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PART I — FINANCIAL INFORMATION

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Unless otherwise required by the context, in this report, the words “DISH Network,” the “Company,” “we,” “our” and “us” refer to DISH Network Corporation and its subsidiaries, “EchoStar” refers to EchoStar Corporation and its subsidiaries, and “DISH DBS” refers to DISH DBS Corporation, a wholly-owned, indirect subsidiary of DISH Network, 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, the following:

Competition and Economic Risks

- As the pay-TV industry has matured and bundled offers combining video, broadband and/or wireless services have become more prevalent and competitive, we face intense and increasing competition from providers of video, broadband and/or wireless services, which may require us to further increase subscriber acquisition and retention spending or accept lower subscriber activations and higher subscriber churn.
- Changing consumer behavior and competition from digital media companies that provide or facilitate the delivery of video content via the Internet may reduce our gross new 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.
- Economic weakness and uncertainty may adversely affect our ability to grow or maintain our business.
- Our 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.
- Our over-the-top (“OTT”) Sling TV Internet-based services face certain risks, including, among others, significant competition.
- We face increasing competition from other distributors of unique programming services such as foreign language, sports programming, and original content that may limit our ability to maintain subscribers that desire these unique programming services.

Operational and Service Delivery Risks

- If we do not improve our operational performance and customer satisfaction, our gross new subscriber activations may decrease and our subscriber churn may increase.
- If our gross new subscriber activations continue to decrease, or if our subscriber churn, subscriber acquisition costs or retention costs increase, our financial performance will be adversely affected.

- Programming expenses are increasing and could adversely affect our future financial condition and results of operations.
- We depend on others to provide the programming that we offer to our subscribers and, if we fail to obtain or lose access to this programming, our gross new subscriber activations may decline and our subscriber churn may increase.
- We may not be able to obtain necessary retransmission consent agreements at acceptable rates, or at all, from local network stations.
- We may be required to make substantial additional investments to maintain competitive programming offerings.
- Any failure or inadequacy of our information technology infrastructure and communications systems, including without limitation those caused by cyber-attacks or other malicious activities, could disrupt or harm our business.
- We currently depend on EchoStar to provide the vast majority of our satellite transponder capacity and other related services to us. Our business would be adversely affected if EchoStar ceases to provide these services to us and we are unable to obtain suitable replacement services from third parties.
- Technology in the pay-TV industry changes rapidly, and our success may depend in part on our timely introduction and implementation of, and effective investment in, new competitive products and services and more advanced equipment, and our failure to do so could cause our products and services to become obsolete and could negatively impact our business.
- We rely on a single vendor or a limited number of vendors to provide certain key products or services to us such as information technology support, billing systems, and security access devices, and the inability of these key vendors to meet our needs could have a material adverse effect on our business.
- We rely on a few suppliers and in some cases a single supplier for many components of our new set-top boxes, and any reduction or interruption in supplies or significant increase in the price of supplies could have a negative impact on our business.
- Our programming signals are subject to theft, and we are vulnerable to other forms of fraud that could require us to make significant expenditures to remedy.
- We depend on independent third parties to solicit orders for our services that represent a significant percentage of our total gross new subscriber activations.
- We have limited satellite capacity and failures or reduced capacity could adversely affect our DISH branded pay-TV service.
- Our owned and leased satellites are subject to construction, launch, operational and environmental risks that could limit our ability to utilize these satellites.
- We generally do not carry commercial launch or in-orbit insurance on any of the satellites that we use, other than certain satellites leased from third parties, and could face significant impairment charges if any of our owned satellites fail.
- We may have potential conflicts of interest with EchoStar due to our common ownership and management.
- We rely on key personnel and the loss of their services may negatively affect our business.

