 25% as designated entities under applicable FCC rules.

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(Unaudited)

FCC Order and October 2015 Arrangements. On August 18, 2015, the FCC released a *Memorandum Opinion and Order*, FCC 15-104 (the "Order") in which the FCC determined, among other things, that DISH Network has a controlling interest in, and is an affiliate of, Northstar Wireless and SNR Wireless, and therefore DISH Network's revenues should be attributed to them, which in turn makes Northstar Wireless and SNR Wireless ineligible to receive the 25% bidding credits (approximately \$1.961 billion for Northstar Wireless and \$1.370 billion for SNR Wireless). On November 23, 2020, the FCC released a Memorandum Opinion and Order on Remand, FCC 20-160, that found that Northstar Wireless and SNR Wireless are not eligible for bidding credits based on the FCC's determination that they remain under DISH Network's *de facto* control. Northstar Wireless and SNR Wireless appealed the FCC's order to the D.C. Circuit Court of Appeals. On June 21, 2022, the United States Court of Appeals for the District of Columbia issued an Opinion rejecting this challenge. On January 17, 2023, Northstar Wireless filed a petition for a writ of certiorari asking the United States Supreme Court to hear a further appeal, but that petition was denied on June 30, 2023.

Letters Exchanged between Northstar Wireless and the FCC Wireless Bureau. As outlined in letters exchanged between Northstar Wireless and the Wireless Telecommunications Bureau of the FCC (the "FCC Wireless Bureau"), Northstar Wireless paid the gross winning bid amounts for 261 AWS-3 Licenses and notified the FCC that it would not be paying the gross winning bid amounts for 84 AWS-3 Licenses. As a result of the nonpayment of those gross winning bid amounts, the FCC retained those licenses.

If the winning bids from re-auction or other award of the AWS-3 licenses retained by the FCC are greater than or equal to the winning bids of Northstar Wireless, no additional amounts will be owed to the FCC by Northstar Wireless. However, if those winning bids are less than the winning bids of Northstar Wireless, then we will be responsible for the difference less any overpayment of the Northstar interim payment, detailed below, (which will be recalculated as 15% of the winning bids from re-auction or other award) (the "Northstar Re-Auction Payment"). For example, if the winning bids in a re-auction are \$1, the Northstar Re-Auction Payment would be approximately \$1.892 billion, which is calculated as the difference between \$2.226 billion (the Northstar winning bid amounts) and \$1 (the winning bids from re-auction) less the resulting \$334 million overpayment of the Northstar interim payment. We cannot predict with any degree of certainty the timing or outcome of any re-auction or the amount of any Northstar Re-Auction Payment.

Letters Exchanged between SNR Wireless and the FCC Wireless Bureau. As outlined in letters exchanged between SNR Wireless and the FCC Wireless Bureau, SNR Wireless paid the gross winning bid amounts for 244 AWS-3 Licenses and notified the FCC that it would not be paying the gross winning bid amounts for 113 AWS-3 Licenses. As a result of the nonpayment of those gross winning bid amounts, the FCC retained those licenses.

If the winning bids from re-auction or other award of the AWS-3 licenses retained by the FCC are greater than or equal to the winning bids of SNR Wireless, no additional amounts will be owed to the FCC by SNR Wireless. However, if those winning bids are less than the winning bids of SNR Wireless, then we and our parent, EchoStar, will be responsible for the difference less any overpayment of the SNR interim payment, detailed below, (which will be recalculated as 15% of the winning bids from re-auction or other award) (the "SNR Re-Auction Payment"). For example, if the winning bids in a re-auction are \$1, the SNR Re-Auction Payment would be approximately \$1.029 billion, which is calculated as the difference between \$1.211 billion (the SNR winning bid amounts) and \$1 (the winning bids from re-auction) less the resulting \$182 million overpayment of the SNR interim payment. We cannot predict with any degree of certainty the timing or outcome of any re-auction or the amount of any SNR Re-Auction Payment.

D.C. Circuit Court Opinion. On August 29, 2017, the United States Court of Appeals for the District of Columbia Circuit (the "D.C. Circuit") in *SNR Wireless LicenseCo, LLC, et al. v. Federal Communications Commission*, 868 F.3d 1021 (D.C. Cir. 2017) (the "Appellate Decision") affirmed the Order in part, and remanded the matter to the FCC to give Northstar Wireless and SNR Wireless an opportunity to seek to negotiate a cure of the issues identified by the FCC in the Order (a "Cure"). On January 26, 2018, SNR Wireless and Northstar Wireless filed a petition for a writ of certiorari, asking the United States Supreme Court to hear an appeal from the Appellate Decision, which the United States Supreme Court denied on June 25, 2018.

Order on Remand. On January 24, 2018, the FCC released an Order on Remand, DA 18-70 (the "Order on Remand") purporting to establish a procedure to afford Northstar Wireless and SNR Wireless the opportunity to implement a Cure pursuant to the Appellate Decision. On June 8, 2018, Northstar Wireless and SNR Wireless each filed amended agreements to demonstrate that, in light of such changes, each of Northstar Wireless and SNR Wireless qualified for the very small business bidding credit that it sought in the AWS-3 Auction. Northstar Wireless and SNR Wireless filed a Joint Application for Review of the Order on Remand requesting, among other things, an iterative negotiation process with the FCC regarding a Cure, which was denied on July 12, 2018. The pleading cycle established in the Order on Remand concluded in October 2018. On November 23, 2020, the FCC issued a Memorandum Opinion and Order that concluded, among other things, that DISH Network retained de facto control over Northstar Wireless and SNR Wireless and denied the very small business bidding credit sought by Northstar Wireless and SNR Wireless, even though the parties had eliminated or significantly modified every provision previously deemed to have been disqualifying by the FCC. Northstar Wireless and SNR Wireless timely filed an appeal of the FCC's 2020 decision. On June 21, 2022, the United States Court of Appeals for the District of Columbia issued an Opinion rejecting this challenge. On January 17, 2023, Northstar Wireless filed a petition for a writ of certiorari asking the United States Supreme Court to hear a further appeal, but that petition was denied on June 30, 2023.

For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Contingencies

Litigation

We are involved in a number of legal proceedings (including those described below) concerning matters arising in connection with the conduct of our business activities. Many of these proceedings are at preliminary stages, and many of these proceedings seek an indeterminate amount of damages. We regularly evaluate the status of the legal proceedings in which we are involved to assess whether a loss is probable or there is a reasonable possibility that a loss or an additional loss may have been incurred and to determine if accruals are appropriate. If accruals are not appropriate, we further evaluate each legal proceeding to assess whether an estimate of the possible loss or range of possible loss can be made.

For certain cases described on the following pages, management is unable to provide a meaningful estimate of the possible loss or range of possible loss because, among other reasons: (i) the proceedings are in various stages; (ii) damages have not been sought; (iii) damages are unsupported and/or exaggerated; (iv) there is uncertainty as to the outcome of pending appeals or motions; (v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories to be presented or a large number of parties. For these cases, however, management does not believe, based on currently available information, that the outcomes of these proceedings will have a material adverse effect on our financial condition, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

ClearPlay, Inc.

On March 13, 2014, ClearPlay, Inc. ("ClearPlay") filed a complaint against us, our wholly-owned subsidiary DISH Network L.L.C., EchoStar, and its then wholly-owned subsidiary EchoStar Technologies L.L.C., in the United States District Court for the District of Utah. The complaint alleges willful infringement of United States Patent Nos. 6,898,799 (the "799 patent"), entitled "Multimedia Content Navigation and Playback"; 7,526,784 (the "784 patent"), entitled "Delivery of Navigation Data for Playback of Audio and Video Content"; 7,543,318 (the "318 patent"), entitled "Delivery of Navigation Data for Playback of Audio and Video Content"; 7,577,970 (the "970 patent"), entitled "Multimedia Content Navigation and Playback"; and 8,117,282 (the "282 patent"), entitled "Media Player Configured to Receive Playback Filters From Alternative Storage Mediums." ClearPlay alleges that the AutoHop™ feature of our Hopper® set-top box infringes the asserted patents. On February 11, 2015, the case was stayed pending various third-party challenges before the United States Patent and Trademark Office regarding the validity of certain of the patents asserted in the action.

In those third-party challenges, the United States Patent and Trademark Office found that all claims of the 282 patent are unpatentable, and that certain claims of the 784 patent and 318 patent are unpatentable. ClearPlay appealed as to the 784 patent and the 318 patent, and on August 23, 2016, the United States Court of Appeals for the Federal Circuit affirmed the findings of the United States Patent and Trademark Office. On October 31, 2016, the stay was lifted, and in May 2017, ClearPlay agreed to dismiss us and EchoStar as defendants, leaving DISH Network L.L.C. and DISH Technologies L.L.C. as the sole defendants.

On October 16, October 21, November 2, 2020 and November 9, 2020, DISH Network L.L.C. filed petitions with the United States Patent and Trademark Office requesting ex parte reexamination of the validity of the asserted claims of, respectively, the 784 patent, the 799 patent, the 318 patent and the 970 patent; and on November 2, November 20, December 14 and December 15, 2020, the United States Patent and Trademark Office granted each request for reexamination. On May 7, 2021, May 25, 2021, June 25, 2021 and July 7, 2021, the United States Patent and Trademark Office issued Ex Parte Reexamination Certificates confirming the patentability of the challenged claims of, respectively, the 799 patent, the 784 patent, the 318 patent and the 970 patent.

In October and November 2021, DISH Network L.L.C. filed petitions with the United States Patent and Trademark Office requesting ex parte reexamination of the validity of certain asserted claims of the 784 patent, the 799 patent and the 970 patent. In November and December 2021, the United States Patent and Trademark Office granted review of the challenged claims of the 799 patent and the 970 patent, but denied review of the challenged claims of the 784 patent. On January 24, 2022, an examiner of the United States Patent and Trademark Office affirmed the challenged claims of the 799 patent, and on January 19, 2023, an examiner of the United States Patent and Trademark Office affirmed the challenged claims of the 970 patent.

In an order dated January 31, 2023, the Court granted in part and denied in part DISH Network L.L.C.'s and DISH Technologies L.L.C.'s motion for summary judgment. Thereafter, ClearPlay narrowed its case to three asserted claims: one under the 799 patent and two under the 970 patent. Following a two-week trial, on March 10, 2023, the jury returned a verdict that DISH Network L.L.C. and DISH Technologies L.L.C. infringed each of the asserted patent claims (though not willfully), and awarded damages of $469 million. That verdict became moot on March 21, 2023, when the trial court indicated that it would grant DISH Network L.L.C.'s and DISH Technologies L.L.C.'s motion for judgment as a matter of law, thus effectively vacating the jury award. On June 2, 2023, the Court entered its formal order granting judgment as a matter of law. On December 12, 2023, the Court denied ClearPlay's motion to alter or amend the judgment. ClearPlay has filed a notice of appeal to the United States Court of Appeals for the Federal Circuit, and briefing should be completed by November 27, 2024.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Data Breach Class Actions

On May 9, 2023, Susan Owen-Brooks, an alleged customer, filed a putative class action complaint against us in the United States District Court for the District of Colorado. She purports to represent a nationwide class of all individuals in the United States who allegedly had private information stolen as a result of the February 23, 2023 Cyber-security Incident (and a North Carolina statewide subclass of the same individuals). Since that filing, ten additional putative class action complaints have been filed in the United States District Court for the District of Colorado, purporting to represent the same nationwide class of people, and Owen-Brooks has filed an amended complaint. On August 2, 2023, the Court issued an order consolidating the first ten cases (the eleventh was dismissed) and, on November 16, 2023 and January 16, 2024, the plaintiffs filed consolidated amended class action complaints. On September 27, 2024, the Court granted DISH Network's motion to dismiss the First Amended Consolidated Class Action Complaint as to eight of the eleven named plaintiffs and as to certain causes of action. On October 29, 2024, the Plaintiffs filed the operative Second Amended Consolidated Class Action Complaint, which deletes the allegations as to the dismissed plaintiffs and causes of action, leaving three named plaintiffs and causes of action for negligence, negligence per se, breach of implied contract, and declaratory judgment.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Digital Broadcasting Solutions, LLC

On August 29, 2022, Digital Broadcasting Solutions, LLC filed a complaint against our wholly-owned subsidiaries DISH Network L.L.C. and DISH Technologies L.L.C. in the United States District Court for the Eastern District of Texas. The complaint alleges infringement of U.S. Patent No. 8,929,710 (the "710 patent") and U.S. Patent No. 9,538,122 (the "122 patent"), each entitled "System and method for time shifting at least a portion of a video program." Generally, the plaintiff contends that the AutoHop feature of our Hopper® set-top boxes infringes the asserted patents. On June 21, 2023, the Court granted the motion of DISH Network L.L.C. and DISH Technologies L.L.C. to have the case transferred to the United States District Court for the District of Colorado.

In May 2023, DISH Network L.L.C. and DISH Technologies L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of all claims of the 710 patent and the 122 patent and, on December 11, 2023, the United States Patent and Trademark Office entered decisions instituting each petition. On May 9, 2024, a magistrate judge issued an order granting the defendants' motion to stay the case pending the petitions before the United States Patent and Trademark Office and any related appeals.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Entropic Communications, LLC (first action)

On March 9, 2022, Entropic Communications, LLC ("Entropic") filed a complaint against us and our wholly-owned subsidiaries DISH Network L.L.C. and Dish Network Service L.L.C. in the United States District Court for the Eastern District of Texas. The complaint alleges infringement of U.S. Patent No. 7,130,576 (the "576 patent"), entitled "Signal Selector and Combiner for Broadband Content Distribution"; U.S. Patent No. 7,542,715 (the "715 Patent"), entitled "Signal Selector and Combiner for Broadband Content Distribution"; and U.S. Patent No. 8,792,008 (the "008 Patent"), entitled "Method and Apparatus for Spectrum Monitoring." On March 30, 2022, Entropic filed an amended complaint alleging infringement of the same patents. Generally, the plaintiff accuses satellite antennas, low-noise block converters, signal selector and combiners, and set-top boxes and the manner in which they process signals for satellite television customers of infringing the asserted patents. The plaintiff is an entity that seeks to license a patent portfolio without itself practicing any of the claims recited therein.

On October 24, 2022, this case was ordered to be transferred to the United States District Court for the Central District of California. A companion case against DirecTV was also ordered transferred to the United States District Court for the Central District of California.

In January and February of 2023, DISH Network L.L.C. and Dish Network Service L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of all claims of the 715 patent, all claims of the 008 patent, and 25 claims of the 576 patent, which includes all of its asserted claims. In August and September 2023, the Patent Office denied institution on the petitions challenging the 715 patent and the 576 patent. In September 2023, at the parties' joint request, the Patent Office dismissed the petition challenging the 008 patent, as Entropic agreed to drop its claims against DISH Network on that patent. On July 12, 2024, the United States Patent and Trademark Office granted a request for reexamination of the 715 patent.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Entropic Communications, LLC (second action)

On February 10, 2023, Entropic filed a second lawsuit against us and our wholly-owned subsidiaries DISH Network L.L.C., Dish Network Service L.L.C. and Dish Network California Service Corporation in the United States District Court for the Central District of California. The complaint alleges infringement of U.S. Patent No. 7,295,518 (the "518 patent"), entitled "Broadband network for coaxial cable using multi-carrier modulation"; U.S. Patent No. 7,594,249 (the "249 patent"), entitled "Network interface device and broadband local area network using coaxial cable"; U.S. Patent Nos. 7,889,759 (the "759 patent"), entitled "Broadband cable network utilizing common bit-loading"; U.S. Patent No. 8,085,802 (the "802 Patent"), entitled "Multimedia over coaxial cable access protocol"; U.S. Patent No. 9,838,213 (the "213 patent"), entitled "Parameterized quality of service architecture in a network"; U.S. Patent No. 10,432,422 (the "422 patent"), entitled "Parameterized quality of service architecture in a network"; U.S. Patent No. 8,631,450 (the "450 patent"), entitled "Broadband local area network"; U.S. Patent No. 8,621,539 (the "539 patent"), entitled "Physical layer transmitter for use in a broadband local area network"; U.S. Patent No. 8,320,566 (the "0,566 patent"), entitled "Method and apparatus for performing constellation scrambling in a multimedia home network"; U.S. Patent No. 10,257,566 (the "7,566 patent"), entitled "Broadband local area network"; U.S. Patent No. 8,228,910 (the "910 Patent"), entitled "Aggregating network packets for transmission to a destination mode"; and U.S. Patent No. 8,363,681 (the "681 patent"), entitled "Method and apparatus for using ranging measurements in a multimedia home network."

Generally, the patents relate to Multimedia over Coax Alliance standards and the manner in which we provide a whole-home DVR network over an on-premises coaxial cable network. Entropic has asserted the same patents in the same court against Comcast, Cox and DirecTV. On September 7, 2023, the Court granted the motion of DISH Network L.L.C., Dish Network Service L.L.C. and Dish Network California Service Corporation to dismiss the claims arising from the 7,566 patent and the 910 patent on the grounds that they claimed in eligible subject matter. In January and February 2024, DISH Network L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of the 249 patent, the 518 patent, the 759 patent, the 450 patent, the 539 patent, the 0,566 patent, and the 681 patent. In July and August 2024, the United States Patent and Trademark Office agreed to institute proceedings on the petitions challenging the 249 patent and the 518 patent, but denied institution on the remaining petitions.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Freedom Patents

On April 7, 2023, Freedom Patents LLC filed a complaint against us and our wholly-owned subsidiaries DISH Network L.L.C. and Dish Network Service L.L.C. in the United States District Court for the Eastern District of Texas. The complaint alleges infringement of U.S. Patent No. 8,284,686 (the "686 Patent"), entitled "Antenna/Beam Selection Training in MIMO Wireless LANS with Different Sounding Frames"; U.S. Patent No. 8,374,096 (the "096 Patent"), entitled "Method for Selecting Antennas and Beams in MIMO Wireless LANs"; and U.S. Patent No. 8,514,815 (the "815 Patent"), entitled "Training Signals for Selecting Antennas and Beams in MIMO Wireless LANs." Similar complaints were also filed against Acer, Altice, Charter, Comcast and Verizon. In general, the asserted patents relate to the 802.11 wireless standard, and the products accused of infringement are the Wireless Joey, its access point, and certain Ring, Nest and Linksys products that we sell. On March 15, 2024, the Court denied the defendants' motion to transfer the case to the United States District Court for the District of Colorado.

On May 24, 2024, the case was dismissed pursuant to a settlement under which DISH Network, DISH Network L.L.C. and Dish Network Service L.L.C. paid an immaterial amount. This matter is now concluded.

Jones 401(k) Litigation

On December 20, 2021, four former employees filed a class action complaint in the United States District Court for the District of Colorado against us, our Board of Directors, and our Retirement Plan Committee alleging fiduciary breaches arising from the management of our 401(k) Plan. The putative class, comprised of all participants in the Plan on or after January 20, 2016, alleges that the Plan had excessive recordkeeping and administrative expenses and that it maintained underperforming funds. On February 1, 2023, a Magistrate Judge issued a recommendation that the defendants' motion to dismiss the complaint be granted, and on March 27, 2023, the district court judge granted the motion. As permitted by the Court's order, the plaintiffs filed an amended complaint on April 10, 2023, which is limited to allegations regarding the alleged underperformance of the Fidelity Freedom Funds. On November 7, 2023, a Magistrate Judge issued a recommendation that the defendants' motion to dismiss the amended complaint be denied as to the duty to prudently monitor fund performance, but be granted as to the duty of loyalty and, on November 27, 2023, the district court judge entered an order adopting the recommendation. On March 1, 2024, by stipulation, the plaintiffs dismissed their claims against the Board of Directors and the Retirement Plan Committee, leaving DISH Network as the sole defendant. On April 30, 2024, pursuant to the parties' stipulation, the Court certified the proposed plaintiff class. On October 30, 2024, pursuant to the parties' stipulation, the Court stayed the litigation pending a mediation.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Lingam Securities Class Action (formerly Jaramillo)

On March 23, 2023, a securities fraud class action complaint was filed against us and Messrs. Ergen, Carlson and Orban in the United States District Court for the District of Colorado. The complaint is brought on behalf of a putative class of purchasers of our securities during the February 22, 2021 to February 27, 2023 class period. In general, the complaint alleges that DISH Network's public statements during that period were false and misleading and contained material omissions, because they did not disclose that we allegedly maintained a deficient cyber-security and information technology infrastructure, were unable to properly secure customer data and our operations were susceptible to widespread service outages.

In August 2023, the Court appointed a new lead plaintiff and lead plaintiff's counsel, and, on October 20, 2023, they filed an amended complaint that abandoned the original allegations. In their amended complaint, plaintiffs allege that, during the class period, the defendants concealed problems concerning the 5G network buildout that prevented scaling and commercializing the network to obtain enterprise customers. The amended complaint added as individual defendants James S. Allen, our Senior Vice President and Chief Accounting Officer; John Swieringa, our President, Technology and Chief Operating Officer; Dave Mayo, our former Executive Vice President of Network Development; Marc Rouanne, our former Executive Vice President and Chief Network Officer; and Stephen Bye, our former Executive Vice President and Chief Commercial Officer. After the defendants filed a motion to dismiss, the plaintiffs filed a further amended complaint, asserting the same theory, on February 23, 2024. The new complaint drops Erik Carlson, John Swieringa, Paul Orban and James Allen as individual defendants.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Quantum Technology Innovations LLC

On June 5, 2024, Quantum Technology Innovations, LLC filed a complaint in the United States District Court for the Eastern District of Texas against us alleging infringement of United States Patent No. 7,650,376, entitled "Content Distribution System for Distributing Content Over a Network, with Particular Applicability to Distributing High-Bandwidth Content." The plaintiff is an entity that seeks to license a patent portfolio without itself practicing any of the claims recited therein. On August 8, 2024, Quantum Technology Innovations dismissed its complaint without prejudice. This matter is now concluded.

Realtime Data LLC and Realtime Adaptive Streaming LLC

On June 6, 2017, Realtime Data LLC d/b/a IXO ("Realtime") filed an amended complaint in the United States District Court for the Eastern District of Texas (the "Original Texas Action") against us; our wholly-owned subsidiaries DISH Network L.L.C., DISH Technologies L.L.C. (then known as EchoStar Technologies L.L.C.), Sling TV L.L.C. and Sling Media L.L.C.; EchoStar, and EchoStar's wholly-owned subsidiary Hughes Network Systems, L.L.C. ("HNS"); and Arris Group, Inc. Realtime's initial complaint in the Original Texas Action, filed on February 14, 2017, had named only EchoStar and HNS as defendants.

The amended complaint in the Original Texas Action alleges infringement of United States Patent No. 8,717,204 (the "204 patent"), entitled "Methods for encoding and decoding data"; United States Patent No. 9,054,728 (the "728 patent"), entitled "Data compression systems and methods"; United States Patent No. 7,358,867 (the "867 patent"), entitled "Content independent data compression method and system"; United States Patent No. 8,502,707 (the "707 patent"), entitled "Data compression systems and methods"; United States Patent No. 8,275,897 (the "897 patent"), entitled "System and methods for accelerated data storage and retrieval"; United States Patent No. 8,867,610 (the "610 patent"), entitled "System and methods for video and audio data distribution"; United States Patent No. 8,934,535 (the "535 patent"), entitled "Systems and methods for video and audio data storage and distribution"; and United States Patent No. 8,553,759 (the "759 patent"), entitled "Bandwidth sensitive data compression and decompression."

Realtime alleges that our, Sling TV L.L.C.'s, Sling Media L.L.C.'s and Arris Group, Inc.'s streaming video products and services compliant with various versions of the H.264 video compression standard infringe the 897 patent, the 610 patent and the 535 patent, and that the data compression system in HNS' products and services infringes the 204 patent, the 728 patent, the 867 patent, the 707 patent and the 759 patent.

On July 19, 2017, the Court severed Realtime's claims against us, DISH Network L.L.C., Sling TV L.L.C., Sling Media L.L.C. and Arris Group, Inc. (alleging infringement of the 897 patent, the 610 patent and the 535 patent) from the Original Texas Action into a separate action in the United States District Court for the Eastern District of Texas (the "Second Texas Action"). On August 31, 2017, Realtime dismissed the claims against us, Sling TV L.L.C., Sling Media Inc., and Sling Media L.L.C. from the Second Texas Action and refiled these claims (alleging infringement of the 897 patent, the 610 patent and the 535 patent) against Sling TV L.L.C., Sling Media Inc., and Sling Media L.L.C. in a new action in the United States District Court for the District of Colorado (the "Colorado Action"). Also on August 31, 2017, Realtime dismissed DISH Technologies L.L.C. from the Original Texas Action, and on September 12, 2017, added it as a defendant in an amended complaint in the Second Texas Action. On November 6, 2017, Realtime filed a joint motion to dismiss the Second Texas Action without prejudice, which the Court entered on November 8, 2017.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

On October 10, 2017, Realtime Adaptive Streaming LLC ("Realtime Adaptive Streaming") filed suit against our wholly-owned subsidiaries DISH Network L.L.C. and DISH Technologies L.L.C., as well as Arris Group, Inc., in a new action in the United States District Court for the Eastern District of Texas (the "Third Texas Action"), alleging infringement of the 610 patent and the 535 patent. Also on October 10, 2017, an amended complaint was filed in the Colorado Action, substituting Realtime Adaptive Streaming as the plaintiff instead of Realtime, and alleging infringement of only the 610 patent and the 535 patent, but not the 897 patent. On November 6, 2017, Realtime Adaptive Streaming filed a joint motion to dismiss the Third Texas Action without prejudice, which the court entered on November 8, 2017. Also on November 6, 2017, Realtime Adaptive Streaming filed a second amended complaint in the Colorado Action, adding our wholly-owned subsidiaries DISH Network L.L.C. and DISH Technologies L.L.C., as well as Arris Group, Inc., as defendants.

As a result, neither we nor any of our subsidiaries is a defendant in the Original Texas Action; the Court has dismissed without prejudice the Second Texas Action and the Third Texas Action; and our wholly-owned subsidiaries DISH Network L.L.C., DISH Technologies L.L.C., Sling TV L.L.C. and Sling Media L.L.C. as well as Arris Group, Inc., are defendants in the Colorado Action, which now has Realtime Adaptive Streaming as the named plaintiff. Following settlements with the plaintiff, EchoStar and HNS were dismissed from the Original Texas Action in February 2019, and Arris Group, Inc. was dismissed from the Colorado Action in March 2021.

On July 3, 2018, Sling TV L.L.C., Sling Media L.L.C., DISH Network L.L.C., and DISH Technologies L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of each of the asserted patents. On January 31, 2019, the United States Patent and Trademark Office agreed to institute proceedings on our petitions, and it held trial on the petitions on December 5, 2019. On January 17, 2020, the United States Patent and Trademark Office terminated the petitions as time-barred, but issued a final written decision invalidating the 535 patent to third parties that had timely joined in our petition (and, on January 10, 2020, issued a final written decision invalidating the 535 patent in connection with a third party's independent petition). On March 16, 2020, Sling TV L.L.C., Sling Media L.L.C., DISH Network L.L.C., and DISH Technologies L.L.C. filed a notice of appeal from the terminated petitions to the United States Court of Appeals for the Federal Circuit. On June 29, 2020, the United States Patent and Trademark Office filed a notice of intervention in the appeal. On March 16, 2021, the Court of Appeals dismissed the appeal for lack of jurisdiction. On April 29, 2021, Sling TV L.L.C., Sling Media L.L.C., DISH Network L.L.C., and DISH Technologies L.L.C. filed a petition for rehearing, which was denied on June 28, 2021. On January 12, 2021, Realtime Adaptive Streaming filed a notice of dismissal of its claims on the 535 patent.

On July 30, 2021, the District Court granted summary judgment in favor of DISH Network L.L.C., DISH Technologies L.L.C., Sling TV L.L.C. and Sling Media L.L.C., holding that the remaining asserted patent, the 610 patent, is invalid because it claims patent-ineligible abstract subject matter. Realtime Adaptive Streaming appealed that ruling to the United States Court of Appeals for the Federal Circuit, and on May 11, 2023, that Court affirmed the District Court's summary judgment order. Independently, on September 21, 2021, in connection with an ex parte reexamination of the validity of the 610 patent, an examiner at the United States Patent and Trademark Office issued a final office action rejecting each asserted claim of the 610 patent as invalid over the cited prior art. On April 19, 2023, the Patent Trial and Appeal Board rejected Realtime Adaptive Streaming's appeal and affirmed the examiner's rejection of the asserted claims of the 610 patent. Realtime did not further appeal the Patent Trial and Appeal Board's determination and, thus, the asserted claims of the 610 patent were canceled. As a result, DISH Network L.L.C., DISH Technologies L.L.C., Sling TV L.L.C. and Sling Media L.L.C. no longer face any possible exposure from this matter, and the liability phase of this case is concluded.

DISH NETWORK CORPORATION
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On January 21, 2022, the District Court granted the motion by DISH Network L.L.C., DISH Technologies L.L.C., Sling TV L.L.C. and Sling Media L.L.C. to have the case declared "exceptional," and on September 20, 2022, awarded them $3.9 million in attorneys' fees. Realtime Adaptive Streaming filed a notice of appeal to the United States Court of Appeals for the Federal Circuit from the exceptionality and fee award orders, and on August 23, 2024, that Court vacated the exceptionality finding and remanded for further consideration of the issue. On October 23, 2024, DISH Network L.L.C., DISH Technologies L.L.C., Sling TV L.L.C. and Sling Media L.L.C. filed a petition with the United States Court of Appeals for the Federal Circuit seeking rehearing en banc.

SafeCast Limited

On June 27, 2022, SafeCast Limited filed a complaint against us in the United States District Court for the Western District of Texas. The complaint alleges that we infringe U.S. Patent No. 9,392,302, entitled "System for providing improved facilities in time-shifted broadcasts" (the "302 patent"). On the same day, it brought complaints in the same court asserting infringement of the same patent against AT&T, Google, HBO, NBCUniversal, Paramount and Verizon. On October 24, 2022, in response to the parties' joint motion, the Court ordered the case against us transferred to the United States District Court for the District of Colorado. On December 1, 2022, SafeCast filed an amended complaint naming our wholly-owned subsidiaries DISH Network L.L.C. and DISH Technologies L.L.C. as defendants and withdrawing the allegations as to us. The plaintiff is an entity that seeks to license a patent portfolio without itself practicing any of the claims recited therein. On June 22, 2023, DISH Network L.L.C. and DISH Technologies L.L.C. filed a petition with the United States Patent and Trademark Office challenging the validity of the asserted claims of the 302 patent, and on June 26, 2024, the United States Patent and Trademark Office agreed to institute proceedings on that petition. On August 28, 2023, the Court stayed the case pending resolution of the petition. On October 3, 2024, in connection with a third party's petition citing different prior art, the United States Patent and Trademark Office invalidated all claims asserted against DISH Network L.L.C. and DISH Technologies L.L.C. but that decision remains subject to a potential appeal.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Sound View Innovations, LLC

On December 30, 2019, Sound View Innovations, LLC filed one complaint against our wholly-owned subsidiaries DISH Network L.L.C. and DISH Technologies L.L.C. and a second complaint against our wholly-owned subsidiary Sling TV L.L.C. in the United States District Court for the District of Colorado. The complaint against DISH Network L.L.C. and DISH Technologies L.L.C. alleges infringement of United States Patent No 6,502,133 (the "133 patent"), entitled "Real-Time Event Processing System with Analysis Engine Using Recovery Information" and both complaints allege infringement of United States Patent No. 6,708,213 (the "213 patent), entitled "Method for Streaming Multimedia Information Over Public Networks"; United States Patent No. 6,757,796 (the "796 patent"), entitled "Method and System for Caching Streaming Live Broadcasts transmitted Over a Network"; and United States Patent No. 6,725,456 (the "456 patent"), entitled "Methods and Apparatus for Ensuring Quality of Service in an Operating System." All but the 133 patent are also asserted in the complaint against Sling TV L.L.C. The plaintiff is an entity that seeks to license a patent portfolio without itself practicing any of the claims recited therein.

On May 21, 2020, June 3, 2020, June 5, 2020 and July 10, 2020, DISH Network L.L.C., DISH Technologies L.L.C. and Sling TV L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of, respectively, the 213 patent, the 133 patent, the 456 patent and the 796 patent. On November 25, 2020, the United States Patent and Trademark Office declined to review the validity of the 213 patent, and on September 29, 2021, denied a request for rehearing of that decision. On January 19, 2021, the United States Patent and Trademark Office agreed to institute proceedings on the 456 patent but declined to review the 133 patent. On February 24, 2021, the United States Patent and Trademark Office agreed to institute proceedings on the 796 patent. On January 18, 2022, the United States Patent and Trademark Office issued a final written decision holding that the challenged claim of the 456 patent is patentable, and on February 8, 2022, it issued a final written decision holding that the challenged claims of the 796 patent are patentable.

On March 22, 2022, DISH Network L.L.C., DISH Technologies L.L.C. and Sling TV L.L.C. filed a notice of appeal to the United States Court of Appeals for the Federal Circuit from the adverse final written decision regarding the 456 patent, and on April 8, 2022, they filed a notice of appeal to the same court from the adverse final written decision regarding the 796 patent. The appeal on the 456 patent was voluntarily dismissed on December 6, 2022. The Federal Circuit heard oral argument on the 796 patent appeal on October 3, 2023, and affirmed the United States Patent and Trademark Office's adverse final written decision on October 5, 2023.

On April 20, 2022, DISH Network L.L.C., DISH Technologies L.L.C. and Sling TV L.L.C. filed a petition with the United States Patent and Trademark Office requesting ex parte reexamination of the validity of one of the asserted claims of the 213 patent, and reexamination was ordered on June 16, 2022. On January 18, 2023, they filed another petition requesting ex parte reexamination of the validity of the four additional asserted claims of the 213 patent, and reexamination was ordered on April 17, 2023. On November 13, 2023, the United States Patent and Trademark Office confirmed the patentability of the claim challenged in our first petition. On October 17, 2024, the Court ordered that the stay of the case, which had been entered for the pendency of the petitions before the United States Patent and Trademark Office, would remain in place pending the outcome of Sound View's appeal in a parallel action against Hulu.

We intend to vigorously defend these cases. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

State of Illinois ex rel. Rodriguez

In March 2020, two private "relators" filed this case in the Circuit Court of Cook County Illinois, County Department, Law Division, under the Illinois False Claims Act against DISH Wireless, Sprint and more than 60 Boost Mobile retailers in Illinois. The defendants only became aware of the lawsuit after it was unsealed in March 2022. The operative Second Amended Complaint alleges that the retailer defendants should have collected sales tax under the Retailers' Occupation Tax Act on any amounts that Sprint or DISH Network rebated them to facilitate handset price discounts to Illinois consumers ("Prepaid Phone Rebates") and on any phone activation fees the retailers charged to customers ("Device Setup Charges"). It further alleges that DISH Wireless and Sprint are liable for the alleged violations arising from the Device Setup Charges because of the way they allegedly managed the point-of-sale system that the retailer defendants used. The Plaintiffs seek to recover triple the amount of allegedly unpaid taxes, fines for each alleged violation, and attorneys' fees and costs.

On June 13, 2023, the Court denied the defendants' motions to dismiss the complaint, but on January 2, 2024, it granted reconsideration and dismissed the complaint as to DISH Wireless and Sprint, with leave to amend. The Plaintiffs filed a Third Amended Complaint on February 2, 2024. On September 20, 2024, the Court granted DISH Wireless's and Sprint's motion to dismiss the Third Amended Complaint, without further leave to amend

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

TQ Delta, LLC

On July 17, 2015, TQ Delta, LLC ("TQ Delta") filed a complaint against us and our wholly-owned subsidiaries DISH DBS Corporation and DISH Network L.L.C. in the United States District Court for the District of Delaware. The Complaint alleges infringement of United States Patent No. 6,961,369 (the "369 patent"), which is entitled "System and Method for Scrambling the Phase of the Carriers in a Multicarrier Communications System"; United States Patent No. 8,718,158 (the "158 patent"), which is entitled "System and Method for Scrambling the Phase of the Carriers in a Multicarrier Communications System"; United States Patent No. 9,014,243 (the "243 patent"), which is entitled "System and Method for Scrambling Using a Bit Scrambler and a Phase Scrambler"; United States Patent No.7,835,430 (the "430 patent"), which is entitled "Multicarrier Modulation Messaging for Frequency Domain Received Idle Channel Noise Information"; United States Patent No. 8,238,412 (the "412 patent"), which is entitled "Multicarrier Modulation Messaging for Power Level per Subchannel Information"; United States Patent No. 8,432,956 (the "956 patent"), which is entitled "Multicarrier Modulation Messaging for Power Level per Subchannel Information"; and United States Patent No. 8,611,404 (the "404 patent"), which is entitled "Multicarrier Transmission System with Low Power Sleep Mode and Rapid-On Capability."

On September 9, 2015, TQ Delta filed a first amended complaint that added allegations of infringement of United States Patent No. 9,094,268 (the "268 patent"), which is entitled "Multicarrier Transmission System With Low Power Sleep Mode and Rapid-On Capability." On May 16, 2016, TQ Delta filed a second amended complaint that added EchoStar Corporation and its then wholly-owned subsidiary EchoStar Technologies L.L.C. as defendants. TQ Delta alleges that our satellite TV service, Internet service, set-top boxes, gateways, routers, modems, adapters and networks that operate in accordance with one or more Multimedia over Coax Alliance Standards infringe the asserted patents.

TQ Delta has filed actions in the same court alleging infringement of the same patents against Comcast Corp., Cox Communications, Inc., DirecTV, Time Warner Cable Inc. and Verizon Communications, Inc. TQ Delta is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

On July 14, 2016, TQ Delta stipulated to dismiss with prejudice all claims related to the 369 patent and the 956 patent. On July 20, 2016, we filed petitions with the United States Patent and Trademark Office challenging the validity of all of the patent claims of the 404 patent and the 268 patent that have been asserted against us. Third parties filed petitions with the United States Patent and Trademark Office challenging the validity of all of the patent claims that have been asserted against us in the action. On November 4, 2016, the United States Patent and Trademark Office agreed to institute proceedings on the third-party petitions related to the 158 patent, the 243 patent, the 412 patent and the 430 patent.

On December 20, 2016, pursuant to a stipulation of the parties, the Court stayed the case until the resolution of all petitions to the United States Patent and Trademark Office challenging the validity of all of the patent claims at issue. On January 19, 2017, the United States Patent and Trademark Office granted our motions to join the instituted petitions on the 430 and 158 patents.

On February 9, 2017, the United States Patent and Trademark Office agreed to institute proceedings on our petition related to the 404 patent, and on February 13, 2017, the United States Patent and Trademark Office agreed to institute proceedings on our petition related to the 268 patent. On February 27, 2017, the United States Patent and Trademark Office granted our motions to join the instituted petitions on the 243 and 412 patents. On October 26, 2017, the United States Patent and Trademark Office issued final written decisions on the petitions challenging the 158 patent, the 243 patent, the 412 patent and the 430 patent, and it invalidated all of the asserted claims of those patents.

On February 7, 2018, the United States Patent and Trademark Office issued final written decisions on the petitions challenging the 404 patent, and it invalidated all of the asserted claims of that patent on the basis of our petition. On February 10, 2018, the United States Patent and Trademark Office issued a final written decision on our petition challenging the 268 patent, and it invalidated all of the asserted claims.

On March 12, 2018, the United States Patent and Trademark Office issued a final written decision on a third-party petition challenging the 268 patent, and it invalidated all of the asserted claims. TQ Delta filed notices of appeal from the final written decisions adverse to it. On May 9, 2019, the United States Court of Appeals for the Federal Circuit affirmed the invalidity of the 430 patent and the 412 patent. On July 10, 2019, the United States Court of Appeals for the Federal Circuit affirmed the invalidity of the asserted claims of the 404 patent. On July 15, 2019, the United States Court of Appeals for the Federal Circuit affirmed the invalidity of the asserted claims of the 268 patent. On November 22, 2019, the United States Court of Appeals for the Federal Circuit reversed the invalidity finding on the 243 patent and the 158 patent, and then, on March 29, 2020, denied a petition for panel rehearing as to those findings. On April 13, 2021, the Court lifted the stay, and the case is proceeding on the 243 patent and the 158 patent. On April 23 and April 26, 2021, the United States Patent and Trademark Office issued orders granting requests for ex parte reexamination of, respectively, the 243 patent and the 158 patent, but on July 27, 2023 and October 11, 2023, respectively, the United States Patent and Trademark Office confirmed the challenged claims of the 243 patent and the 158 patent. In a proposed supplemental report, TQ Delta's damages expert contends that TQ Delta is entitled to $251 million in damages.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Uniloc 2017 LLC

On January 31, 2019, Uniloc 2017 LLC ("Uniloc") filed a complaint against our wholly-owned subsidiary Sling TV L.L.C. in the United States District Court for the District of Colorado. The Complaint alleges infringement of United States Patent No. 6,519,005 (the "005 patent"), which is entitled "Method of Concurrent Multiple-Mode Motion Estimation for Digital Video"; United States Patent No. 6,895,118 (the "118 patent"), which is entitled "Method of Coding Digital Image Based on Error Concealment"; United States Patent No. 9,721,273 (the "273 patent"), which is entitled "System and Method for Aggregating and Providing Audio and Visual Presentations Via a Computer Network"); and United States Patent No. 8,407,609 (the "609 patent"), which is entitled "System and Method for Providing and Tracking the Provision of Audio and Visual Presentations Via a Computer Network." Uniloc is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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On June 25, 2019, Sling TV L.L.C. filed a petition with the United States Patent and Trademark Office challenging the validity of all of the asserted claims of the 005 patent. On July 19, 2019 and July 22, 2019, respectively, Sling TV L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of all asserted claims of the 273 patent and the 609 patent. On August 12, 2019, Sling TV L.L.C. filed a petition with the United States Patent and Trademark Office challenging the validity of all of the asserted claims of the 118 patent. On October 18, 2019, pursuant to a stipulation of the parties, the Court entered a stay of the trial proceedings.

On January 9, 2020, the United States Patent and Trademark Office agreed to institute proceedings on the petition challenging the 005 patent. On January 15, 2020, the United States Patent and Trademark Office agreed to institute proceedings on the petition challenging the 273 patent. On February 4, 2020, the United States Patent and Trademark Office agreed to institute proceedings on the petition challenging the 609 patent. On February 25, 2020, the United States Patent and Trademark Office declined to institute proceedings on the petition challenging the 118 patent.

On December 28, 2020, the United States Patent and Trademark Office issued a final written decision upholding the validity of the challenged claims of the 273 patent. Sling TV L.L.C. appealed that decision to the United States Court of Appeals for the Federal Circuit, and on February 2, 2022, the Federal Circuit vacated the final written decision and remanded to the United States Patent and Trademark Office to reconsider its ruling. On remand, on September 7, 2022, the United States Patent and Trademark Office issued a revised final written decision finding all challenged claims of the 273 patent invalid. Uniloc filed a notice of appeal of that revised final written decision to the United States Court of Appeals for the Federal Circuit, and on September 4, 2024, that court affirmed the United States Patent and Trademark Office's invalidity finding.

On January 5, 2021, the United States Patent and Trademark Office issued a final written decision invalidating all challenged claims of the 005 patent. On January 19, 2021, the United States Patent and Trademark Office issued a final written decision invalidating all challenged claims of the 609 patent (and a second final written decision invalidating all challenged claims of the 609 patent based on a third party's petition). Uniloc did not appeal those decisions. Thus, the sole remaining asserted patent is the 118 patent.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

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U.S. Bank Trust Company

On April 26, 2024, U.S. Bank Trust Company, in its capacity as Trustee under the Indentures for DISH DBS Corporation's 5.75% Senior Secured Notes due 2028 and 7.75% Senior Notes due 2026, filed an action in state court in New York City against DISH DBS Corporation, DISH Network L.L.C., EchoStar Intercompany Receivable Company L.L.C., DISH DBS Issuer LLC, and DBS Intercompany Receivable L.L.C. In its complaint, the Trustee contends that certain intracompany asset transfers in January 2024 breached the Indentures for those Notes, and that the transfers were intentional and constructive fraudulent transfers under the Colorado Uniform Fraudulent Transfer Act. The Trustee seeks a declaratory judgment that DISH DBS Corporation breached the Indentures and that an Event of Default occurred under the DBS Indentures. It further asks the Court to unwind certain intracompany asset transfers and to award damages. On May 13, 2024, the defendants removed the case to the United States District Court for the Southern District of New York and, on June 28, 2024, filed a motion to dismiss the complaint. Rather than opposing the motion, on July 18, 2024, the Trustee filed an amended complaint, which added a new declaratory judgment claim challenging certain intercompany advances. The defendants filed a renewed motion to dismiss the amended complaint on August 15, 2024.

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Vermont National Telephone Company

On September 23, 2016, the United States District Court for the District of Columbia unsealed a qui tam complaint that, on May 13, 2015, Vermont National filed against us; our wholly-owned subsidiaries, American AWS-3 Wireless I L.L.C., American II, American III, and DISH Wireless Holding L.L.C.; Charles W. Ergen (our Chairman) and Cantey M. Ergen (a member of our Board of Directors, at that time); Northstar Wireless; Northstar Spectrum; Northstar Manager; SNR Wireless; SNR HoldCo; SNR Management; and certain other parties. The complaint alleges violations of the federal civil False Claims Act (the "FCA") based on, among other things, allegations that Northstar Wireless and SNR Wireless falsely claimed bidding credits of 25% in the AWS-3 Auction when they were allegedly under the de facto control of DISH Network and, therefore, were not entitled to the bidding credits as designated entities under applicable FCC rules. Vermont National participated in the AWS-3 Auction through its wholly-owned subsidiary, VTel Wireless. The complaint was unsealed after the United States Department of Justice notified the District Court that it had declined to intervene in the action. Vermont National seeks to recover on behalf of the United States government approximately $10 billion, which reflects the $3.3 billion in bidding credits that Northstar Wireless and SNR Wireless claimed in the AWS-3 Auction, trebled under the FCA. Vermont National also seeks civil penalties of not less than $5,500 and not more than $11,000 for each violation of the FCA. On March 2, 2017, the United States District Court for the District of Columbia entered a stay of the litigation until such time as the United States Court of Appeals for the District of Columbia (the "D.C. Circuit") issued its opinion in *SNR Wireless LicenseCo, LLC, et al. v. F.C.C.* The D.C. Circuit issued its opinion on August 29, 2017 and remanded the matter to the FCC for further proceedings.

Thereafter, the District Court maintained the stay until October 26, 2018. On February 11, 2019, the District Court granted Vermont National's unopposed motion for leave to file an amended complaint. On March 28, 2019, the defendants filed a motion to dismiss Vermont National's amended complaint, and on March 23, 2021, the District Court granted the motion to dismiss. On April 21, 2021, Vermont National filed a notice of appeal to the United States Court of Appeals for the DC Circuit and, on May 17, 2022, that court reversed the District Court's dismissal of the complaint. On June 16, 2022, the Defendants-Appellees filed a petition for rehearing or rehearing en banc, but on August 17, 2022, that petition was denied. On August 25, 2023, the FCC provided a sworn declaration stating that "the FCC considers … SNR and Northstar to have fully and timely satisfied their obligations to pay money to the Government arising from the AWS-3 Auction."

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

On that basis, on September 22, 2023, the Defendants filed a motion seeking partial summary judgment of no damages. On September 26, 2023, the Court denied the motion as premature. On March 8, 2024, the United States filed a motion to exercise its statutory prerogative to intervene in the case for the purpose of moving to dismiss it with prejudice, stating that the case is "unlikely to vindicate the United States' interests and would needlessly expend the Government's and this Court's resources."

We intend to vigorously defend this case. We cannot predict with any degree of certainty the outcome of this proceeding or determine the extent of any potential liability or damages.

Other

In addition to the above actions, we are subject to various other legal proceedings and claims that arise in the ordinary course of business, including, among other things, disputes with programmers regarding fees. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to materially affect our financial condition, results of operations or liquidity, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

10. Segment Reporting

Operating segments are components of an enterprise for which separate financial information is available and regularly evaluated by the chief operating decision maker(s) of an enterprise. Operating income is the primary measure used by our chief operating decision maker to evaluate segment operating performance. We currently operate three primary business segments: (1) Pay-TV; (2) Retail Wireless and (3) 5G Network Deployment. See Note 1 for further information.

All other and eliminations primarily include intersegment eliminations related to intercompany debt and the related interest income and interest expense, which are eliminated in consolidation.

The total assets, revenue and operating income, and purchases of property and equipment, net of refunds, (including capitalized interest related to Regulatory authorizations) by segment were as follows:

	As of	
	September 30, 2024	December 31, 2023
	(In thousands)	
Assets:		
Pay-TV (1)	$ 53,425,068	$ 49,437,958
Retail Wireless	600,618	777,957
5G Network Deployment (2)	39,526,142	46,793,378
Eliminations	(47,981,811)	(45,596,262)
Total assets	$ 45,570,017	$ 51,413,031

(1) The increase primarily resulted from the New DISH DBS Financing issuance of $2.5 billion. See Note 8 for further information.
(2) This change primarily resulted from the Sale and Transfer of Assets to EchoStar. See Note 1 for further information.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Revenue:				
Pay-TV	$ 2,618,031	$ 2,807,101	$ 8,020,893	$ 8,754,372
Retail Wireless	895,949	890,980	2,693,330	2,794,087
5G Network Deployment	42,833	29,916	106,653	67,902
Eliminations	(41,496)	(23,481)	(97,400)	(43,286)
Total revenue	$ 3,515,317	$ 3,704,516	$ 10,723,476	$ 11,573,075
Operating income (loss):				
Pay-TV	$ 588,501	$ 589,465	$ 1,926,541	$ 1,985,490
Retail Wireless	(113,792)	(168,166)	(309,571)	(298,872)
5G Network Deployment	(599,022)	(463,105)	(1,747,262)	(1,198,667)
Eliminations	(187)	—	—	—
Total operating income (loss)	$ (124,500)	$ (41,806)	$ (130,292)	$ 487,951
Purchases of property and equipment, net of refunds, (including capitalized interest related to regulatory authorizations):				
Pay-TV	$ 53,357	$ 64,331	$ 119,111	$ 167,524
5G Network Deployment	323,702	852,169	1,349,124	2,907,102
Total purchases of property and equipment, net of refunds, (including capitalized interest related to regulatory authorizations)	$ 377,059	$ 916,500	$ 1,468,235	$ 3,074,626

The revenue from customers disaggregated by major revenue source was as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Category:	2024	2023	2024	2023
	(In thousands)			
Pay-TV subscriber and related revenue	$ 2,602,176	$ 2,776,950	$ 7,961,736	$ 8,592,126
Retail wireless services and related revenue	778,737	814,267	2,368,138	2,535,296
Pay-TV equipment sales and other revenue	15,855	30,151	59,157	162,246
Retail wireless equipment sales and other revenue	117,212	76,713	325,192	258,791
5G network deployment equipment sales and other revenue (1)	42,833	29,916	106,653	67,902
Eliminations (1)	(41,496)	(23,481)	(97,400)	(43,286)
Total	$ 3,515,317	$ 3,704,516	$ 10,723,476	$ 11,573,075

(1) "5G network deployment equipment sales and other revenue" includes intercompany revenue.

11. Revenue Recognition

Contract Balances

Our valuation and qualifying accounts as of September 30, 2024 were as follows:

	For the Nine Months Ended September 30, 2024
	(In thousands)
Balance at beginning of period	$ 53,991
Current period provision for expected credit losses	65,060
Write-offs charged against allowance	(51,987)
Acquisitions	—
Balance at end of period	$ 67,064

Contract liabilities arise when we bill our customers and receive consideration in advance of providing the service. Contract liabilities are recognized as revenue when the service has been provided to the customer. Contract liabilities are recorded in “Deferred revenue and other” and “Long-term deferred revenue and other long-term liabilities” on our Condensed Consolidated Balance Sheets.

The following table summarizes our contract liability balances:

	As of	
	September 30, 2024	December 31, 2023
	(In thousands)	
Contract liabilities	$ 561,160	$ 586,867

Our beginning of period contract liability recorded as customer contract revenue during 2024 was $561 million.

Performance Obligations

Pay-TV and Retail Wireless Segments

We apply a practical expedient and do not disclose the value of the remaining performance obligations for contracts that are less than one year in duration, which represent a substantial majority of our revenue. As such, the amount of revenue related to unsatisfied performance obligations is not necessarily indicative of our future revenue.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Contract Acquisition Costs

The following table presents the activity in our contract acquisition costs, net:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Balance at beginning of period	$ 242,873	$ 354,185	$ 287,276	$ 381,401
Additions	55,094	67,708	164,570	234,184
Amortization expense	(63,364)	(91,983)	(217,243)	(285,675)
Balance at end of period	$ 234,603	$ 329,910	$ 234,603	$ 329,910

12. Related Party Transactions

Related Party Transactions with EchoStar, our Parent.

On January 1, 2008, DISH Network completed the distribution of its technology and set-top box business and certain infrastructure assets (the "Spin-off") into a separate publicly-traded company, EchoStar. Following the Spin-off, DISH Network and EchoStar operated as separate publicly-traded companies until the Merger on December 31, 2023. See Note 1 for more information. After the Spin-off and prior to the Merger, we and EchoStar entered into certain agreements pursuant to which we obtain certain products, services and rights from EchoStar and EchoStar obtains certain products, services and rights from us.

On February 28, 2017, we and EchoStar and certain of our respective subsidiaries completed a transaction (the "Share Exchange Agreement") pursuant to which certain assets that were transferred to EchoStar in the Spin-off were transferred back to us. On September 10, 2019, we and EchoStar and certain of our respective subsidiaries completed the transactions contemplated by the Master Transaction Agreement (the "Master Transaction Agreement") pursuant to which certain assets that were transferred to EchoStar in the Spin-off were transferred back to us. On December 31, 2023, EchoStar completed the acquisition of DISH Network.

The following is a summary of the terms of our principal agreements with EchoStar, our parent, and its subsidiaries, that may have an impact on our financial condition and results of operations.

"Trade accounts receivable"

As of September 30, 2024 and December 31, 2023, trade accounts receivable from EchoStar was zero and $4 million, respectively. These amounts are recorded in "Trade accounts receivable" on our Condensed Consolidated Balance Sheets.

"Trade accounts payable"

As of September 30, 2024 and December 31, 2023, trade accounts payable to EchoStar was $64 million and $13 million, respectively. These amounts are recorded in "Trade accounts payable" on our Condensed Consolidated Balance Sheets.

"Service revenue"

During the three months ended September 30, 2024 and 2023, we received $2 million and $1 million, respectively, for services provided to EchoStar. During the nine months ended September 30, 2024 and 2023, we received $4 million and $3 million, respectively, for services provided to EchoStar. These amounts are recorded in "Service revenue" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these revenues are discussed below.

TT&C Agreement – Master Transaction Agreement. In September 2019, we entered into an agreement pursuant to which we provide TT&C services to EchoStar for a period ending in September 2021, with the option for EchoStar to renew for a one-year period upon written notice at least 90 days prior to the initial expiration (the "MTA TT&C Agreement"). The fees for services provided under the MTA TT&C Agreement are calculated at either: (i) a fixed fee or (ii) cost plus a fixed margin, which will vary depending on the nature of the services provided. Either party is able to terminate the MTA TT&C Agreement for any reason upon 12 months' notice. In September 2021, we amended the MTA TT&C Agreement to extend the term until September 2022 and added the option for EchoStar to renew for three one-year renewal terms. In August 2022, EchoStar exercised its first renewal option for a period ending in September 2023. In September 2023, EchoStar exercised its second renewal option for a period ending in September 2024. In September 2024, EchoStar exercised its third renewal option for a period ending in September 2025.

"Equipment sales and other revenue"

During the three months ended September 30, 2024 and 2023, we received $2 million and $1 million, respectively, for services provided to EchoStar. During both the nine months ended September 30, 2024 and 2023, we received $3 million and $2 million, respectively, for services provided to EchoStar. These amounts are recorded in "Equipment sales and other revenue" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these revenues are discussed below.

Real Estate Lease Agreements. We have entered into lease agreements pursuant to which we lease certain real estate to EchoStar. The rent on a per square foot basis for each of the leases is comparable to per square foot rental rates of similar commercial property in the same geographic areas, and EchoStar is responsible for its portion of the taxes, insurance, utilities and maintenance of the premises. The term of each lease is set forth below:

- *El Paso Lease Agreement.* During 2012, we began leasing certain space at 1285 Joe Battle Blvd., El Paso, Texas to EchoStar for an initial period ending on August 1, 2015, which also provides EchoStar with renewal options for four consecutive three-year terms. EchoStar exercised its renewal option for a period ending in July 2027.

- *90 Inverness Lease Agreement*. Effective March 1, 2017, EchoStar leases certain space from us at 90 Inverness Circle East, Englewood, Colorado with an initial term that ended in February 2023 and renewal options for four consecutive three-year terms ending in February 2027. EchoStar exercised its renewal option for a period ending in February 2025.

- *Cheyenne Lease Agreement*. Effective March 1, 2017, EchoStar began leasing certain space from us at 530 EchoStar Drive, Cheyenne, Wyoming for a period ending in February 2019. In August 2018, EchoStar exercised its option to renew this lease for a one-year period ending in February 2020. EchoStar has the option to renew this lease for 12 one-year periods. During September 2019, we and EchoStar amended this lease to provide EchoStar with certain space for a period ending in September 2023, with the option for EchoStar to renew for a one-year period upon 180 days' written notice prior to the end of the term. This lease was not renewed and terminated in September 2023.

Collocation and Antenna Space Agreements. Effective March 1, 2017, we entered into certain agreements pursuant to which we provide certain collocation and antenna space to HNS through February 2025 at the following locations: Cheyenne, Wyoming; Gilbert, Arizona; Monee, Illinois; Englewood, Colorado; and Spokane, Washington. During August 2017, we entered into certain other agreements pursuant to which we provide certain collocation and antenna space to HNS through August 2022 at the following locations: Monee, Illinois and Spokane, Washington. HNS has the option to renew each of these agreements for four three-year periods. In May 2022, HNS exercised its renewal option for a period ending in August 2025. HNS may terminate certain of these agreements with 180 days' prior written notice to us at the following locations: Englewood, Colorado; and Spokane, Washington. The fees for the services provided under these agreements depend, among other things, on the number of racks leased and/or antennas present at the location.

Also in September 2019, we entered into an agreement pursuant to which we provide HNS with antenna space and power in Cheyenne, Wyoming for a period of five years commencing no later than October 2020, with four three-year renewal terms, with prior written notice no more than 120 days but no less than 90 days prior to the end of the then-current term.

"Cost of services"

During the three months ended September 30, 2024 and 2023, we incurred $1 million and $2 million, respectively, of costs for services provided to us by EchoStar. During the nine months ended September 30, 2024 and 2023, we incurred $3 million and $6 million, respectively, of costs for services provided to us by EchoStar. These amounts are recorded in "Cost of services" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these expenses are discussed below.

Spectrum Manager Lease Agreement. Effective January 10, 2024, we and EchoStar, on behalf of certain wholly-owned subsidiaries, entered into the Spectrum Manager Lease Agreement pursuant to which we have the right to lease the wireless spectrum licenses AWS-4, H-Block, CBRS (3550-3650 MHz), C-Band– Cheyenne (3.7-3.98 GHz), 12GHz (MVDDS), LMDS, 24 GHz, 28 GHz, 37GHz, 39GHz and 47GHz, and 700 MHz for a nominal fee. Under the applicable accounting guidance in Accounting Standards Codification 842, *Leases ("ASC 842")*, these wireless spectrum licenses are intangible assets, and therefore excluded from the scope of ASC 842 and are not reflected on our Condensed Consolidated Balance Sheets as right-of-use assets and lease liabilities. We have the right to use the wireless spectrum licenses for as long as EchoStar holds the licenses, subject to certain termination provisions.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Hughes Broadband Distribution Agreement. Effective October 1, 2012, dishNET Satellite Broadband L.L.C. ("dishNET Satellite Broadband"), our indirect wholly-owned subsidiary, and HNS entered into a Distribution Agreement (the "Distribution Agreement") pursuant to which dishNET Satellite Broadband has the right, but not the obligation, to market, sell and distribute the HNS satellite Internet service (the "Service"). dishNET Satellite Broadband pays HNS a monthly per subscriber wholesale service fee for the Service based upon the subscriber's service level, and, beginning January 1, 2014, certain volume subscription thresholds. The Distribution Agreement also provides that dishNET Satellite Broadband has the right, but not the obligation, to purchase certain broadband equipment from HNS to support the sale of the Service. On February 20, 2014, dishNET Satellite Broadband and HNS amended the Distribution Agreement which, among other things, extended the initial term of the Distribution Agreement through March 1, 2024.

Thereafter, the Distribution Agreement automatically renews for successive one year terms unless either party gives written notice of its intent not to renew to the other party at least 180 days before the expiration of the then-current term. Upon expiration or termination of the Distribution Agreement, the parties will continue to provide the Service to the then-current dishNET subscribers pursuant to the terms and conditions of the Distribution Agreement.

"Cost of sales – equipment and other"

During the three months ended September 30, 2024 and 2023, we incurred zero and $1 million, respectively, for satellite hosting, operations and maintenance services as well as transmission of certain data to EchoStar. During the nine months ended September 30, 2024 and 2023, we incurred zero and $4 million, respectively, for satellite hosting, operations and maintenance services as well as transmission of certain data to EchoStar. These amounts are recorded in "Cost of sales – equipment and other" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these expenses are discussed below.

DBSD North America Agreement. On March 9, 2012, we completed the DBSD Transaction. During the second quarter of 2011, EchoStar acquired Hughes. Prior to our acquisition of DBSD North America and EchoStar's acquisition of Hughes, DBSD North America and HNS entered into an agreement pursuant to which HNS provides, among other things, hosting, operations and maintenance services for DBSD North America's satellite gateway and associated ground infrastructure. This agreement generally may be terminated by us at any time for convenience. DBSD North America was included in the Sale and Transfer of Assets to EchoStar. See Note 1 for further information.

TerreStar Agreements. On March 9, 2012, we completed the TerreStar Transaction. Prior to our acquisition of substantially all the assets of TerreStar and EchoStar's acquisition of Hughes, TerreStar and HNS entered into various agreements pursuant to which HNS provides, among other things, hosting, operations and maintenance services for TerreStar's satellite gateway and associated ground infrastructure. These agreements generally may be terminated by us at any time for convenience. TerreStar was included in the Sale and Transfer of Assets to EchoStar. See Note 1 for further information.

Hughes Equipment and Services Agreement. In February 2019, we and HNS entered into an agreement pursuant to which HNS will provide us with HughesNet Service and HughesNet equipment for the transmission of certain data related to our 5G Network Deployment. This agreement has an initial term of five years with automatic renewal for successive one-year terms unless terminated by DISH Network with at least 180 days' written notice to HNS or by HNS with at least 365 days' written notice to DISH Network.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

"Selling, general and administrative expenses"

During the three months ended September 30, 2024 and 2023, we incurred $6 million and $3 million, respectively, for selling, general and administrative expenses for services provided to us by EchoStar. During the nine months ended September 30, 2024 and 2023, we incurred $17 million and $9 million, respectively, for selling, general and administrative expenses for services provided to us by EchoStar. These amounts are recorded in "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The primary agreements pertaining to these expenses are discussed below.

Real Estate Lease Agreements. We have entered into lease agreements pursuant to which we lease certain real estate from EchoStar. The rent on a per square foot basis for each of the leases is comparable to per square foot rental rates of similar commercial property in the same geographic area, and we are responsible for our portion of the taxes, insurance, utilities and maintenance of the premises. The term of each lease is set forth below:

- *Meridian Lease Agreement.* We lease all of 9601 S. Meridian Blvd. in Englewood, Colorado for a period ending on December 31, 2024.

- *100 Inverness Lease Agreement*. Effective March 1, 2017, we lease certain space from EchoStar at 100 Inverness Terrace East, Englewood, Colorado for a period ending in December 2024. This agreement may be terminated by either party upon 180 days' prior notice.

Professional Services Agreement. Prior to 2010, we entered into various agreements with EchoStar including the Transition Services Agreement, Satellite Procurement Agreement and Services Agreement, which all expired on January 1, 2010 and were replaced by a Professional Services Agreement. During 2009, we and EchoStar agreed that EchoStar shall continue to have the right, but not the obligation, to receive the following services from us, among others, certain of which were previously provided under the Transition Services Agreement: information technology, travel and event coordination, internal audit, legal, accounting and tax, benefits administration, program acquisition services and other support services. Additionally, we and EchoStar agreed that we shall continue to have the right, but not the obligation, to engage EchoStar to manage the process of procuring new satellite capacity for us and receive logistics, procurement and quality assurance services from EchoStar and other support services. On February 28, 2017, DISH Network and EchoStar amended the Professional Services Agreement to, among other things, provide certain transition services to each other. In addition, we and EchoStar amended the Professional Services Agreement effective September 10, 2019 to, among other things, provide certain transition services to each other and to remove certain services no longer necessary.

During March 2020, we and EchoStar added a service under the Professional Services Agreement whereby we provide EchoStar with rights to use certain satellite capacity in exchange for certain credits to amounts owed by us to EchoStar under the TerreStar Agreement described above. The Professional Services Agreement renewed on January 1, 2024 for an additional one-year period until January 1, 2025 and renews automatically for successive one-year periods thereafter, unless terminated earlier by either party upon at least 60 days' notice. However, either party may terminate the Professional Services Agreement in part with respect to any particular service it receives for any reason upon at least 30 days' notice.

Revenue for services provided by us to EchoStar under the Professional Services Agreement is recorded in "Service revenue" and "Equipment sales and other revenue" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Other Agreements – EchoStar

Tax Sharing Agreement. We entered into a tax sharing agreement (the "Tax Sharing Agreement") with EchoStar which governs our respective rights, responsibilities and obligations after the Spin-off with respect to taxes for the periods ending on or before the Spin-off. Generally, all pre-Spin-off taxes, including any taxes that are incurred as a result of restructuring activities undertaken to implement the Spin-off, are borne by us, and we will indemnify EchoStar for such taxes. However, we are not liable for and will not indemnify EchoStar for any taxes that are incurred as a result of the Spin-off or certain related transactions failing to qualify as tax-free distributions pursuant to any provision of Section 355 or Section 361 of the Internal Revenue Code of 1986, as amended (the "Code") because of: (i) a direct or indirect acquisition of any of EchoStar's stock, stock options or assets; (ii) any action that EchoStar takes or fails to take; or (iii) any action that EchoStar takes that is inconsistent with the information and representations furnished to the Internal Revenue Service ("IRS") in connection with the request for the private letter ruling, or to counsel in connection with any opinion being delivered by counsel with respect to the Spin-off or certain related transactions. In such case, EchoStar is solely liable for, and will indemnify us for, any resulting taxes, as well as any losses, claims and expenses. The Tax Sharing Agreement will only terminate after the later of the full period of all applicable statutes of limitations, including extensions, or once all rights and obligations are fully effectuated or performed.

In light of the Tax Sharing Agreement, among other things, and in connection with our consolidated federal income tax returns for certain tax years prior to and for the year of the Spin-off, during 2013, we and EchoStar agreed upon a supplemental allocation of the tax benefits arising from certain tax items resolved in the course of the IRS' examination of these consolidated tax returns. As a result, we agreed to pay EchoStar $82 million of the tax benefit we received or will receive. Any payment to EchoStar, including accrued interest, will be made at such time as EchoStar would have otherwise been able to realize such tax benefit. As of September 30, 2024, we have paid $13 million of the tax benefit received, leaving $69 million remaining to be paid.

In addition, during 2013, we and EchoStar agreed upon a tax sharing arrangement for filing certain combined state income tax returns and a method of allocating the respective tax liabilities between us and EchoStar for such combined returns, through the taxable period ending on December 31, 2017 (the "State Tax Arrangement"). During the third quarter of 2018, we and EchoStar amended the Tax Sharing Agreement and the 2013 agreements (the "Amendment").

Under the Amendment, among other things, we are entitled to apply the benefit of EchoStar's 2009 net operating losses to our federal tax return for the year ended December 31, 2008, in exchange for paying EchoStar over time the value of the net annual federal income taxes paid by EchoStar that would have been otherwise offset by their 2009 net operating loss.

The Amendment also contained provisions related to the term of the State Tax Arrangement. As discussed in prior filings, beginning in 2020, DISH Network and EchoStar no longer files a combined state tax return in any state. All requirements under the State Tax Arrangement were fulfilled in 2022.

As a result of the Merger discussed above, DISH Network and EchoStar are analyzing requirements to determine if combined returns are appropriate for tax years beginning in 2024.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Patent Cross-License Agreements. In December 2011, we and EchoStar entered into separate patent cross-license agreements with the same third-party whereby: (i) EchoStar and such third-party licensed their respective patents to each other subject to certain conditions; and (ii) we and such third-party licensed our respective patents to each other subject to certain conditions (each, a "Cross-License Agreement"). Each Cross License Agreement covers patents acquired by the respective party prior to January 1, 2017 and aggregate payments under both Cross-License Agreements total less than $10 million. In December 2016, we and EchoStar independently exercised our respective options to extend each Cross-License Agreement to include patents acquired by the respective party prior to January 1, 2022.

Rovi License Agreement. On August 19, 2016, we entered into a ten-year patent license agreement (the "Rovi License Agreement") with Rovi Corporation ("Rovi") and, for certain limited purposes, EchoStar. EchoStar is a party to the Rovi License Agreement solely with respect to certain provisions relating to the prior patent license agreement between EchoStar and Rovi. There are no payments between us and EchoStar under the Rovi License Agreement.

Hughes Broadband Master Services Agreement. In March 2017, DISH Network L.L.C. ("DNLLC") and HNS entered into the MSA pursuant to which DNLLC, among other things: (i) has the right, but not the obligation, to market, promote and solicit orders for the Hughes broadband satellite service and related equipment; and (ii) installs Hughes service equipment with respect to activations generated by DNLLC. Under the MSA, HNS will make certain payments to DNLLC for each Hughes service activation generated, and installation and other services performed, by DNLLC. Payments from HNS for services provided are recorded in "Service revenue" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). For both the three months ended September 30, 2024 and 2023, these payments were less than $1 million. For both the nine months ended September 30, 2024 and 2023, these payments were $1 million. The MSA has an initial term of five years with automatic renewal for successive one-year terms. After the first anniversary of the MSA, either party has the ability to terminate the MSA, in whole or in part, for any reason upon at least 90 days' notice to the other party. Upon expiration or termination of the MSA, HNS will continue to provide the Hughes service to subscribers and make certain payments to DNLLC pursuant to the terms and conditions of the MSA. For each of the three and nine months ended September 30, 2024 and 2023, we purchased zero broadband equipment from HNS under the MSA.

Intellectual Property and Technology License Agreement – Share Exchange. Effective March 1, 2017, we and EchoStar entered into an Intellectual Property and Technology License Agreement ("IPTLA"), pursuant to which we and EchoStar license to each other certain intellectual property and technology. The IPTLA will continue in perpetuity, unless mutually terminated by the parties. Pursuant to the IPTLA, EchoStar granted to us a license to its intellectual property and technology for use by us, among other things, in connection with our continued operation of the Transferred Businesses acquired pursuant to the Share Exchange Agreement, including a limited license to use the "ECHOSTAR" trademark during a transition period. EchoStar retains full ownership of the "ECHOSTAR" trademark. In addition, we granted a license back to EchoStar, among other things, for the continued use of all intellectual property and technology transferred to us pursuant to the Share Exchange Agreement that is used in EchoStar's retained businesses.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Intellectual Property and Technology License Agreement – Master Transaction Agreement. Effective September 10, 2019, we and EchoStar entered into an IPTLA (the "MTA IPTLA"), pursuant to which we and EchoStar license to each other certain intellectual property and technology. The MTA IPTLA will continue in perpetuity, unless mutually terminated by the parties. Pursuant to the MTA IPTLA, EchoStar granted to us a license to its intellectual property and technology for use by us, among other things, in connection with our continued operation of the BSS Business acquired pursuant to the Master Transaction Agreement, including a limited license to use the "ESS" and "ECHOSTAR SATELLITE SERVICES" trademarks during a transition period. EchoStar retains full ownership of the "ESS" and "ECHOSTAR SATELLITE SERVICES" trademarks. In addition, we granted a license back to EchoStar, among other things, for the continued use of all intellectual property and technology transferred to us pursuant to the Master Transaction Agreement that is used in EchoStar's retained businesses.

Related Party Transactions with CONX Corp.

CONX Corp. ("CONX") is an entity partially owned by Charles W. Ergen, our Chairman ("CONX"). On May 1, 2024, we entered into an agreement to lease a commercial real estate property in Littleton, Colorado, comprising the corporate headquarters of DISH Wireless, from CONX for an initial 10 year term. During the three and nine months ended September 30, 2024, we recorded less than $1 million and $1 million, respectively, for this lease in "Selling, general and administrative expenses" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Related Party Transactions with NagraStar L.L.C.

We own a 50% interest in NagraStar, a joint venture that is our primary provider of encryption and related security systems intended to assure that only authorized customers have access to our programming. Certain payments related to NagraStar are recorded in "Cost of services" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). In addition, certain other payments are initially included in "Inventory" and are subsequently capitalized as "Property and equipment, net" on our Condensed Consolidated Balance Sheets or expensed as "Selling, general and administrative expenses" or "Cost of services" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) when the equipment is deployed. We record all payables in "Trade accounts payable" or "Other accrued expenses and liabilities" on our Condensed Consolidated Balance Sheets. Our investment in NagraStar is accounted for using the equity method.

The table below summarizes our transactions with NagraStar:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Purchases (including fees):				
Purchases from NagraStar	$ 7,596	$ 8,972	$ 24,723	$ 28,012

	As of	
	September 30, 2024	December 31, 2023
	(In thousands)	
Amounts Payable and Commitments:		
Amounts payable to NagraStar	$ 5,095	$ 9,821
Commitments to NagraStar	$ 1,798	$ 1,727

13. Subsequent Events

Transaction Support Agreement

On September 30, 2024, we and our parent, EchoStar, entered into a binding transaction support agreement (the “Transaction Support Agreement”) with certain eligible holders of the aggregate principal amount outstanding of our 0% Convertible Notes due 2025 (the “DISH Network 2025 Notes”) and 3 3/8% Convertible Notes due 2026 (the “DISH Network 2026 Notes” and, together with the DISH Network 2025 Notes, the “Existing DISH Convertible Notes”), collectively representing over 90% of the aggregate principal amount outstanding of the Existing DISH Convertible Notes as of October 10, 2024, such eligible holders, (the “Consenting Creditors” and, together with us and our subsidiaries party to the Transaction Support Agreement , the “TSA Parties”). Pursuant to the Transaction Support Agreement, we and our parent, EchoStar, agreed to conduct exchange offers to all holders of Existing DISH Convertible Notes (the “EchoStar Exchange Offers”), and the Consenting Creditors have agreed to tender their Existing DISH Convertible Notes in the EchoStar Exchange Offers, detailed below.

EchoStar Exchange Offers

On October 10, 2024, we and our parent, EchoStar, commenced the EchoStar Exchange Offers to exchange the Existing DISH Convertible Notes with an aggregate principal amount of $4.866 billion for up to $2.381 billion aggregate principal amount of 6 3/4% Senior Secured Notes due 2030 (the "EchoStar Exchange Notes") and up to $1.950 billion aggregate principal amount of 3 7/8% Convertible Secured Notes due 2030 (the "EchoStar Convertible Notes" and together with the EchoStar Exchange Notes, the "EchoStar Notes") with an aggregate principal amount of $4.331 billion to be issued by our parent, EchoStar, pursuant to the terms described in a prospectus and consent solicitation statement, dated October 10, 2024 as amended (the "Exchange Offer Prospectus").

On November 8, 2024, upon the expiration of the EchoStar Exchange Offers, $1.819 billion aggregate principal amount, or approximately 92.9%, of the DISH Network 2025 Notes and $2.863 billion aggregate principal amount, or approximately 98.5%, of the DISH Network 2026 Notes, together $4.682 billion total aggregate principal amount of the Existing DISH Convertible Notes, had been validly tendered for exchange.

All of the Existing DISH Convertible Notes validly tendered were exchanged for $2.288 billion aggregate principal amount of EchoStar Exchange Notes and $1.876 billion aggregate principal amount of EchoStar Convertible Notes, together $4.164 billion total aggregate principal amount of the EchoStar Notes, and settlement occurred on November 12, 2024.

A total of $138 million aggregate principal amount of DISH Network 2025 Notes and $45 million aggregate principal amount of DISH Network 2026 Notes remain outstanding following the consummation of the EchoStar Exchange Offers.

Upon the completion of the EchoStar Exchange Offers, our Existing DISH Convertible Notes with an aggregate principal amount of $4.682 billion were cancelled and forgiven by our parent, EchoStar. As a result, we will recognize a gain on this exchange in the fourth quarter of 2024.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS

You should read the following management's narrative analysis of our results of operations together with the condensed consolidated financial statements and notes to our financial statements included elsewhere in this Quarterly Report on Form 10-Q. This management's narrative analysis is intended to help provide an understanding of our financial condition, changes in financial condition and results of our operations and contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in our Annual Report on Form 10-K for the year ended December 31, 2023 and this Quarterly Report on Form 10-Q under the caption "Item 1A. Risk Factors." Furthermore, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q, and we expressly disclaim any obligation to update any forward-looking statements.

Overview

Recent Developments

DIRECTV Transaction

On September 29, 2024, EchoStar and DIRECTV Holdings, LLC ("DTV"), entered into an Equity Purchase Agreement (the "Purchase Agreement"). Pursuant to the terms and subject to the conditions set forth in the Purchase Agreement, DTV agreed to acquire from us all of the issued and outstanding equity interests of DISH DBS Corporation ("DISH DBS"), which operates our Pay-TV business (the "Business" and such acquisition of the Business the "DIRECTV Transaction"). Prior to the closing of the DIRECTV Transaction (the "DIRECTV Closing"), we will complete the Pre-Closing Restructuring, as defined in the Purchase Agreement, and the Pre-Closing Reorganization, as defined in the Purchase Agreement, following which, among other things, DISH DBS will hold all of the properties, rights, assets and liabilities primarily related to the Business, except for certain excluded assets and excluded liabilities.

During the period between signing of the Purchase Agreement and the DIRECTV Closing, DISH DBS and its subsidiaries are not permitted to declare or pay dividends or otherwise cause or permit any leakage (which includes, among other things, cash payments and certain other value transfers by DISH DBS and its subsidiaries, on the one hand, to us or certain other related persons, on the other hand), other than (i) certain permitted cash transfers prior to September 30, 2025 in an aggregate amount not to exceed the permitted cash transfer cap set forth in the Purchase Agreement, and (ii) certain permitted tax sharing payments, in each case, on terms and conditions as set forth in the Purchase Agreement. The permitted cash transfer cap is initially equal to $1.52 billion, calculated in accordance with the Purchase Agreement, ("Permitted Transfer Cap") and is subject to certain adjustments set forth in the Purchase Agreement, including transaction expenses and certain accrued interest adjustments and adjustments tied to certain key performance indicators.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

As set forth in the Reorganization Plan, immediately prior to the DIRECTV Closing, DISH DBS will distribute the DISH 2021 Intercompany Loan 2028 Tranche (see Note 8 in the Notes to our Condensed Consolidated Financial Statements) to our seller subsidiary. At the DIRECTV Closing, our seller subsidiary will sell and transfer to DTV all of the issued and outstanding equity interests of DISH DBS in exchange for a total cash purchase price of $1.00 plus the assumption of net debt of DISH DBS and its subsidiaries that is outstanding as of the DIRECTV Closing. Additionally, effective with the DIRECTV Closing, certain other intercompany amounts between DISH DBS and us (in addition to the DISH 2021 Intercompany Loan 2028 Tranche) will be subject to cancellation.

As of September 30, 2024, the balance of the DISH DBS intercompany receivables for the DISH 2021 Intercompany Loan 2028 Tranche and other intercompany amounts totaled $4.606 billion, not including Permitted Transfer Cap receivables of up to $1.52 billion and certain other amounts of residual capital remaining based on performance. Upon the completion of the DIRECTV Transaction, DISH DBS will become a direct and wholly-owned subsidiary of DTV.

Completion of the DIRECTV Transaction is subject to satisfaction or waiver of closing conditions set forth in the Purchase Agreement, including, but not limited to, the receipt of governmental approvals and the success of the DISH DBS Exchange Offers, as detailed and defined in Note 8 in the Notes to our Condensed Consolidated Financial Statements. The DISH DBS Exchange Offers expired at 5:00 p.m., New York City time on November 12, 2024, and the DISH DBS Exchange Offers have been terminated due to the failure to satisfy the Minimum Series Exchange Condition and the Acquisition Consent Threshold Condition, each as defined in the Exchange Offering Memorandum. Pursuant to the terms of the Purchase Agreement, DIRECTV may terminate the Purchase Agreement by November 22, 2024 due to the failure to consummate the DISH DBS Exchange Offers by November 12, 2024 or the failure to satisfy the Acquisition Consent Threshold Condition.

Sale and Transfer of Assets

Sale of Assets to EchoStar. On January 10, 2024, we sold certain assets and equity interests to EchoStar, which included the sale of a financial asset (the "Sale of Assets to EchoStar"), for fair value of approximately $246 million. The difference between our net carrying value of the assets sold to their fair value was $138 million, of which $6 million, net of deferred tax, was recorded in "Additional paid-in capital" on our Condensed Consolidated Balance Sheets as of September 30, 2024 and a $129 million gain related to the financial asset was recorded in "Other, net" within "Other Income (Expense)" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the nine months ended September 30, 2024.

Asset Transfer to EchoStar. On January 10, 2024, we transferred our wholly-owned subsidiaries that hold certain assets, including the EchoStar XXV satellite currently under construction, and our wireless spectrum licenses, including AWS-4, H-Block, CBRS (3550-3650 MHz), C-Band – Cheyenne (3.7-3.98 GHz), 12GHz (MVDDS), LMDS, 24 GHz, 28 GHz, 37GHz, 39GHz and 47GHz to EchoStar Wireless Holding L.L.C., a direct wholly-owned subsidiary of our parent, EchoStar (together with the "Intercompany Loan 2026 Tranche" defined below, the "Asset Transfer to EchoStar"). In addition, DISH DBS, in its capacity as "Lender" under the terms of the Loan and Security Agreement related to the Intercompany Loan between DISH Network and DISH DBS, has consummated the assignment pursuant to such terms, without any modification or amendment thereto, of its receivable in respect to the 2026 Tranche of $4.7 billion (the "Intercompany Loan 2026 Tranche") to DBS Intercompany Receivable L.L.C. DBS Intercompany Receivable L.L.C. has subsequently assigned its rights as lender thereunder to EchoStar Intercompany Receivable Company L.L.C., our parent, EchoStar's direct wholly-owned subsidiary, such that amounts owed in respect of the 2026 Tranche will now be paid by us to EchoStar Intercompany Receivable L.L.C.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

The transferred amount equals our historical net carrying value of these assets, which was $12.003 billion with the offset recorded as a dividend in "Accumulated earnings (deficit)" on our Condensed Consolidated Balance Sheets as of September 30, 2024.

Tax Associated with the Asset Transfer to EchoStar. During the nine months ended September 30, 2024, we recorded $3.775 billion in "Deferred tax liabilities, net" on our Condensed Consolidated Balance Sheets resulting from the step up in basis due to the difference in the fair value compared to the book value of the Asset Transfer to EchoStar, with the offset recorded in "Additional paid-in capital" on our Condensed Consolidated Balance Sheets.

700 MHz Spectrum Sale to EchoStar. On March 12, 2024, we sold our wholly-owned subsidiary which holds the 700 MHz spectrum to a wholly-owned subsidiary of our parent, EchoStar (the "700 MHz Spectrum Sale to EchoStar"), for fair value of approximately $1.037 billion. The difference between our net carrying value of the assets sold to their fair value of $115 million, net of deferred tax, was recorded in "Additional paid-in capital" on our Condensed Consolidated Balance Sheets as of September 30, 2024. The proceeds were used to pay the remaining balance of $951 million on our 2 3/8% Convertible Note which matured on March 15, 2024.

The Sale of Assets to EchoStar, Asset Transfer to EchoStar and 700 MHz Spectrum Sale to EchoStar together are referred to as (the "Sale and Transfer of Assets to EchoStar").

Orbital II Transfer from EchoStar. On May 2, 2024, EchoStar transferred certain assets to us, including the EchoStar XXV satellite currently under construction. The transferred amount equals our historical net carrying value of these assets, which was $141 million with the offset recorded as a capital contribution in "Additional paid-in capital" on our Condensed Consolidated Balance Sheets as of September 30, 2024.

Merger with EchoStar

On December 31, 2023, EchoStar completed the acquisition of DISH Network pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of October 2, 2023 (the "Amended Merger Agreement"), by and among EchoStar, EAV Corp., a Nevada corporation and its wholly owned subsidiary ("Merger Sub"), and DISH Network, pursuant to which EchoStar acquired DISH Network by means of the merger of Merger Sub with and into DISH Network (the "Merger"), with DISH Network surviving the Merger as EchoStar's wholly owned subsidiary. For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

With the Merger complete, we are currently focused on the process of integrating our and EchoStar's business in a manner that facilitates synergies, cost savings, growth opportunities and achieves other anticipated benefits (the "Integration").

Segments

We currently operate three primary business segments: (1) Pay-TV; (2) Retail Wireless; and (3) 5G Network Deployment.

Our Pay-TV segment business strategy is to be the best provider of video services in the United States by providing products with the best technology, outstanding customer service and great value. We offer pay-TV services under the DISH® brand and the SLING® brand (collectively "Pay-TV" services). We promote our Pay-TV services by providing our subscribers with a better "price-to-value" relationship and experience than those available from other subscription television service providers. The DISH branded pay-TV service consists of, among other things, FCC licenses authorizing us to use direct broadcast satellite ("DBS") and Fixed Satellite Service ("FSS") spectrum, our owned and leased satellites, receiver systems, broadcast operations, a leased fiber optic network, in-home service and call center operations and certain other assets utilized in our operations ("DISH TV"). We also design, develop and distribute receiver systems and provide digital broadcast operations, including satellite uplinking/downlinking, transmission and other services to third-party pay-TV providers.

The SLING branded pay-TV services consist of, among other things, multichannel, live-linear and on-demand streaming over-the-top ("OTT") Internet-based domestic, international, Latino and Freestream video programming services ("SLING TV"). We market our SLING TV services to consumers who do not subscribe to traditional satellite and cable pay-TV services, as well as to current and recent traditional pay-TV subscribers who desire a lower cost alternative.

We offer nationwide prepaid and postpaid retail wireless services to subscribers primarily under our Boost Mobile® and Gen Mobile® brands ("Retail Wireless" services), as well as a competitive portfolio of wireless devices. We offer customers value by providing choice and flexibility in our Retail Wireless services. We offer competitive consumer plans with no annual service contracts. Our Retail Wireless business strategy is to expand our current target segments and profitably grow our subscriber base by acquiring and retaining high quality subscribers while we continue our 5G Network Deployment. We intend to acquire high quality subscribers by providing competitive offers, choice and outstanding customer service that better meet those subscribers' needs and budget.

We are currently operating our Retail Wireless segment primarily as a mobile virtual network operator ("MVNO") as we continue our 5G Network Deployment and commercialize and grow customer traffic on our 5G Network, as defined below. We are transitioning our Retail Wireless segment to a mobile network operator ("MNO") as our 5G Network has become commercially available and we grow customer traffic on our 5G Network. We are currently activating Boost Mobile subscribers with compatible devices onto our 5G Network in markets where we have reached voice over new radio ("VoNR"). We have deployed 5G VoNR covering over 200 million Americans. Within our MVNO operations, today we depend on T-Mobile and AT&T to provide us with network services under the amended Master Network Services Agreement ("MNSA") and Network Services Agreement (the "NSA"), respectively.

Our 5G Network Deployment segment strategy is to commercialize our Wireless spectrum licenses through the completion of the nation's first cloud-native, Open Radio Access Network ("O-RAN") based 5G network (our "5G Network Deployment"). We have committed to deploy a facilities-based 5G broadband network (our "5G Network") capable of serving increasingly larger portions of the U.S. population at different deadlines.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

On September 29, 2023, the FCC confirmed we have met all of our June 14, 2023 band-specific 5G deployment commitments, and two of our three nationwide 5G commitments. The single remaining 5G commitment, that at least 70% of the U.S. population has access to average download speeds equal to 35 Mbps, was achieved in March 2024 using the drive test methodology previously agreed upon by us and the FCC and overseen by an independent monitor. We currently have the largest commercial deployment of 5G VoNR in the world covering over 200 million Americans and 5G broadband service covering over 250 million Americans.

In September 2024, the FCC conditionally granted our requests to extend the 5G deployment deadlines for certain of our licenses based on several commitments, as detailed in Note 9 in the Notes to our Condensed Consolidated Financial Statements.

Future Capital Requirements

We expect to fund our future working capital, capital expenditures, other investments, and debt service requirements from cash generated from operations, existing cash, restricted cash, cash equivalents and marketable investment securities balances, and cash generated through raising additional capital. We may need to make significant additional investments to, among other things, continue our 5G Network Deployment and further commercialize, build-out and integrate our Wireless spectrum licenses and related assets. The amount of capital required to fund our future working capital, capital expenditure and other investment needs varies, depending on, among other things, the rate at which we complete our 5G Network Deployment, the potential purchase of additional wireless spectrum licenses and the rate at which we acquire new subscribers, and the cost of subscriber acquisition and retention. Certain of our capital expenditures for 2024 are expected to be driven by the rate of our 5G Network Deployment as well as costs associated with subscriber premises equipment. These expenditures are necessary for our 5G Network Deployment as well as to operate and maintain our DISH TV services. Consequently, we consider them to be non-discretionary.

Our capital expenditures vary depending on, among other things, the number of satellites leased or under construction at any point in time and could increase materially as a result of increased competition, significant satellite failures, or economic weakness and uncertainty. Our DISH TV subscriber base has been declining and there can be no assurance that our DISH TV subscriber base will not continue to decline and that the pace of such decline will not accelerate. In the event that our DISH TV subscriber base continues to decline, it will have a material adverse long-term effect on our cash flow.

We have and expect to continue to incur expenditures in 2024 related to our 5G Network Deployment, including, but not limited to, capital expenditures associated with our 5G Network Deployment and the potential purchase of additional wireless spectrum licenses. The amount of capital required will also depend on, among other things, our available liquidity, the growth of our Retail Wireless segment and the levels of investment necessary to support potential strategic initiatives that may arise from time to time. These factors, including, but not limited to, a reduction in our available future cash flows as a result of our 5G Network Deployment, may require us to raise additional capital in the future, which may not be available on favorable terms.

Volatility in the financial markets has made it more difficult at times for issuers of high-yield indebtedness, such as us, to access capital markets at favorable terms. These developments may have a significant effect on our cost of financing and our liquidity position.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Economic Environment

During 2023 and the first nine months of 2024, we experienced inflationary pressures in our commodity and labor costs resulting from the macroeconomic environment in the United States, which has significantly impacted our overall operating results.

Operational Liquidity

We make general investments in property such as, among others, satellites, wireless devices, set-top boxes, information technology and facilities that support our Pay-TV and Retail Wireless segments. We are also making significant additional investments and may partner with others to, among other things, continue our 5G Network Deployment and further commercialize, build-out and integrate our Wireless spectrum licenses and related assets. Moreover, since we are primarily a subscriber-based company, we also make subscriber-specific investments to acquire new subscribers and retain existing subscribers. While the general investments may be deferred without impacting the business in the short-term, the subscriber-specific investments are less discretionary. Our overall objective is to generate sufficient cash flow over the life of each subscriber to provide an adequate return against the upfront investment. Once the upfront investment has been made for each subscriber, the subsequent cash flow is generally positive, but there can be no assurance that over time we will recoup or earn a return on the upfront investment.

There are a number of factors that impact our future cash flow compared to the cash flow we generate at a given point in time. The first factor is our churn rate and how successful we are at retaining our current subscribers. To the extent we lose subscribers from our existing base, the positive cash flow from that base is correspondingly reduced. The second factor is how successful we are at maintaining our service margins. To the extent our "Cost of services" grow faster than our "Service revenue," the amount of cash flow that is generated per existing subscriber is reduced. Our Pay-TV service margins have been reduced by, among other things, higher programming costs. Our Retail Wireless service margins are impacted by, among other things, our MNSA agreement with T-Mobile and our NSA agreement with AT&T and the speed with which we are able to migrate Wireless subscribers onto our 5G Network. The third factor is the rate at which we acquire new subscribers. The faster we acquire new subscribers, the more our positive ongoing cash flow from existing subscribers is offset by the negative upfront cash flow associated with acquiring new subscribers. Conversely, the slower we acquire subscribers, the more our operating cash flow is enhanced in that period.

Finally, our future cash flow is impacted by, among other things, the rate at which we complete our 5G Network Deployment, incur litigation expense, and any cash flow from financing activities. We anticipate operating expenditures for our 5G Network Deployment to increase for the remainder of 2024 as we continue to, among other things, deploy cell sites and communication towers to continue to commercialize our 5G Network. We expect our capital expenditures to remain consistent in the near term. However, as we prepare for our next build-out requirement deadlines, we expect our capital expenditures to increase as we approach these deadlines. As a result, our historical cash flow is not necessarily indicative of our future cash flows. As of September 30, 2024, as a result of, among other things, capital expenditures for our 5G Network Deployment, we experienced negative cash flow. We expect that this trend will continue in 2024 and in future periods. In addition, declines in our Pay-TV and Wireless subscriber base and any decrease in subscriber-related margins negatively impact our cash flow, and there can be no assurance that our subscriber declines will not continue.

Availability of Credit and Effect on Liquidity

The ability to raise capital has generally existed for us despite economic weakness and uncertainty. While modest fluctuations in the cost of capital will not likely impact our current operational plans, significant fluctuations could have a material adverse effect on our business, results of operations and financial condition.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Debt Issuances and Maturity

We repurchased or redeemed the principal balance of our 2 3/8% Convertible Notes due 2024 as of March 15, 2024, the instrument's maturity date.

Our 5 7/8% Senior Notes due 2024 with remaining balance of approximately $1.983 billion mature on November 15, 2024. We expect to fund this obligation from our current restricted cash and cash equivalents balances on hand.

Covenants and Restrictions Related to our Long-Term Debt

We are subject to the covenants and restrictions set forth in the indentures related to our long-term debt. In particular, the indentures related to our outstanding senior notes issued by DISH DBS Corporation ("DISH DBS") contain restrictive covenants that, among other things, impose limitations on the ability of DISH DBS and its restricted subsidiaries to: (i) incur additional indebtedness; (ii) enter into sale and leaseback transactions; (iii) pay dividends or make distributions on DISH DBS' capital stock or repurchase DISH DBS' capital stock; (iv) make certain investments; (v) create liens; (vi) enter into certain transactions with affiliates; (vii) merge or consolidate with another company; and (viii) transfer or sell assets. The indentures related to our outstanding senior secured notes contain restrictive covenants that, among other things, impose limitations on our ability and certain of our subsidiaries to: (i) incur additional indebtedness; (ii) enter into sale and leaseback transactions; (iii) pay dividends or make distributions on our capital stock or repurchase our capital stock; (iv) make certain investments of spectrum collateral; (v) create liens; (vi) enter into certain transactions with affiliates; (vii) merge or consolidate with another company; and (viii) transfer or sell assets. Should we fail to comply with these covenants, all or a portion of the debt under the senior notes, senior secured notes and our other long-term debt could become immediately payable. The senior notes and senior secured notes also provide that the debt may be required to be prepaid if certain change-in-control events occur. In addition, the Convertible Notes provide that, if a "fundamental change" (as defined in the related indenture) occurs, holders may require us to repurchase for cash all or part of their Convertible Notes.

As of the date of filing of this Quarterly Report on Form 10-Q, we and DISH DBS were in compliance with the covenants and restrictions related to our respective long-term debt recorded on our Condensed Consolidated Balance Sheets as of September 30, 2024.

New Accounting Pronouncements

See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information.

EXPLANATION OF KEY METRICS AND OTHER ITEMS

Service revenue. "Service revenue" consists principally of Pay-TV and Wireless subscriber revenue. Certain of the amounts included in "Service revenue" are not recurring on a monthly basis.

Equipment sales and other revenue. "Equipment sales and other revenue" principally includes the sale of wireless devices, the non-subsidized sales of Pay-TV equipment and the licensing of certain intellectual property.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Cost of services. "Cost of services" principally includes Pay-TV programming expenses and other operating costs related to our Pay-TV segment and costs of Wireless services (including costs incurred under the MNSA and NSA). Beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, cost of Wireless services includes certain direct costs related to our 5G Network Deployment, including lease expense on communication towers, transport, cloud services and other costs.

Cost of sales - equipment and other. "Cost of sales – equipment and other" principally includes the cost of wireless devices and other related items, as well as costs related to the non-subsidized sales of Pay-TV equipment. Costs are generally recognized as products are delivered to customers and the related revenue is recognized. In addition, prior to January 1, 2024, "Cost of sales – equipment and other" included certain direct costs related to our 5G Network Deployment, including lease expense on communication towers, transport, cloud services and other costs, which is now included in "Cost of services" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Selling, general and administrative expenses. "Selling, general and administrative expenses" consists primarily of direct sales costs, advertising and selling costs, third-party commissions related to the acquisition of subscribers and employee-related costs associated with administrative services such as legal, information systems, and accounting and finance. In addition, "Selling, general and administrative expenses" includes costs related to the installation of equipment for our new Pay-TV subscribers and the cost of subsidized sales of Pay-TV equipment for new subscribers.

Impairment of long-lived assets and goodwill. "Impairment of long-lived assets and goodwill" includes our impairment losses related to our property and equipment, regulatory authorizations, goodwill and other intangible assets.

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" primarily includes interest expense associated with our long-term debt (net of capitalized interest), prepayment premiums, amortization of debt discounts and debt issuance costs associated with our long-term debt, and interest expense associated with our finance lease obligations.

Other, net. The main components of "Other, net" are gains and losses realized on the sale and/or conversion of marketable and non-marketable investment securities and derivative instruments, impairment of marketable and non-marketable investment securities, unrealized gains and losses from changes in fair value of certain marketable and non-marketable investment securities and derivative instruments, foreign currency transaction gains and losses, and equity in earnings and losses of our affiliates.

Earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is defined as "Net income (loss) attributable to DISH Network" plus "Interest expense, net of amounts capitalized" and net of "Interest income," "Income tax (provision) benefit, net" and "Depreciation and amortization." This "non-GAAP measure" is reconciled to "Net income (loss) attributable to DISH Network" in our discussion of "Results of Operations" below.

Operating income before depreciation and amortization ("OIBDA"). OIBDA is defined as "Operating income (loss)" plus "Depreciation and amortization." This "non-GAAP measure" is reconciled to "Operating income (loss)" in our discussion of "Results of Operations" below.

DISH TV subscribers. We include customers obtained through direct sales, independent third-party retailers and other independent third-party distribution relationships in our DISH TV subscriber count. We also provide DISH TV services to hotels, motels and other commercial accounts. For certain of these commercial accounts, we divide our total revenue for these commercial accounts by $34.99, and include the resulting number, which is substantially smaller than the actual number of commercial units served, in our DISH TV subscriber count.

SLING TV subscribers. We include customers obtained through direct sales and third-party marketing agreements in our SLING TV subscriber count. SLING TV subscriber additions are recorded net of disconnects. SLING TV customers receiving SLING TV Freestream service, or service for no charge, under certain new subscriber promotions, are excluded from our SLING TV subscriber count. For customers who subscribe to multiple SLING TV packages, each customer is only counted as one SLING TV subscriber.

Pay-TV subscribers. Our Pay-TV subscriber count includes all DISH TV and SLING TV subscribers discussed above. For customers who subscribe to both our DISH TV services and our SLING TV services, each subscription is counted as a separate Pay-TV subscriber.

Pay-TV average monthly revenue per subscriber ("Pay-TV ARPU"). We are not aware of any uniform standards for calculating ARPU and believe presentations of ARPU may not be calculated consistently by other companies in the same or similar businesses. We calculate Pay-TV average monthly revenue per Pay-TV subscriber, or Pay-TV ARPU, by dividing average monthly Pay-TV segment "Service revenue," excluding revenue from broadband services, for the period by our average number of Pay-TV subscribers for the period. The average number of Pay-TV subscribers is calculated for the period by adding the average number of Pay-TV subscribers for each month and dividing by the number of months in the period. The average number of Pay-TV subscribers for each month is calculated by adding the beginning and ending Pay-TV subscribers for the month and dividing by two. SLING TV subscribers on average purchase lower priced programming services than DISH TV subscribers, and therefore, as SLING TV subscribers increase as a percentage of total Pay-TV subscribers, it has had a negative impact on Pay-TV ARPU.

DISH TV average monthly subscriber churn rate ("DISH TV churn rate"). We are not aware of any uniform standards for calculating subscriber churn rate and believe presentations of subscriber churn rates may not be calculated consistently by different companies in the same or similar businesses. We calculate our DISH TV churn rate for any period by dividing the number of DISH TV subscribers who terminated service during the period by the average number of DISH TV subscribers for the same period, and further dividing by the number of months in the period. The average number of DISH TV subscribers is calculated for the period by adding the average number of DISH TV subscribers for each month and dividing by the number of months in the period. The average number of DISH TV subscribers for each month is calculated by adding the beginning and ending DISH TV subscribers for the month and dividing by two.

DISH TV SAC. Subscriber acquisition cost measures are commonly used by those evaluating traditional companies in the pay-TV industry. We are not aware of any uniform standards for calculating the "average subscriber acquisition costs per new DISH TV subscriber activation," or DISH TV SAC, and we believe presentations of pay-TV SAC may not be calculated consistently by different companies in the same or similar businesses. Our DISH TV SAC is calculated using all costs of acquiring DISH TV subscribers (e.g., subsidized equipment, advertising, installation, commissions and direct sales, etc.) which are included in "Selling, general and administrative expenses," plus capitalized payments made under certain sales incentive programs and the value of equipment capitalized under our lease program for new DISH TV subscribers, divided by gross new DISH TV subscriber activations. We include all new DISH TV subscribers in our calculation, including DISH TV subscribers added with little or no subscriber acquisition costs.

Wireless subscribers. We include prepaid and postpaid customers obtained through direct sales, independent third-party retailers and other independent third-party distribution relationships in our Wireless subscriber count. Our Wireless subscriber count includes all Government subsidized subscribers discussed below. Our gross new Wireless subscriber activations exclude all Government subsidized subscribers as we record these subscribers net of disconnects, as discussed below.

Government subsidized wireless subscribers and other wireless subscribers (“Government subsidized subscribers”). Our Government subsidized subscribers have different subscriber economics than our core Wireless subscribers, including a significantly higher churn rate and lower subscriber acquisition costs. Therefore, our Government subsidized subscriber additions are recorded net of disconnects. Our Government subsidized subscriber count includes Wireless subscribers that participate in government subsidized programs, including the ACP program and Lifeline program, defined below, and other subscribers acquired under the Gen Mobile brand. The Affordable Connectivity Program (“ACP”) is a federal program offering broadband services and devices discounts to help low-income individuals that meet certain eligibility criteria. The ACP program funding concluded on June 1, 2024. The Lifeline Program is a federal program offering broadband services discounts to help low-income individuals that meet certain eligibility criteria. Certain states also offer a separate Lifeline program.

Wireless average monthly revenue per subscriber (“Wireless ARPU”). We are not aware of any uniform standards for calculating ARPU and believe presentations of ARPU may not be calculated consistently by other companies in the same or similar businesses. We calculate average monthly revenue per Wireless subscriber, or Wireless ARPU, by dividing average monthly Retail Wireless segment “Service revenue” for the period by our average number of Wireless subscribers for the period. The average number of Wireless subscribers is calculated for the period by adding the average number of Wireless subscribers for each month and dividing by the number of months in the period. The average number of Wireless subscribers for each month is calculated by adding the beginning and ending Wireless subscribers for the month and dividing by two.

Wireless average monthly subscriber churn rate (“Wireless churn rate”). We are not aware of any uniform standards for calculating subscriber churn rate and believe presentations of subscriber churn rates may not be calculated consistently by different companies in the same or similar businesses. We calculate our “Wireless churn rate” for any period by dividing the number of Wireless subscribers who terminated service during the period by the average number of Wireless subscribers for the same period, and further dividing by the number of months in the period. The average number of Wireless subscribers is calculated for the period by adding the average number of Wireless subscribers for each month and dividing by the number of months in the period. The average number of Wireless subscribers for each month is calculated by adding the beginning and ending Wireless subscribers for the month and dividing by two. Government subsidized subscriber additions are recorded net of disconnects and therefore excluded from our calculation of our Wireless churn rate.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

RESULTS OF OPERATIONS – Segments

Business Segments

We currently operate three primary business segments: (1) Pay-TV; (2) Retail Wireless; and (3) 5G Network Deployment. Revenue and operating income (loss) by segment are shown in the table below:

Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023.

	For the Three Months Ended September 30,		Variance	
	2024	2023	Amount	%
	(In thousands)			
Revenue:				
Pay-TV	$ 2,618,031	$ 2,807,101	$ (189,070)	(6.7)
Retail Wireless	895,949	890,980	4,969	0.6
5G Network Deployment	42,833	29,916	12,917	43.2
Eliminations	(41,496)	(23,481)	(18,015)	(76.7)
Total revenue	$ 3,515,317	$ 3,704,516	$ (189,199)	(5.1)
Operating income (loss):				
Pay-TV	$ 588,501	$ 589,465	$ (964)	(0.2)
Retail Wireless	(113,792)	(168,166)	54,374	32.3
5G Network Deployment	(599,022)	(463,105)	(135,917)	(29.3)
Eliminations	(187)	—	(187)	*
Total operating income (loss)	$ (124,500)	$ (41,806)	$ (82,694)	*

*Percentage is not meaningful

Total revenue. Our consolidated revenue totaled $3.515 billion for the three months ended September 30, 2024, a decrease of $189 million or 5.1% compared to the same period in 2023. The net decrease primarily resulted from the decrease in revenue from our Pay-TV segment.

Total operating income (loss). Our consolidated operating loss totaled $125 million for the three months ended September 30, 2024, an increase in operating loss of $83 million compared to the same period in 2023. This change primarily resulted from an increase in operating loss from our 5G Network Deployment segment, partially offset by a decrease in operating loss from our Retail Wireless segment.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023.

	For the Nine Months Ended September 30,		Variance	
	2024	2023	Amount	%
		(In thousands)		
Revenue:				
Pay-TV	$ 8,020,893	$ 8,754,372	$ (733,479)	(8.4)
Retail wireless	2,693,330	2,794,087	(100,757)	(3.6)
5G network deployment	106,653	67,902	38,751	57.1
Eliminations	(97,400)	(43,286)	(54,114)	*
Total revenue	$ 10,723,476	$ 11,573,075	$ (849,599)	(7.3)
Operating income (loss):				
Pay-TV	$ 1,926,541	$ 1,985,490	$ (58,949)	(3.0)
Retail wireless	(309,571)	(298,872)	(10,699)	(3.6)
5G network deployment	(1,747,262)	(1,198,667)	(548,595)	(45.8)
Eliminations	—	—	—	*
Total operating income (loss)	$ (130,292)	$ 487,951	$ (618,243)	*

*Percentage is not meaningful.

Total revenue. Our consolidated revenue totaled $10.723 billion for the nine months ended September 30, 2024, a decrease of $850 million or 7.3% compared to the same period in 2023. The net decrease primarily resulted from the decrease in revenue from our Pay-TV and Retail Wireless segments.

Total operating income (loss). Our consolidated operating loss totaled $130 million for the nine months ended September 30, 2024, compared to operating income of $488 million during the same period in 2023. This change primarily resulted from an increase in operating loss from our 5G Network Deployment and Retail Wireless segments and a decrease in operating income from our Pay-TV segment.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Pay-TV Segment

We offer Pay-TV services under the DISH brand and the SLING brand. As of September 30, 2024, we had 8.031 million Pay-TV subscribers in the United States, including 5.888 million DISH TV subscribers and 2.143 million SLING TV subscribers.

We promote our Pay-TV services by providing our subscribers with better service, technology and value than those available from other subscription television service providers. We offer a wide selection of video services under the DISH TV brand, with access to hundreds of channels depending on the level of subscription. Our standard programming packages generally include programming provided by national cable networks. We also offer programming packages that include local broadcast networks, specialty sports channels, premium movie channels and Latino and international programming. We market our SLING TV services to consumers who do not subscribe to traditional satellite and cable pay-TV services, as well as to current and recent traditional pay-TV subscribers who desire a lower cost alternative. Our SLING TV services require an Internet connection and are available on multiple streaming-capable devices including, among others, streaming media devices, TVs, tablets, computers, game consoles and phones. We offer SLING domestic, SLING International, SLING Latino and SLING Freestream video programming services.

Trends in our Pay-TV Segment

Competition

Competition has intensified in recent years as the pay-TV industry has matured. We and our competitors increasingly must seek to attract a greater proportion of new subscribers from each other's existing subscriber bases rather than from first-time purchasers of pay-TV services. We face substantial competition from established pay-TV providers and broadband service providers and increasing competition from companies providing/facilitating the delivery of video content via the Internet to computers, televisions, and other streaming and mobile devices, including wireless service providers. In recent years, industry consolidation and convergence has created competitors with greater scale and multiple product/service offerings. These developments, among others, have contributed to intense and increasing competition, and we expect such competition to continue.

We incur significant costs to retain our existing DISH TV subscribers, generally as a result of upgrading their equipment to next generation receivers, primarily including our Hopper® receivers, and by providing retention credits. Our DISH TV subscriber retention costs may vary significantly from period to period.

Many of our competitors have been especially aggressive by offering discounted programming and services for both new and existing subscribers, including, but not limited to, bundled offers combining broadband, video and/or wireless services and other promotional offers. Certain competitors have been able to subsidize the price of video services with the price of broadband and/or wireless services.

Our Pay-TV services also face increased competition from programmers and other companies who distribute video directly to consumers over the Internet, as well as traditional satellite television providers, cable companies and large telecommunications companies that are rapidly increasing their Internet-based video offerings and direct-to-consumer exclusive and non-exclusive content. We also face competition from providers of video content, many of which are providers of programming content to us, that distribute content over the Internet including services with live-linear television programming, as well as single programmer offerings and offerings of large libraries of on-demand content, including in certain cases original content. These product offerings include, but are not limited to, Netflix, Hulu, Apple+, Prime Video, YouTube TV, Disney+, ESPN+, Paramount+, Max, STARZ, Peacock, Fubo, Philo and Tubi and certain bundles of these offerings.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Significant changes in consumer behavior regarding the means by which consumers obtain video entertainment and information in response to digital media competition could have a material adverse effect on our business, results of operations and financial condition or otherwise disrupt our business.

In particular, consumers have shown increased interest in viewing certain video programming in any place, at any time and/or on any broadband or Internet-connected device they choose. Online content providers may cause our subscribers to disconnect our DISH TV services ("cord cutting"), downgrade to smaller, less expensive programming packages ("cord shaving") or elect to purchase through these online content providers a certain portion of the services that they would have historically purchased from us.

Mergers and acquisitions, joint ventures and alliances among cable television providers, telecommunications companies, programming providers and others may result in, among other things, greater scale and financial leverage and increase the availability of offerings from providers capable of bundling video, broadband and/or wireless services in competition with our services and may exacerbate the risks described under the caption "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023 and elsewhere in our public filings. These transactions may affect us adversely by, among other things, making it more difficult for us to obtain access to certain programming networks on nondiscriminatory and fair terms, or at all.

Our Pay-TV subscriber base has been declining due to, among other things, the factors described above. There can be no assurance that our Pay-TV subscriber base will not continue to decline and that the pace of such decline will not accelerate. As our Pay-TV subscriber base continues to decline, it could have a material adverse long-term effect on our business, results of operations, financial condition and cash flow.

Programming

Our ability to compete successfully will depend, among other things, on our ability to continue to obtain desirable programming and deliver it to our subscribers at competitive prices. Programming costs represent a large percentage of our "Cost of services" and the largest component of our total expense. We expect these costs to continue to increase due to contractual price increases and the renewal of long-term programming contracts on less favorable pricing terms and certain programming costs are rising at a much faster rate than wages or inflation. In particular, the rates we are charged for retransmitting local broadcast channels have been increasing substantially and may exceed our ability to increase our prices to our subscribers. Our ability to provide services under these agreements and negotiate acceptable terms depends on, among other things, the number of subscribers we have, our actual, perceived or anticipated financial condition and our negotiating power against each programmer, which can vary depending on the size and scale of such programmer. Going forward, our margins may face pressure if we are unable to renew our long-term programming contracts on acceptable pricing and other economic terms or if we are unable to pass these increased programming costs on to our subscribers.

Increases in programming costs have caused us to increase the rates that we charge to our subscribers, which could in turn cause our existing Pay-TV subscribers to disconnect our services or cause potential new Pay-TV subscribers to choose not to subscribe to our services. Additionally, even if our subscribers do not disconnect our services, they may purchase through new and existing online content providers a certain portion of the services that they would have historically purchased from us.

Furthermore, our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV churn rate may be negatively impacted if we are unable to renew our long-term programming carriage contracts. In the past, our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV churn rate have been negatively impacted as a result of programming interruptions and threatened programming interruptions in connection with the scheduled expiration of programming carriage contracts with content providers. There can be no assurance that the removal of any channels will not have a material adverse effect on our business, results of operations and financial condition or otherwise disrupt our business.

We cannot predict with any certainty the impact to our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV churn rate resulting from programming interruptions or threatened programming interruptions that may occur in the future. As a result, we may at times suffer from periods of lower net Pay-TV subscriber additions or higher net Pay-TV subscriber losses.

Other Developments

Adaptive Bitrate Streaming Patents

Through our subsidiaries, we hold dozens of issued United States and foreign patents that relate to Adaptive Bitrate Streaming. On September 9, 2022, the chief administrative law judge at the United States International Trade Commission ("ITC") issued an Initial Determination holding that the video streaming in certain Peloton, NordicTrack and Mirror exercise equipment infringes four of those patents, and recommended that the ITC prevent the importation of the infringing products. On March 8, 2023, the ITC issued its Final Determination, which affirmed the Initial Determination for three of the four patents in all material aspects, and issued the recommended exclusion and cease and desist orders, which will become effective after a Presidential review period. On February 9, 2023, we entered into a confidential license agreement covering Mirror exercise equipment that resolves our litigation involving those products. On May 1, 2023, we entered into a $75 million license agreement covering Peloton exercise equipment that resolves our litigation involving those products. During the second quarter of 2023, we recorded the $75 million license agreement in "Equipment sales and other revenue" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). On March 6, 2024, we entered into a license agreement covering NordicTrack exercise equipment that resolves our litigation involving those products and received the initial payment.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

RESULTS OF OPERATIONS – Pay-TV Segment

Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023.

Statements of Operations Data	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	Variance Amount	Variance %
	(In thousands)			
Revenue:				
Service revenue	$ 2,602,176	$ 2,776,950	$ (174,774)	(6.3)
Equipment sales and other revenue	15,855	30,151	(14,296)	(47.4)
Total revenue	2,618,031	2,807,101	(189,070)	(6.7)
Costs and expenses:				
Cost of services	1,639,005	1,715,873	(76,868)	(4.5)
% of Service revenue	**63.0 %**	**61.8 %**		
Cost of sales - equipment and other	19,243	30,027	(10,784)	(35.9)
Selling, general and administrative expenses	283,780	385,636	(101,856)	(26.4)
% of Total revenue	**10.8 %**	**13.7 %**		
Depreciation and amortization	87,502	86,100	1,402	1.6
Total costs and expenses	2,029,530	2,217,636	(188,106)	(8.5)
Operating income (loss)	$ 588,501	$ 589,465	$ (964)	(0.2)
Other data:				
Pay-TV subscribers, as of period end (in millions)	8.031	8.840	(0.809)	(9.2)
DISH TV subscribers, as of period end (in millions)	5.888	6.720	(0.832)	(12.4)
SLING TV subscribers, as of period end (in millions)	2.143	2.120	0.023	1.1
Pay-TV subscriber additions (losses), net (in millions)	(0.043)	(0.064)	0.021	32.8
DISH TV subscriber additions (losses), net (in millions)	(0.188)	(0.181)	(0.007)	(3.9)
SLING TV subscriber additions (losses), net (in millions)	0.145	0.117	0.028	23.9
Pay-TV ARPU	$ 108.88	$ 105.25	$ 3.63	3.4
DISH TV subscriber additions, gross (in millions)	0.075	0.142	(0.067)	(47.2)
DISH TV churn rate	1.47 %	1.58 %	(0.11)%	(7.0)
DISH TV SAC	$ 985	$ 1,065	$ (80)	(7.5)
Purchases of property and equipment, net of refunds	$ 53,357	$ 64,331	$ (10,974)	(17.1)
OIBDA	$ 676,003	$ 675,565	$ 438	0.1

* Percentage is not meaningful.

Pay-TV Subscribers

***DISH TV subscribers**.* We lost approximately 188,000 net DISH TV subscribers during the three months ended September 30, 2024 compared to the loss of approximately 181,000 net DISH TV subscribers during the same period in 2023. This increase in net DISH TV subscriber losses primarily resulted from lower gross new DISH TV subscriber activations, partially offset by a lower DISH TV churn rate.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

SLING TV subscribers*.* We added approximately 145,000 net SLING TV subscribers during the three months ended September 30, 2024 compared to the addition of approximately 117,000 net SLING TV subscribers during the same period in 2023. The change in net SLING TV subscribers was primarily related to higher SLING TV subscriber activations and lower SLING TV subscriber disconnects in 2024 due to our emphasis on acquiring higher quality subscribers. We continue to experience increased competition, including competition from other subscription video on-demand and live-linear OTT service providers, many of which are providers of our content and offer football and other seasonal sports programming direct to subscribers on an a la carte basis.

DISH TV subscribers, gross*.* During the three months ended September 30, 2024, we activated approximately 75,000 gross new DISH TV subscribers compared to approximately 142,000 gross new DISH TV subscribers during the same period in 2023, a decrease of 47.2%. This decrease in our gross new DISH TV subscriber activations was primarily related to the lack of demand, shifting consumer behavior and lower marketing expenditures, as well as increased competitive pressures, including, but not limited to, live-linear OTT service providers, aggressive short term introductory pricing and bundled offers combining broadband, video and/or wireless services and other discounted promotional offers, and direct-to-consumer offerings by certain of our programmers. Our gross new DISH TV subscriber activations continue to be negatively impacted by an emphasis on acquiring higher quality subscribers.

DISH TV churn rate*.* Our DISH TV churn rate for the three months ended September 30, 2024 was 1.47% compared to 1.58% for the same period in 2023. Our DISH TV churn rate for the three months ended September 30, 2024 was positively impacted by our emphasis on acquiring and retaining higher quality subscribers. Our DISH TV churn rate continues to be adversely impacted by external factors, such as, among other things, cord cutting, shifting consumer behavior and increased competitive pressures, including, but not limited to, live-linear OTT service providers, aggressive marketing, bundled discount offers combining broadband, video and/or wireless services and other discounted promotional offers. Our DISH TV churn rate is also impacted by internal factors, such as, among other things, our ability to consistently provide outstanding customer service, price increases, our ability to control piracy and other forms of fraud and the level of our retention efforts.

Our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV churn rate have been negatively impacted as a result of programming interruptions and threatened programming interruptions in connection with the scheduled expiration of programming carriage contracts with content providers. We cannot predict with any certainty the impact to our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV subscriber churn rate resulting from programming interruptions or threatened programming interruptions that may occur in the future. As a result, we may at times suffer from periods of lower net Pay-TV subscriber additions or higher net Pay-TV subscriber losses.

We have not always met our own standards for performing high-quality installations, effectively resolving subscriber issues when they arise, answering subscriber calls in an acceptable timeframe, effectively communicating with our subscriber base, reducing calls driven by the complexity of our business, improving the reliability of certain systems and subscriber equipment and aligning the interests of certain independent third-party retailers and installers to provide high-quality service. Most of these factors have affected both gross new DISH TV subscriber activations as well as DISH TV subscriber churn rate. Our future gross new DISH TV subscriber activations and our DISH TV subscriber churn rate may be negatively impacted by these factors, which could in turn adversely affect our revenue.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Service revenue. "Service revenue" totaled $2.602 billion for the three months ended September 30, 2024, a decrease of $175 million or 6.3% compared to the same period in 2023. The decrease in "Service revenue" compared to the same period in 2023 was primarily related to lower average Pay-TV subscriber base, partially offset by an increase in Pay-TV ARPU, discussed below.

Pay-TV ARPU. Pay-TV ARPU was $108.88 during the three months ended September 30, 2024 versus $105.25 during the same period in 2023. The $3.63 or 3.4% increase in Pay-TV ARPU was primarily attributable to the DISH TV and SLING TV programming price increases and higher Pay-TV ad sales revenue. The DISH TV and SLING TV programming package price increases were effective in the fourth quarter of 2023.

Cost of services. "Cost of services" totaled $1.639 billion during the three months ended September 30, 2024, a decrease of $77 million or 4.5% compared to the same period in 2023. The decrease in "Cost of services" was primarily attributable to a lower average Pay-TV subscriber base, partially offset by higher programming costs per subscriber. Programming costs per subscriber increased during the three months ended September 30, 2024 due to rate increases in certain of our programming contracts, including the renewal of certain contracts at higher rates, particularly for local broadcast channels. "Cost of services" represented 63.0% and 61.8% of "Service revenue" during the three months ended September 30, 2024 and 2023, respectively.

In the normal course of business, we enter into contracts to purchase programming content in which our payment obligations are generally contingent on the number of Pay-TV subscribers to whom we provide the respective content. Our "Cost of services" have and will continue to face further upward pressure from price increases and the renewal of long-term programming contracts on less favorable pricing terms. In addition, our programming expenses will increase to the extent we are successful in growing our Pay-TV subscriber base.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled $284 million during the three months ended September 30, 2024, a $102 million or 26.4% decrease compared to the same period in 2023. This change was primarily driven by a decrease in subscriber acquisition costs resulting from lower marketing expenditures and lower gross new DISH TV subscriber activations and a decrease in personnel costs. In addition, the three months ended September 30, 2023 was negatively impacted by Merger related costs.

DISH TV SAC. DISH TV SAC was $985 during the three months ended September 30, 2024 compared to $1,065 during the same period in 2023, a decrease of $80 or 7.5%. This change was primarily attributable to a decrease in advertising costs per subscriber and a higher percentage of remanufactured receivers being activated on new subscriber accounts, partially offset by higher commission costs due to our emphasis on acquiring higher quality subscribers.

During the three months ended September 30, 2024 and 2023, the amount of equipment capitalized under our lease program for new DISH TV subscribers totaled $6 million and $16 million, respectively. This decrease in capital expenditures primarily resulted from a decrease in gross new DISH TV subscriber activations and a higher percentage of remanufactured receivers being activated on new subscriber accounts.

To remain competitive, we upgrade or replace subscriber equipment periodically as technology changes, and the costs associated with these upgrades may be substantial. To the extent technological changes render a portion of our existing equipment obsolete, we would be unable to redeploy all returned equipment and consequently would realize less benefit from the DISH TV SAC reduction associated with redeployment of that returned lease equipment.

Our "DISH TV SAC" may materially increase in the future to the extent that we, among other things, transition to newer technologies, introduce more aggressive promotions, or provide greater equipment subsidies.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023.

Statements of Operations Data	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023	Variance Amount	Variance %
		(In thousands)		
Revenue:				
Service revenue	$ 7,961,736	$ 8,592,126	$ (630,390)	(7.3)
Equipment sales and other revenue	59,157	162,246	(103,089)	(63.5)
Total revenue	8,020,893	8,754,372	(733,479)	(8.4)
Costs and expenses:				
Cost of services	4,942,133	5,298,196	(356,063)	(6.7)
% of Service revenue	**62.1 %**	**61.7 %**		
Cost of sales - equipment and other	54,072	75,800	(21,728)	(28.7)
Selling, general and administrative expenses	839,994	1,108,738	(268,744)	(24.2)
% of Total revenue	**10.5 %**	**12.7 %**		
Depreciation and amortization	258,153	286,148	(27,995)	(9.8)
Total costs and expenses	6,094,352	6,768,882	(674,530)	(10.0)
Operating income (loss)	$ 1,926,541	$ 1,985,490	$ (58,949)	(3.0)
Other data:				
Pay-TV subscribers, as of period end (in millions)	8.031	8.840	(0.809)	(9.2)
DISH TV subscribers, as of period end (in millions)	5.888	6.720	(0.832)	(12.4)
SLING TV subscribers, as of period end (in millions)	2.143	2.120	0.023	1.1
Pay-TV subscriber additions (losses), net (in millions)	(0.495)	(0.910)	0.415	45.6
DISH TV subscriber additions (losses), net (in millions)	(0.583)	(0.696)	0.113	16.2
SLING TV subscriber additions (losses), net (in millions)	0.088	(0.214)	0.302	*
Pay-TV ARPU	$ 108.21	$ 103.98	$ 4.23	4.1
DISH TV subscriber additions, gross (in millions)	0.230	0.375	(0.145)	(38.7)
DISH TV churn rate	1.46 %	1.69 %	(0.23)%	(13.6)
DISH TV SAC	$ 993	$ 1,095	$ (102)	(9.3)
Purchases of property and equipment, net of refunds	$ 119,111	$ 167,524	$ (48,413)	(28.9)
OIBDA	$ 2,184,694	$ 2,271,638	$ (86,944)	(3.8)

*Percentage is not meaningful.

Pay-TV Subscribers

DISH TV subscribers. We lost approximately 583,000 net DISH TV subscribers during the nine months ended September 30, 2024 compared to the loss of approximately 696,000 net DISH TV subscribers during the same period in 2023. This decrease in net DISH TV subscriber losses primarily resulted from a lower DISH TV churn rate, partially offset by lower gross new DISH TV subscriber activations.

SLING TV subscribers. We added approximately 88,000 net SLING TV subscribers during the nine months ended September 30, 2024 compared to the loss of approximately 214,000 net SLING TV subscribers during the same period in 2023. The change in net SLING TV subscribers was primarily related to lower SLING TV subscriber disconnects in 2024 due to our emphasis on acquiring higher quality subscribers, partially offset by lower SLING TV subscriber activations. We continue to experience increased competition, including competition from other subscription video on-demand and live-linear OTT service providers, many of which are providers of our content and offer football and other seasonal sports programming direct to subscribers on an a la carte basis.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

DISH TV subscribers, gross*.* During the nine months ended September 30, 2024, we activated approximately 230,000 gross new DISH TV subscribers compared to approximately 375,000 gross new DISH TV subscribers during the same period in 2023, a decrease of 38.7%. This decrease in our gross new DISH TV subscriber activations was primarily related to the lack of demand, shifting consumer behavior and lower marketing expenditures, as well as increased competitive pressures, including, but not limited to, live-linear OTT service providers, aggressive short term introductory pricing and bundled offers combining broadband, video and/or wireless services and other discounted promotional offers, and direct-to-consumer offerings by certain of our programmers. Our gross new DISH TV subscriber activations continue to be negatively impacted by an emphasis on acquiring higher quality subscribers.

DISH TV churn rate*.* Our DISH TV churn rate for the nine months ended September 30, 2024 was 1.46% compared to 1.69% for the same period in 2023. Our DISH TV churn rate for the nine months ended September 30, 2024 was positively impacted by our emphasis on acquiring and retaining higher quality subscribers. Our DISH TV churn rate continues to be adversely impacted by external factors, such as, among other things, cord cutting, shifting consumer behavior and increased competitive pressures, including, but not limited to, live-linear OTT service providers, aggressive marketing, bundled discount offers combining broadband, video and/or wireless services and other discounted promotional offers. Our DISH TV churn rate is also impacted by internal factors, such as, among other things, our ability to consistently provide outstanding customer service, price increases, our ability to control piracy and other forms of fraud and the level of our retention efforts. In addition, our DISH TV churn rate for the nine months ended September 30, 2023 was briefly elevated due to the cyber-security incident in the first quarter of 2023.

Our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV churn rate have been negatively impacted as a result of programming interruptions and threatened programming interruptions in connection with the scheduled expiration of programming carriage contracts with content providers. We cannot predict with any certainty the impact to our net Pay-TV subscriber additions, gross new DISH TV subscriber activations, and DISH TV subscriber churn rate resulting from programming interruptions or threatened programming interruptions that may occur in the future. As a result, we may at times suffer from periods of lower net Pay-TV subscriber additions or higher net Pay-TV subscriber losses.

Service revenue. "Service revenue" totaled $7.962 billion for the nine months ended September 30, 2024, a decrease of $630 million or 7.3% compared to the same period in 2023. The decrease in "Service revenue" compared to the same period in 2023 was primarily related to lower average Pay-TV subscriber base, partially offset by an increase in Pay-TV ARPU, discussed below.

Equipment sales and other revenue. "Equipment sales and other revenue" totaled $59 million for the nine months ended September 30, 2024, a decrease of $103 million compared to the same period in 2023. The decrease in "Equipment sales and other revenue" compared to the same period in 2023 was primarily related to a non-recurring $75 million license of our Adaptive Bitrate Streaming patents to Peloton covering certain Peloton products that resolves our litigation involving those products during the second quarter of 2023.

Pay-TV ARPU. Pay-TV ARPU was $108.21 during the nine months ended September 30, 2024 versus $103.98 during the same period in 2023. The $4.23 or 4.1% increase in Pay-TV ARPU was primarily attributable to the DISH TV and SLING TV programming price increases and higher Pay-TV ad sales revenue. The DISH TV and SLING TV programming package price increases were effective in the fourth quarter of 2023.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Cost of services. "Cost of services" totaled $4.942 billion during the nine months ended September 30, 2024, a decrease of $356 million or 6.7% compared to the same period in 2023. The decrease in "Cost of services" was primarily attributable to a lower average Pay-TV subscriber base and lower variable and retention costs per subscriber, partially offset by higher programming costs per subscriber. Programming costs per subscriber increased during the nine months ended September 30, 2024 due to rate increases in certain of our programming contracts, including the renewal of certain contracts at higher rates, particularly for local broadcast channels. Variable and retention costs per subscriber during the nine months ended September 30, 2023 were negatively impacted by approximately $30 million in cyber-security-related expenses to remediate the incident and provide additional customer support. "Cost of services" represented 62.1% and 61.7% of "Service revenue" during the nine months ended September 30, 2024 and 2023, respectively.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled $840 million during the nine months ended September 30, 2024, a $269 million or 24.2% decrease compared to the same period in 2023. This change was primarily driven by a decrease in subscriber acquisition costs resulting from lower marketing expenditures and lower gross new DISH TV subscriber activations and a decrease in personnel costs. In addition, the nine months ended September 30, 2023 was negatively impacted by Merger related costs.

Depreciation and amortization. "Depreciation and amortization" expense totaled $258 million during the nine months ended September 30, 2024, a $28 million or 9.8% decrease compared to the same period in 2023. This change was primarily driven by a decrease in depreciation expense from equipment leased to new and existing DISH TV subscribers and the EchoStar XI satellite which became fully depreciated during the second quarter of 2023.

DISH TV SAC. DISH TV SAC was $993 during the nine months ended September 30, 2024 compared to $1,095 during the same period in 2023, a decrease of $102 or 9.3%. This change was primarily attributable to a decrease in advertising costs per subscriber and a higher percentage of remanufactured receivers being activated on new subscriber accounts, partially offset by higher commission costs due to our emphasis on acquiring higher quality subscribers.

During the nine months ended September 30, 2024 and 2023, the amount of equipment capitalized under our lease program for new DISH TV subscribers totaled $19 million and $43 million, respectively. This decrease in capital expenditures primarily resulted from a decrease in gross new DISH TV subscriber activations and a higher percentage of remanufactured receivers being activated on new subscriber accounts.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Retail Wireless Segment

We offer nationwide prepaid and postpaid Retail Wireless services to subscribers primarily under our Boost Mobile and Gen Mobile brands, as well as a competitive portfolio of wireless devices. Prepaid wireless subscribers generally pay in advance for monthly access to wireless talk, text and data services. Postpaid wireless subscribers are qualified to pay after receiving wireless talk, text and data services, and may also qualify for certain device financing arrangements.

Boost Mobile postpaid. During 2023, we launched our nationwide expansion of our Boost Mobile postpaid wireless service. At the end of the third quarter of 2023, we began offering premium wireless devices, including Apple products. We currently offer a broad range of premium wireless devices on our 5G Network.

We are currently operating our Retail Wireless segment primarily as an MVNO as we continue our 5G Network Deployment and commercialize and grow customer traffic on our 5G Network. We are transitioning our Retail Wireless segment to an MNO as our 5G Network has become commercially available and we grow customer traffic on our 5G Network. We are currently activating Boost Mobile subscribers with compatible devices onto our 5G Network in markets where we have reached VoNR. We have deployed 5G VoNR covering over 200 million Americans. Within our MVNO operations, today we depend on T-Mobile and AT&T to provide us with network services under the MNSA and NSA, respectively.

As of September 30, 2024 we had 6.984 million Wireless subscribers. Currently, we offer Wireless subscribers competitive consumer plans with no annual service contracts and monthly service plans including high-speed data and unlimited talk and text, and device financing arrangements for certain qualified subscribers.

During the second half of 2022, we began the process of migrating subscribers off the Transition Services Agreement ("TSA") with T-Mobile, including the billing systems, and onto our own billing and operational support systems. The migration of subscribers to our new billing and operational support systems accelerated during the fourth quarter of 2022 and continued in the first and second quarters of 2023. The migration of subscribers during the first and second quarters of 2023 negatively impacted our Wireless churn rate and our results of operations. During the second quarter of 2023, we completed the migration of subscribers off the TSA with T-Mobile and onto our own billing and operational support systems.

ACP Subscribers. A portion of our Wireless subscriber base and revenue is comprised of subscribers who received benefits under ACP through May 2024. Households enrolled in the ACP program continued to receive the benefit on their service through April 2024. In May 2024, households received a partial benefit and on June 1, 2024 the ACP program funding concluded and households no longer received their benefit. Although we implemented plans to retain and/or migrate these subscribers to lower priced service plans, these subscribers began deactivating in the second and third quarter of 2024. As of September 30, 2024, we had approximately 33,000 Wireless ACP subscribers, and if we are unsuccessful in retaining and/or migrating the remaining subscribers, they will deactivate in the fourth quarter of 2024.

Generally, ACP subscribers have lower Wireless ARPU than other Wireless subscribers and as a result, any loss of ACP subscribers will have a nominal impact on pre-tax net income. We cannot predict with any certainty the impact of the loss of the ACP benefit to our Wireless subscriber base, net Wireless subscriber activations and results of operations.

Item 2. MANAGEMENT’S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Competition

Retail wireless is a mature market with moderate year over year organic growth. Competitors include, among others, providers who offer similar wireless communication services, such as talk, text and data. Competitive factors within the wireless communication services industry include, but are not limited to, pricing, market saturation, service and product offerings, customer experience and service quality. We compete with a number of national wireless carriers, including Verizon, AT&T and T-Mobile, all of which are significantly larger than us, serve a significant percentage of all wireless subscribers and enjoy scale advantages compared to us. Verizon, AT&T, and T-Mobile are currently the only nationwide MNOs in the United States.

Additional primary competitors to our Retail Wireless segment include, but are not limited to, Metro PCS (owned by T-Mobile), Cricket Wireless (owned by AT&T), Visible (owned by Verizon), Tracfone Wireless (owned by Verizon), Total Wireless (owned by Verizon), and other MVNOs such as Consumer Cellular, Mint Mobile (owned by T-Mobile), Spectrum Mobile and Xfinity Mobile.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

RESULTS OF OPERATIONS – Retail Wireless Segment

Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023.

Statements of Operations Data	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	Variance Amount	Variance %
	(In thousands)			
Revenue:				
Service revenue	$ 778,737	$ 814,267	$ (35,530)	(4.4)
Equipment sales and other revenue	117,212	76,713	40,499	52.8
Total revenue	895,949	890,980	4,969	0.6
Costs and expenses:				
Cost of services	469,292	525,130	(55,838)	(10.6)
% of Service revenue	**60.3 %**	**64.5 %**		
Cost of sales - equipment and other	300,322	279,914	20,408	7.3
Selling, general and administrative expenses	217,090	191,553	25,537	13.3
% of Total revenue	**24.2 %**	**21.5 %**		
Depreciation and amortization	23,037	62,549	(39,512)	(63.2)
Total costs and expenses	1,009,741	1,059,146	(49,405)	(4.7)
Operating income (loss)	$ (113,792)	$ (168,166)	$ 54,374	32.3
Other data:				
Wireless subscribers, as of period end (in millions)	6.984	7.500	(0.516)	(6.9)
Wireless subscriber additions, gross (in millions)	0.642	0.638	0.004	0.6
Wireless subscriber additions (losses), net (in millions) **	(0.297)	(0.225)	(0.072)	(32.0)
Wireless ARPU	$ 36.27	$ 35.74	$ 0.53	1.5
Wireless churn rate	2.99 %	4.21 %	(1.22)%	(29.0)
OIBDA	$ (90,755)	$ (105,617)	$ 14,862	14.1

* Percentage is not meaningful.
** Includes Government subsidized subscribers.

Wireless subscribers*.* We lost approximately 297,000 net Wireless subscribers during the three months ended September 30, 2024 compared to the loss of approximately 225,000 net Wireless subscribers during the same period in 2023. This increase in net Wireless subscriber losses primarily resulted from net losses of Government subsidized subscribers during the three months ended September 30, 2024 compared to net additions of Government subsidized subscribers during the same period in 2023, primarily due to the ACP program funding concluding on June 1, 2024. See "Retail Wireless Segment – ACP Subscribers" for further information. Excluding the impact of net losses of Government subsidized subscribers, we added approximately 62,000 net Wireless subscribers during the three months ended September 30, 2024. In addition, the three months ended September 30, 2024 was positively impacted by a lower Wireless churn rate and higher gross new Wireless subscriber activations compared to the same period in 2023.

Wireless subscribers, gross*.* During the three months ended September 30, 2024, we activated approximately 642,000 gross new Wireless subscribers compared to approximately 638,000 gross new Wireless subscribers during the same period in 2023, an increase of 0.6%. Our gross new Wireless subscriber activations continue to be negatively impacted by our emphasis on acquiring and retaining higher quality subscribers and increased competitive pressures, including aggressive competitor marketing, discounted service plans and deeper wireless device subsidies.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Wireless churn rate*.* Our Wireless churn rate for the three months ended September 30, 2024 was 2.99% compared to 4.21% for the same period in 2023. Our Wireless churn rate for the three months ended September 30, 2024 was positively impacted by our emphasis on acquiring and retaining higher quality subscribers, partially offset by competitive pressures, including deeper wireless device subsidies.

Service revenue. "Service revenue" totaled $779 million for the three months ended September 30, 2024, a decrease of $36 million or 4.4% compared to the same period in 2023. The decrease in "Service revenue" compared to the same period in 2023 was primarily related to a lower average Wireless subscriber base, partially offset by an increase in Wireless ARPU, discussed below.

Wireless ARPU. Wireless ARPU was $36.27 during the three months ended September 30, 2024 versus $35.74 during the same period in 2023. The $0.53 or 1.5% increase in Wireless ARPU was primarily attributable to, among other things, a shift in subscriber plan mix to higher priced service plans and increased sales of value added services, partially offset by providing certain remaining ACP subscribers with service plan credits.

Equipment sales and other revenue. "Equipment sales and other revenue" totaled $117 million for the three months ended September 30, 2024, an increase of $40 million or 52.8% compared to the same period in 2023. The increase in "Equipment sales and other revenue" compared to the same period in 2023 was primarily related to higher revenue per unit shipped due to unit mix and an increase in units shipped. During the three months ended September 30, 2024, we shipped a higher percentage of devices that are compatible with our 5G Network and other devices that have a higher revenue per unit.

Cost of services. "Cost of services" totaled $469 million for the three months ended September 30, 2024, a decrease of $56 million or 10.6% compared to the same period in 2023. The decrease in "Cost of services" compared to the same period in 2023 was primarily attributable to a lower average Wireless subscriber base and lower network services costs per subscriber. In addition, the three months ended September 30, 2023 was negatively impacted by temporarily elevated dealer incentive costs in connection with the third quarter of 2023 realignment of our commission structure with current business objectives to acquire higher quality, long-term subscribers.

Cost of sales – equipment and other. "Cost of sales – equipment and other" totaled $300 million for the three months ended September 30, 2024, an increase of $20 million or 7.3% compared to the same period in 2023. The increase in "Cost of sales – equipment and other" compared to the same period in 2023 was primarily related to higher costs per unit shipped due to unit mix and an increase in units shipped. During the three months ended September 30, 2024, we shipped a higher percentage of devices that are compatible with our 5G Network and other devices that have a higher cost per unit.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled $217 million during the three months ended September 30, 2024, a $26 million or 13.3% increase compared to the same period in 2023. This change was primarily driven by higher marketing expenditures and an increase in costs to support the Retail Wireless Segment, partially offset by lower sales commissions. In the third quarter of 2023, we realigned our commission structure with current business objectives to acquire higher quality, long-term subscribers, which resulted in lower sales commissions.

Depreciation and amortization. "Depreciation and amortization" expense totaled $23 million during the three months ended September 30, 2024, a $40 million or 63.2% decrease compared to the same period in 2023. This change was primarily driven by a decrease in amortization expense from subscriber relationships related to the Boost Mobile acquisition in 2020, which became fully amortized during the second quarter of 2024.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023.

Statements of Operations Data	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023	Variance Amount	Variance %
		(In thousands)		
Revenue:				
Service revenue	$ 2,368,138	$ 2,535,296	$ (167,158)	(6.6)
Equipment sales and other revenue	325,192	258,791	66,401	25.7
Total revenue	2,693,330	2,794,087	(100,757)	(3.6)
Costs and expenses:				
Cost of services	1,391,018	1,537,338	(146,320)	(9.5)
% of Service revenue	**58.7 %**	**60.6 %**		
Cost of sales - equipment and other	902,846	822,118	80,728	9.8
Selling, general and administrative expenses	573,734	564,906	8,828	1.6
% of Total revenue	**21.3 %**	**20.2 %**		
Depreciation and amortization	135,303	168,597	(33,294)	(19.7)
Total costs and expenses	3,002,901	3,092,959	(90,058)	(2.9)
Operating income (loss)	$ (309,571)	$ (298,872)	$ (10,699)	(3.6)
Other data:				
Wireless subscribers, as of period end (in millions)	6.984	7.500	(0.516)	(6.9)
Wireless subscriber additions, gross (in millions)	1.828	2.134	(0.306)	(14.3)
Wireless subscriber additions (losses), net (in millions) **	(0.394)	(0.494)	0.100	20.2
Wireless ARPU	$ 36.29	$ 36.19	$ 0.10	0.3
Wireless churn rate	2.99 %	4.33 %	(1.34)%	(30.9)
OIBDA	$ (174,268)	$ (130,275)	$ (43,993)	(33.8)

* Percentage is not meaningful.
** Includes Government subsidized subscribers.

Wireless subscribers. We lost approximately 394,000 net Wireless subscribers during the nine months ended September 30, 2024 compared to the loss of approximately 494,000 net Wireless subscribers during the same period in 2023. This decrease in net Wireless subscriber losses primarily resulted from a lower Wireless churn rate, partially offset by lower gross new Wireless subscriber activations and lower net Government subsidized subscriber additions compared to the same period in 2023, primarily due to the ACP program funding concluding on June 1, 2024. See "Retail Wireless Segment – ACP Subscribers" for further information. Excluding the impact of net losses of Government subsidized subscribers, we added approximately 65,000 net Wireless subscribers during the nine months ended September 30, 2024.

Wireless subscribers, gross. During the nine months ended September 30, 2024, we activated approximately 1.828 million gross new Wireless subscribers compared to approximately 2.134 million gross new Wireless subscribers during the same period in 2023, a decrease of 14.3%. Our gross new Wireless subscribers for the nine months ended September 30, 2024 was negatively impacted by our emphasis on acquiring and retaining higher quality subscribers. In addition, this decrease in our gross new Wireless subscriber activations was primarily related to increased competitive pressures, including aggressive competitor marketing, discounted service plans and deeper wireless device subsidies.

Wireless churn rate. Our Wireless churn rate for the nine months ended September 30, 2024 was 2.99% compared to 4.33% for the same period in 2023. Our Wireless churn rate for the nine months ended September 30, 2024 was positively impacted by our emphasis on acquiring and retaining higher quality subscribers, partially offset by competitive pressures, including deeper wireless device subsidies. In addition, our Wireless churn rate for the nine months ended September 30, 2023 was negatively impacted by migrating subscribers off the TSA with T-Mobile and onto our new billing and operational support systems.

Service revenue. “Service revenue” totaled $2.368 billion for the nine months ended September 30, 2024, a decrease of $167 million or 6.6% compared to the same period in 2023. The decrease in “Service revenue” compared to the same period in 2023 was primarily related to a lower average Wireless subscriber base, partially offset by an increase in Wireless ARPU, discussed below.

Wireless ARPU. Wireless ARPU was $36.29 during the nine months ended September 30, 2024 versus $36.19 during the same period in 2023. The $0.10 or 0.3% increase in Wireless ARPU was primarily attributable to, among other things, a shift in subscriber plan mix to higher priced service plans, partially offset by providing ACP subscribers continued services for approximately half the charge in May 2024 and free of charge in June 2024 when the ACP program funding concluded and with service plan credits during the three months ended September 30, 2024.

Equipment sales and other revenue. “Equipment sales and other revenue” totaled $325 million for the nine months ended September 30, 2024, an increase of $66 million or 25.7% compared to the same period in 2023. The increase in “Equipment sales and other revenue” compared to the same period in 2023 was primarily related to higher revenue per unit shipped due to unit mix, partially offset by a decrease in units shipped and higher promotional subsidies. During the nine months ended September 30, 2024, we shipped a higher percentage of devices that are compatible with our 5G Network and other devices that have a higher revenue per unit.

Cost of services. “Cost of services” totaled $1.391 billion for the nine months ended September 30, 2024, a decrease of $146 million or 9.5% compared to the same period in 2023. The decrease in “Cost of services” compared to the same period in 2023 was primarily attributable to a lower average Wireless subscriber base, lower network services costs per subscriber and operational efficiencies, partially offset by higher monthly dealer incentive costs. In the third quarter of 2023, we realigned our commission structure with current business objectives to acquire higher quality, long-term subscribers, which resulted in higher monthly dealer incentive costs. The nine months ended September 30, 2023 was negatively impacted by the migration of subscribers off the TSA with T-Mobile and onto our new billing and operational support systems. We incurred duplicative costs related to our TSA with T-Mobile and our own billing and operational support systems as we migrated subscribers off the TSA with T-Mobile.

Cost of sales – equipment and other. “Cost of sales – equipment and other” totaled $903 million for the nine months ended September 30, 2024, an increase of $81 million or 9.8% compared to the same period in 2023. The increase in “Cost of sales – equipment and other” compared to the same period in 2023 was primarily related to higher costs per unit shipped due to unit mix, partially offset by a decrease in units shipped and higher vendor rebates. During the nine months ended September 30, 2024, we shipped a higher percentage of devices that are compatible with our 5G Network and other devices that have a higher cost per unit.

Selling, general and administrative expenses. “Selling, general and administrative expenses” totaled $574 million during the nine months ended September 30, 2024, a $9 million or 1.6% increase compared to the same period in 2023. This change was primarily driven by higher marketing expenditures, partially offset by lower sales commissions and a decrease in costs to support the Retail Wireless segment. The nine months ended September 30, 2023 was negatively impacted by costs of migrating subscribers off the TSA with T-Mobile and onto our new billing and operational support systems.

Depreciation and amortization. "Depreciation and amortization" expense totaled $135 million during the nine months ended September 30, 2024, a $33 million or 19.7% decrease compared to the same period in 2023. This change was primarily driven by a decrease in amortization expense from subscriber relationships related to the Boost Mobile acquisition in 2020, which became fully amortized during the second quarter of 2024.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

5G Network Deployment Segment

We initially invested a total of over $30 billion in Wireless spectrum licenses, and a portion of these licenses were included in the Sale and Transfer of Assets to EchoStar. We currently have $24 billion of investments related to Wireless spectrum licenses, which does not include $7 billion of capitalized interest related to the carrying value of such licenses. See Note 1, Note 2 and Note 9 in the Notes to our Condensed Consolidated Financial Statements for further information. We plan to commercialize our Wireless spectrum licenses through our 5G Network Deployment. We have committed to deploy our 5G Network capable of serving increasingly larger portions of the U.S. population at different deadlines.

We may need to raise additional capital in the future, which may not be available on favorable terms, to fund the efforts described below, as well as, among other things, make any potential Northstar Re-Auction Payment and SNR Re-Auction Payment for the AWS-3 licenses retained by the FCC. There can be no assurance that we will be able to complete all build-out requirements or profitably deploy our Wireless spectrum licenses, which may affect the carrying amount of these assets and our future financial condition or results of operations. See Note 9 in the Notes to our Condensed Consolidated Financial Statements for further information.

Our Wireless spectrum licenses are subject to certain interim and final build-out requirements, as well as certain renewal requirements. On September 29, 2023, the FCC confirmed we have met all of our June 14, 2023 band-specific 5G deployment commitments, and two of our three nationwide 5G commitments. The single remaining 5G commitment, that at least 70% of the U.S. population has access to average download speeds equal to 35 Mbps, was achieved in March 2024 using the drive test methodology previously agreed upon by us and the FCC and overseen by an independent monitor. We currently have the largest commercial deployment of 5G VoNR in the world covering over 200 million Americans and 5G broadband service covering over 250 million Americans.

In September 2024, the FCC conditionally granted our requests to extend the 5G deployment deadlines for certain of our licenses based on several commitments, as detailed in Note 9 in the Notes to our Condensed Consolidated Financial Statements.

We may need to make significant additional investments or partner with others to, among other things, continue our 5G Network Deployment and further commercialize, build-out and integrate these licenses and related assets and any additional acquired licenses and related assets, as well as to comply with regulations applicable to such licenses. Depending on the nature and scope of such activities, any such investments or partnerships could vary significantly. In addition, as we continue our 5G Network Deployment, we have and may continue to incur significant additional expenses related to, among other things, research and development, wireless testing and ongoing upgrades to the wireless network infrastructure, software and third-party integration. As a result of these investments, among other factors, we may need to raise additional capital, which may not be available on favorable terms. We may also determine that additional wireless spectrum licenses may be required for our 5G Network Deployment and to compete effectively with other wireless service providers.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

RESULTS OF OPERATIONS –5G Network Deployment Segment

Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023.

Statements of Operations Data	For the Three Months Ended September 30, 2024	2023	Variance Amount	%
	(In thousands)			
Revenue:				
Service revenue	$ —	$ —	$ —	*
Equipment sales and other revenue	42,833	29,916	12,917	43.2
Total revenue	42,833	29,916	12,917	43.2
Costs and expenses:				
Cost of services	332,690	—	332,690	*
Cost of sales - equipment and other	—	260,747	(260,747)	*
Selling, general and administrative expenses	39,636	68,315	(28,679)	(42.0)
Depreciation and amortization	269,529	163,959	105,570	64.4
Total costs and expenses	641,855	493,021	148,834	30.2
Operating income (loss)	$ (599,022)	$ (463,105)	$ (135,917)	(29.3)
Other data:				
Purchases of property and equipment, net of refunds	$ 231,432	$ 686,192	$ (454,760)	(66.3)
OIBDA	$ (329,493)	$ (299,146)	$ (30,347)	(10.1)

* Percentage is not meaningful.

Total revenue. "Total revenue" was $43 million for the three months ended September 30, 2024, an increase of $13 million or 43.2% compared to the same period in 2023. The increase in "Total revenue" compared to the same period in 2023 was primarily related to higher intercompany MNO revenue, partially offset by lower leased spectrum revenue.

Cost of services and Cost of sales – equipment and other. "Cost of services" and "Cost of sales – equipment and other" totaled $333 million during the three months ended September 30, 2024, an increase of $72 million compared to the same period in 2023. Beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, "Cost of services" includes certain direct costs related to our 5G Network Deployment, including lease expense on communication towers, transport, cloud services and other costs which were previously reported in "Cost of sales – equipment and other." The increase primarily resulted from an increase in lease expense on communication towers and other costs related to our 5G Network. In addition, beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, "Cost of services" includes certain personal costs which were previously reported in "Selling, general and administrative expenses." See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled $40 million during the three months ended September 30, 2024, a $29 million or 42.0% decrease compared to the same period in 2023. Beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, "Cost of services" includes certain personal costs which were previously reported in "Selling, general and administrative expenses" primarily driving this decrease.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Depreciation and amortization. "Depreciation and amortization" expense totaled $270 million during the three months ended September 30, 2024, a $106 million increase compared to the same period in 2023. This change was primarily driven by an increase in depreciation and amortization expense related to 5G Network Deployment assets being placed in service. We expect our depreciation and amortization expense to increase as we continue to place 5G Network Deployment assets into service.

Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023.

	For the Nine Months Ended September 30,		Variance	
Statements of Operations Data	**2024**	**2023**	**Amount**	**%**
		(In thousands)		
Revenue:				
Service revenue	$ —	$ —	$ —	*
Equipment sales and other revenue	106,653	67,902	38,751	57.1
Total revenue	106,653	67,902	38,751	57.1
Costs and expenses:				
Cost of services	946,250	—	946,250	*
Cost of sales - equipment and other	—	671,241	(671,241)	*
Selling, general and administrative expenses	135,030	210,258	(75,228)	(35.8)
Depreciation and amortization	772,635	385,070	387,565	*
Total costs and expenses	1,853,915	1,266,569	587,346	46.4
Operating income (loss)	$ (1,747,262)	$ (1,198,667)	$ (548,595)	(45.8)
Other data:				
Purchases of property and equipment, net of refunds	$ 858,030	$ 2,159,359	$ (1,301,329)	(60.3)
OIBDA	$ (974,627)	$ (813,597)	$ (161,030)	(19.8)

*Percentage is not meaningful.

Total revenue. "Total revenue" was $107 million for the nine months ended September 30, 2024, an increase of $39 million or 57.1% compared to the same period in 2023. The increase in "Total revenue" compared to the same period in 2023 was primarily related to higher intercompany MNO revenue, partially offset by lower leased spectrum revenue.

Cost of services and Cost of sales – equipment and other. "Cost of services" and "Cost of sales – equipment and other" totaled $946 million during the nine months ended September 30, 2024, an increase of $275 million compared to the same period in 2023. Beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, "Cost of services" includes certain direct costs related to our 5G Network Deployment, including lease expense on communication towers, transport, cloud services and other costs which were previously reported in "Cost of sales – equipment and other." The increase primarily resulted from an increase in lease expense on communication towers, transport, cloud services and other costs related to our 5G Network. In addition, beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, "Cost of services" includes certain personal costs which were previously reported in "Selling, general and administrative expenses." See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled $135 million during the nine months ended September 30, 2024, a $75 million or 35.8% decrease compared to the same period in 2023. Beginning on January 1, 2024, as we have commenced utilizing our 5G Network for commercial traffic, "Cost of services" includes certain personal costs which were previously reported in "Selling, general and administrative expenses" primarily driving this decrease.

Depreciation and amortization. "Depreciation and amortization" expense totaled $773 million during the nine months ended September 30, 2024, a $388 million increase compared to the same period in 2023. This change was primarily driven by an increase in depreciation and amortization expense related to 5G Network Deployment assets being placed in service. We expect our depreciation and amortization expense to increase as we continue to place 5G Network Deployment assets into service.

OTHER CONSOLIDATED RESULTS

Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023.

	For the Three Months Ended September 30,		Variance	
Statements of Operations Data	**2024**	**2023**	**Amount**	**%**
		(In thousands)		
Operating income (loss)	$ (124,500)	$ (41,806)	$ (82,694)	*
Other income (expense):				
Interest income	8,627	18,649	(10,022)	(53.7)
Interest expense, net of amounts capitalized	(160,625)	(10,173)	(150,452)	*
Other, net	18,019	(151,497)	169,516	*
Total other income (expense)	(133,979)	(143,021)	9,042	6.3
Income (loss) before income taxes	(258,479)	(184,827)	(73,652)	(39.8)
Income tax (provision) benefit, net	47,971	67,988	(20,017)	(29.4)
Effective tax rate	**18.6 %**	**36.8 %**		
Net income (loss)	(210,508)	(116,839)	(93,669)	(80.2)
Less: Net income (loss) attributable to noncontrolling interests, net of tax	15	22,346	(22,331)	(99.9)
Net income (loss) attributable to DISH Network	$ (210,523)	$ (139,185)	$ (71,338)	(51.3)

* Percentage is not meaningful.

Interest income. "Interest income" totaled $9 million during the three months ended September 30, 2024, a decrease of $10 million compared to the same period in 2023. This decrease primarily resulted from lower average cash and marketable investment securities balances and lower percentage returns earned on our cash and marketable investment securities during the three months ended September 30, 2024.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" totaled $161 million during the three months ended September 30, 2024, an increase of $150 million compared to the same period in 2023. This increase primarily resulted from the reduction of capitalized interest related to the qualifying assets being placed into service and the Sale and Transfer of Assets to EchoStar, which included the Intercompany Loan 2026 Tranche, which was previously eliminated in consolidation and held by DISH DBS, and as a result interest expense increased. During the three months ended September 30, 2024, as a result of the lower basis of our qualifying assets due to the Sale and Transfer of Assets to EchoStar and other qualifying assets, including certain bands of wireless spectrum licenses that have been placed into service with the deployment of our 5G Network, we no longer capitalize interest on those assets and as a result, capitalized interest was reduced. See Note 1, Note 2 and Note 8 in the Notes to our Condensed Consolidated Financial Statements for further information.

Other, net. "Other, net" income totaled $18 million during the three months ended September 30, 2024, compared to expense of $151 million during the same period in 2023. The three months ended September 30, 2024 was positively impacted by a $21 million gain on the Liberty Puerto Rico asset sale. The three months ended September 30, 2023 was negatively impacted by a $155 million decrease in the fair value of our option to purchase certain of T-Mobile's 800 MHz spectrum licenses. See Note 4 and Note 9 in the Notes to our Condensed Consolidated Financial Statements for further information.

Income tax (provision) benefit, net. Our income tax benefit was $48 million during the three months ended September 30, 2024, a decrease of $20 million compared to the same period in 2023. This change was primarily related to a decrease in "Income (loss) before income taxes" and the change in our effective tax rate. Our effective tax rate during the three months ended September 30, 2024 and 2023 was impacted by federal and state valuation allowances.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023.

Statements of Operations Data	For the Nine Months Ended September 30, 2024	2023	Variance Amount	%
	(In thousands)			
Operating income (loss)	$ (130,292)	$ 487,951	$ (618,243)	*
Other income (expense):				
Interest income	31,794	90,907	(59,113)	(65.0)
Interest expense, net of amounts capitalized	(495,821)	(27,379)	(468,442)	*
Other, net	80,884	(120,726)	201,610	*
Total other income (expense)	(383,143)	(57,198)	(325,945)	*
Income (loss) before income taxes	(513,435)	430,753	(944,188)	*
Income tax (provision) benefit, net	80,872	(81,930)	162,802	*
Effective tax rate	**15.8 %**	**19.0 %**		
Net income (loss)	(432,563)	348,823	(781,386)	*
Less: Net income (loss) attributable to noncontrolling interests, net of tax	3,688	64,980	(61,292)	(94.3)
Net income (loss) attributable to DISH Network	$ (436,251)	$ 283,843	$ (720,094)	*

* Percentage is not meaningful.

Interest income. "Interest income" totaled $32 million during the nine months ended September 30, 2024, a decrease of $59 million compared to the same period in 2023. This decrease primarily resulted from lower average cash and marketable investment securities balances and lower percentage returns earned on our cash and marketable investment securities during the nine months ended September 30, 2024.

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" totaled $496 million during the nine months ended September 30, 2024, an increase of $468 million compared to the same period in 2023. This increase primarily resulted from the reduction of capitalized interest related to the qualifying assets being placed into service and the Sale and Transfer of Assets to EchoStar, which included the Intercompany Loan 2026 Tranche, which was previously eliminated in consolidation and held by DISH DBS, and as a result interest expense increased. During the nine months ended September 30, 2024, as a result of the lower basis of our qualifying assets due to the Sale and Transfer of Assets to EchoStar and other qualifying assets, including certain bands of wireless spectrum licenses that have been placed into service with the deployment of our 5G Network, we no longer capitalize interest on those assets and as a result, capitalized interest was reduced. See Note 1, Note 2 and Note 8 in the Notes to our Condensed Consolidated Financial Statements for further information.

Other, net. "Other, net" income totaled $81 million during the nine months ended September 30, 2024, compared to expense of $121 million during the same period in 2023. The nine months ended September 30, 2024 was positively impacted by the $128 million gain on a sale of a financial asset to EchoStar and a $21 million gain on the Liberty Puerto Rico asset sale, partially offset by a $70 million loss in equity in earnings from our Invidi investment, including $63 million from our portion of Invidi's goodwill impairment. The nine months ended September 30, 2023 was negatively impacted by a $192 million decrease in the fair value of our option to purchase certain of T-Mobile's 800 MHz spectrum licenses, partially offset by $73 million of early debt extinguishment gains from the repurchases of our convertible notes. See Note 1 in the Notes to our Condensed Consolidated Financial Statements for further information.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Income tax (provision) benefit, net. Our income tax benefit was $81 million during the nine months ended September 30, 2024, compared to a provision of $82 million during the same period in 2023. This change was primarily related to a decrease in "Income (loss) before income taxes" and the change in our effective tax rate. Our effective tax rate during the nine months ended September 30, 2024 and 2023 was impacted by federal and state valuation allowances.

Non-GAAP Performance Measures and Reconciliation

It is management's intent to provide non-GAAP financial information to enhance the understanding of our GAAP financial information, and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. We believe that providing these non-GAAP measures in addition to the GAAP measures allows management, investors and other users of our financial information to more fully and accurately assess both consolidated and segment performance. The non-GAAP financial information presented may be determined or calculated differently by other companies and may not be directly comparable to that of other companies.

Consolidated EBITDA

Consolidated EBITDA is not a measure determined in accordance with GAAP and should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. Consolidated EBITDA is used as a measurement of operating efficiency and overall financial performance and we believe it is a helpful measure for those evaluating operating performance in relation to our competitors. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, pay taxes and fund capital expenditures. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Net income (loss) attributable to DISH Network	$ (210,523)	$ (139,185)	$ (436,251)	$ 283,843
Interest, net	151,998	(8,476)	464,027	(63,528)
Income tax provision (benefit), net	(47,971)	(67,988)	(80,872)	81,930
Depreciation and amortization	364,199	294,797	1,122,383	806,504
Consolidated EBITDA	$ 257,703	$ 79,148	$ 1,069,287	$ 1,108,749

The changes in Consolidated EBITDA during the three and nine months ended September 30, 2024, compared to the same periods in 2023, were primarily a result of the factors described in connection with operating revenues and operating expenses, as well as the impact from changes in "Other, net" during the three and nine months ended September 30, 2024 and 2023.

Item 2. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS – Continued

Segment OIBDA

Segment OIBDA, which is presented below, is a non-GAAP measure and does not purport to be an alternative to operating income (loss) as a measure of operating performance. We believe this measure is useful to management, investors and other users of our financial information in evaluating operating profitability of our business segments on a more variable cost basis as it excludes the depreciation and amortization expenses related primarily to capital expenditures and acquisitions for those business segments, as well as in evaluating operating performance in relation to our competitors. Segment OIBDA is calculated by adding back depreciation and amortization expense to business segments operating income (loss). See Note 10 to the Notes to our Condensed Consolidated Financial Statements for further information.

For the Three Months Ended September 30, 2024	Pay-TV	Retail Wireless	5G Network Deployment	Eliminations	Consolidated
			(In thousands)		
Segment operating income (loss)	$ 588,501	$ (113,792)	$ (599,022)	$ (187)	$ (124,500)
Depreciation and amortization	87,502	23,037	269,529	(15,869)	364,199
OIBDA	$ 676,003	$ (90,755)	$ (329,493)	$ (16,056)	$ 239,699
For the Three Months Ended September 30, 2023					
Segment operating income (loss)	$ 589,465	$ (168,166)	$ (463,105)	$ —	$ (41,806)
Depreciation and amortization	86,100	62,549	163,959	(17,811)	294,797
OIBDA	$ 675,565	$ (105,617)	$ (299,146)	$ (17,811)	$ 252,991

For the Nine Months Ended September 30, 2024	Pay-TV	Retail Wireless	5G Network Deployment	Eliminations	Consolidated
			(In thousands)		
Segment operating income (loss)	$ 1,926,541	$ (309,571)	$ (1,747,262)	$ —	$ (130,292)
Depreciation and amortization	258,153	135,303	772,635	(43,708)	1,122,383
OIBDA	$ 2,184,694	$ (174,268)	$ (974,627)	$ (43,708)	$ 992,091
For the Nine Months Ended September 30, 2023					
Segment operating income (loss)	$ 1,985,490	$ (298,872)	$ (1,198,667)	$ —	$ 487,951
Depreciation and amortization	286,148	168,597	385,070	(33,311)	806,504
OIBDA	$ 2,271,638	$ (130,275)	$ (813,597)	$ (33,311)	$ 1,294,455

The changes in OIBDA during the three and nine months ended September 30, 2024, compared to the same periods in 2023, were primarily a result of the factors described in connection with operating revenues and operating expenses.

Item 4. CONTROLS AND PROCEDURES

Conclusion regarding disclosure controls and procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in internal control over financial reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 9 "*Commitments and Contingencies – Contingencies – Litigation*" in the Notes to our Condensed Consolidated Financial Statements for information regarding certain legal proceedings in which we are involved.

Item 1A. RISK FACTORS

Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2023 includes a detailed discussion of our risk factors. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Risks Relating to the DIRECTV Transaction

Termination of the Purchase Agreement or failure to otherwise complete the DIRECTV Transaction could have a material adverse impact on our business, financial condition and results of operations.

Termination of the Purchase Agreement or any failure to otherwise complete the DIRECTV Transaction may result in various adverse consequences, including:

- our not being able to realize the anticipated benefits of the DIRECTV Transaction;
- our business being materially adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the DIRECTV Transaction, without realizing any of the anticipated benefits of completing the DIRECTV Transaction; and
- negative reactions from the financial markets, respective customers and other stakeholders possibly related to the above.

If any of the foregoing consequences were to occur as a result of termination of the Purchase Agreement, it could have a material adverse impact on our business, financial condition and results of operations.

The timing of the completion of the DIRECTV Transaction is not certain, and is subject to certain conditions, some of which we cannot control, which could result in the DIRECTV Transaction not being completed or being completed later than we expect, which could have a material adverse impact on our costs and revenues or otherwise reducing the anticipated benefits of the DIRECTV Transaction.

Pursuant to the Purchase Agreement, the completion of the DIRECTV Transaction is subject to certain closing conditions, including, for example, the satisfaction of certain antitrust and other regulatory approvals and the successful exchange of DISH DBS Notes, none of which have been satisfied, and the absence of legal restraints prohibiting the completion of the DIRECTV Transaction. Governmental agencies may not approve the DIRECTV Transaction or may impose conditions to any such approval or require changes to the terms of the DIRECTV Transaction. Any such conditions or changes could have the effect of delaying completion of the DIRECTV Transaction, imposing costs on or limiting our revenues or otherwise reducing the anticipated benefits of the DIRECTV Transaction. Furthermore, under the Purchase Agreement, each party's obligation to consummate the DIRECTV Transaction is also subject to the accuracy of the representations and warranties of the other party (subject to certain qualifications and exceptions) and the performance in all material respects of the other party's covenants under the Purchase Agreement, including, with respect to us, certain covenants regarding the operation of our business prior to completion of the DIRECTV Transaction. As a result of these conditions, we cannot provide assurance that the DIRECTV Transaction will be completed on the terms or timeline currently contemplated, or at all. If such conditions are not fulfilled by the Outside Date or, if for any other reason, the DIRECTV Transaction is not completed on or prior to the Outside Date (as defined in the Purchase Agreement), the Purchase Agreement may be terminated and the DIRECTV Transaction may not be completed.

There is no assurance that we will be able to obtain the required governmental and regulatory approvals to complete the DIRECTV Transaction, which, if delayed or not granted, is likely to delay or jeopardize the DIRECTV Transaction.

The DIRECTV Transaction is conditioned on the expiration or termination of the applicable waiting period (or extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, approval from the U.S. Federal Communications Commission ("FCC") and possibly the consent of certain other merger control authorities and other governmental entities as set forth in the Purchase Agreement (collectively, "Regulatory Approval"). These governmental and regulatory agencies have broad discretion in administering the applicable governing regulations. As a condition to their approval of the transactions contemplated by the Purchase Agreement, those agencies may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of our business. The required approvals may not be obtained or the required conditions to the DIRECTV Transaction may not be satisfied, or, even if the required approvals are obtained and the conditions to the completion of the DIRECTV Transaction are satisfied, the terms, conditions and timing of such approvals are uncertain. Any delay in completing the DIRECTV Transaction could have a material adverse impact on our business, financial condition and results of operations.

The DIRECTV Transaction is conditioned on the consummation of a pre-closing reorganization, which requires the completion of transfers of certain assets and liabilities between us and certain of our affiliates, which transfers may require consents from or approval of third parties.

The Purchase Agreement is conditioned, among other things, upon the consummation of a pre-closing reorganization, which requires, among other things, that certain contracts and other assets, rights and liabilities are to be transferred between DISH DBS and certain of its affiliates in connection with the DIRECTV Transaction, as further described in the Purchase Agreement. The transfer of certain of these contracts and other assets, rights and liabilities may require consents or approvals of third parties or provide other rights to third parties.

Some parties may use consent requirements or other rights to terminate contracts or obtain more favorable contractual terms from us, which, for example, could take the form of price increases for services or assets that we require, forcing us and/or our affiliates to either expend additional resources in order to obtain the services or assets previously provided under the contracts or to make arrangements with new third parties. If we do not obtain required consents or approvals, the DIRECTV Transaction may not be completed, or, if completed, we may not be reflective of the currently intended DIRECTV Transaction and we may be required to seek alternative arrangements, which may not come on a timely basis or at all, or be more costly and/or of lower quality.

The termination, modification, replacement or replication of these contracts or permits or the failure to timely complete the transfer or assignment of these contracts could have a material adverse impact on our business, financial condition and results of operations and on the prospects for completion of the DIRECTV Transaction.

We have and continue to incur substantial transaction-related costs in connection with the DIRECTV Transaction. If the DIRECTV Transaction does not occur, we will not benefit from these transaction related costs.

We have incurred and will continue to incur a number of non-recurring costs associated with the completion of the DIRECTV Transaction and the satisfaction of the related closing conditions, which could be substantial. Nonrecurring transaction costs may include, but are not limited to, fees paid to legal, financial, consulting, investment banking and accounting advisors and costs incurred in connection with obtaining required consents or approvals from governmental authorities or contract counterparties. Such costs may be material and could have a material adverse impact on our business, financial condition and results of operations. Furthermore, if the DIRECTV Transaction does not occur in a timely manner or at all, we may not be able to derive any benefit from such costs.

The announcement and pendency of the DIRECTV Transaction could have a material adverse impact on our business, financial condition and results of operations.

The announcement and pendency of the DIRECTV Transaction could cause disruptions in and create uncertainty surrounding our business, including affecting our relationships with respective existing and future customers, suppliers, vendors and employees, which could have a material adverse impact on our business, financial condition and results of operations, regardless of whether the DIRECTV Transaction is completed. In particular, we could potentially lose customers, suppliers or vendors, and new contracts with any of these third parties could be delayed, increased or decreased, and we may lose important personnel as a result of the departure of employees who decide to pursue other opportunities in light of the DIRECTV Transaction.

Additionally, uncertainty about the completion and effect of the DIRECTV Transaction on our business, financial condition and results of operations may impair our ability to attract, retain and motivate personnel until the DIRECTV Transaction is completed. Employee retention may be particularly challenging during the pendency of the DIRECTV Transaction, as employees may feel uncertain about their future roles within each company after the completion of the DIRECTV Transaction. If such employees depart because of issues relating to the uncertainty relating to the DIRECTV Transaction or a desire not to continue to be employees of ours or DTV after the completion of the DIRECTV Transaction, this could have a material adverse impact on our business, financial condition and results of operations.

In addition, we have expended, and continue to expend, significant management resources in an effort to complete the DIRECTV Transaction, which are being diverted from our day-to-day operations and future growth plans. In addition, the failure to complete the DIRECTV Transaction may result in negative publicity and/or a negative impression of us in the investment community and may affect our relationship with employees, customers and other partners in the business community.

The Purchase Agreement subjects us to restrictions on our business activities prior to the completion of the DIRECTV Transaction.

The Purchase Agreement subjects us and our subsidiaries, particularly DISH DBS, to restrictions on our business activities prior to the completion of the DIRECTV Transaction. The Purchase Agreement obligates us generally to, among other things, operate our Pay-TV business in the ordinary course until the completion of the DIRECTV Transaction and to use our commercially reasonable efforts to preserve a substantially intact business organizations, operations and goodwill of the business and maintain in all material respects commercial relationships.

These restrictions on our business activities may adversely affect our ability to execute certain business strategies outside of the ordinary course of business, including paying dividends or making distributions, pursuing attractive business opportunities, making certain investments or acquisitions, hiring or terminating certain employees, selling, leasing, or licensing material real property, settling litigation matters, entering into certain material contracts, selling assets, engaging in capital expenditures, incurring indebtedness or making changes to its business. Such limitations could have a material adverse impact on our business, financial condition and results of operations prior to the completion of the DIRECTV Transaction.

The risks described above may be exacerbated by delays or other adverse developments with respect to the completion of the DIRECTV Transaction. For additional information, see the complete set of terms and conditions of the DIRECTV Transaction included in the Purchase Agreement.

The Purchase Agreement also obligates us to, among other things, incur certain costs, make substantial investments in the Pay-TV business and take other actions, that absent the Purchase Agreement, we may or may not have taken. Absent certain exemptions in the Purchase Agreement, we are obligated to take such actions regardless if the DIRECTV Transaction is completed. These actions may be different than the historical manner in which we ran the business.

As a holding company, we are dependent on the operations and funds of our subsidiaries.

We are a holding company with no business operations of our own. Our only significant assets are the outstanding equity interests in our subsidiaries. As a result, we rely on cash flows from subsidiaries to meet our obligations, including to service any of our debt obligations. On September 30, 2024, we announced a sale of our Pay-TV business, from which we derive a substantial portion of our cash flow. With the sale of that business, and the interim operating covenants that restrict our access to that cash, we will be required to, among other things, sell our Pay-TV business and transfer at least $400 million of cash (subject to certain upward adjustments) to DTV upon closing of the DIRECTV Transaction and we are prevented from declaring any dividend or otherwise permitting any leakage in excess of $1.520 billion (subject to certain adjustments set forth in the Purchase Agreement, including transaction expenses and certain accrued interest adjustments and adjustments tied to certain key performance indicators) between the signing and closing of the DIRECTV Transaction.

As a result, our ability to fund our Wireless business will be limited to by our cash flow from operations and ability to generate capital from our other businesses.

Item 6. EXHIBITS

Exhibits.

2.1*	Equity Purchase Agreement, dated September 29, 2024, by and between EchoStar Corporation and DirecTV Holdings, LLC (incorporated by reference from Exhibit 2.1 of the Current Report on Form 8-K of EchoStar Corporation filed September 30, 2024).
10.1*	Loan and Security Agreement, dated September 29, 2024, by and among DISH DBS Issuer LLC, as borrower, Alter Domus (US) LLC, as administrative agent, and the lenders party thereto (incorporated by reference from Exhibit 10.1 of the Current Report on Form 8-K of EchoStar Corporation filed September 30, 2024).
10.2*	Transaction Support Agreement, dated September 30, 2024, by and among EchoStar Corporation, DISH Network Corporation, and certain of their direct and indirect subsidiaries party thereto, and each Ad Hoc Group party thereto (incorporated by reference from Exhibit 10.2 of the Current Report on Form 8-K of EchoStar Corporation filed September 30, 2024).
31.1☐	Section 302 Certification of Chief Executive Officer.
31.2☐	Section 302 Certification of Chief Financial Officer.
32.1☐	Section 906 Certification of Chief Executive Officer.
32.2☐	Section 906 Certification of Chief Financial Officer.
101☐	The following materials from the Quarterly Report on Form 10-Q of DISH Network for the quarter ended September 30, 2024 filed on November 14, 2024, formatted in Inline eXtensible Business Reporting Language (“iXBRL”): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Changes in Stockholder’s Equity (Deficit), (iv) Condensed Consolidated Statements of Cash Flows and (v) related notes to these financial statements.
104☐	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document).

☐ Filed herewith.

* Incorporated by reference.

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 thereunto duly authorized.

DISH NETWORK CORPORATION

By: /s/ *Hamid Akhavan*
Hamid Akhavan
President and Chief Executive Officer
(Duly Authorized Officer)

By: */s/ Paul W. Orban*
Paul W. Orban
Executive Vice President and Chief Financial Officer, DISH
(Principal Financial Officer)

By: */s/ James S. Allen*
James S. Allen
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Date: November 14, 2024

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Section 302 Certification

I, Hamid Akhavan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DISH Network Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2024

/s/ Hamid Akhavan

President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, Paul W. Orban, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DISH Network Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2024

/s/ Paul W. Orban
Executive Vice President and Chief Financial Officer,
DISH

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of DISH Network Corporation (the “Company”) hereby certifies that to the best of his knowledge the Company’s Quarterly Report on Form 10-Q for the three months ended September 30, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2024

Name: */s/ Hamid Akhavan*

Title: President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of DISH Network Corporation (the "Company") hereby certifies that to the best of his knowledge the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2024

Name: */s/ Paul W. Orban*

Title: Executive Vice President and Chief Financial Officer, DISH

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.