Acquisition and Capital Structure Risks

- We have made substantial investments to acquire certain wireless spectrum licenses and other related assets. In addition, we have made substantial non-controlling investments in the Northstar Entities and the SNR Entities related to AWS-3 wireless spectrum licenses.
- We face certain risks related to our non-controlling investments in the Northstar Entities and the SNR Entities, which may have a material adverse effect on our business, results of operations and financial condition.
- To the extent that we commercialize our wireless spectrum licenses, we will face certain risks entering and competing in the wireless services industry and operating a wireless services business.
- We may pursue acquisitions and other strategic transactions to complement or expand our business that may not be successful, and we may lose up to the entire value of our investment in these acquisitions and transactions.
- We may need additional capital, which may not be available on acceptable terms or at all, to continue investing in our business and to finance acquisitions and other strategic transactions.
- We have substantial debt outstanding and may incur additional debt.
- The conditional conversion features of our 3 3/8% Convertible Notes due 2026 (the “Convertible Notes due 2026”) and our 2 3/8% Convertible Notes due 2024 (the “Convertible Notes due 2024,” and collectively with the Convertible Notes due 2026, the “Convertible Notes”), if triggered, may adversely affect our financial condition.
- The convertible note hedge and warrant transactions that we entered into in connection with the offering of the Convertible Notes due 2026 may affect the value of the Convertible Notes due 2026 and our Class A common stock.
- We are subject to counterparty risk with respect to the convertible note hedge transactions.
- From time to time a portion of our investment portfolio may be invested in securities that have limited liquidity and may not be immediately accessible to support our financing needs, including investments in public companies that are highly speculative and have experienced and continue to experience volatility.
- It may be difficult for a third party to acquire us, even if doing so may be beneficial to our shareholders, because of our ownership structure.
- We are controlled by one principal stockholder who is also our Chairman and Chief Executive Officer.

Legal and Regulatory Risks

- A ruling in the Do Not Call litigation requiring us to pay substantial civil penalties and/or damages and/or enjoining us, whether acting directly or indirectly through authorized telemarketers or independent third-party retailers, from certain activities could have a material adverse effect on our results of operations, financial condition and cash flow.
- 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.

- Our ability to distribute video content via the Internet, including our Sling TV services, involves regulatory risk.
- Changes in the Cable Act of 1992 (“Cable Act”), and/or the rules of the Federal Communications Commission (“FCC”) that implement the Cable Act, may limit our ability to access programming from cable-affiliated programmers at nondiscriminatory rates.
- The injunction against our retransmission of distant networks, which is currently waived, may be reinstated.
- We are subject to significant regulatory oversight, and changes in applicable regulatory requirements, including any adoption or modification of laws or regulations relating to the Internet, could adversely affect our business.
- Our business depends on FCC licenses that can expire or be revoked or modified and applications for FCC licenses that may not be granted.
- We are subject to digital high-definition (“HD”) “carry-one, carry-all” requirements that cause capacity constraints.
- Our business, investor confidence in our financial results and stock price may be adversely affected if our internal controls are not effective.
- We may face other risks described from time to time in periodic and current reports we file with the Securities and Exchange Commission (“SEC”).

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 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 Discussion and Analysis of Financial Condition and 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	
	March 31, 2017	December 31, 2016
Assets		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 6,782,252	\$ 5,324,503
Marketable investment securities	20,651	35,616
Trade accounts receivable, net of allowance for doubtful accounts of \$18,773 and \$18,399, respectively	704,246	777,908
Inventory	421,512	422,349
FCC auction deposit (Note 10)	1,500,000	1,500,000
Other current assets	167,970	220,011
Total current assets	9,596,631	8,280,387
<i>Noncurrent Assets:</i>		
Restricted cash, cash equivalents and marketable investment securities	81,433	82,360
Property and equipment, net	2,550,259	2,654,271
FCC authorizations	16,735,303	16,498,733
Other investment securities	123,539	33,248
Other noncurrent assets, net	361,034	365,293
Total noncurrent assets	19,851,568	19,633,905
Total assets	\$ 29,448,199	\$ 27,914,292
Liabilities and Stockholders' Equity (Deficit)		
<i>Current Liabilities:</i>		
Trade accounts payable	\$ 556,319	\$ 524,704
Deferred revenue and other	753,562	773,982
Accrued programming	1,591,562	1,542,036
Accrued interest	237,156	305,739
Other accrued expenses	489,079	504,468
Current portion of long-term debt and capital lease obligations	942,451	941,903
Total current liabilities	4,570,129	4,592,832
<i>Long-Term Obligations, Net of Current Portion:</i>		
Long-term debt and capital lease obligations, net of current portion	16,292,666	15,541,736
Deferred tax liabilities	2,630,735	2,385,525
Long-term deferred revenue and other long-term liabilities	464,144	463,242
Total long-term obligations, net of current portion	19,387,545	18,390,503
Total liabilities	23,957,674	22,983,335
Commitments and Contingencies (Note 10)		
Redeemable noncontrolling interests (Note 2)	334,487	319,634
<i>Stockholders' Equity (Deficit):</i>		
Class A common stock, \$.01 par value, 1,600,000,000 shares authorized, 227,066,101 and 226,812,205 shares issued and outstanding, respectively	2,271	2,268
Class B common stock, \$.01 par value, 800,000,000 shares authorized, 238,435,208 shares issued and outstanding	2,384	2,384
Additional paid-in capital	3,236,533	3,071,425
Accumulated other comprehensive income (loss)	4,884	781
Accumulated earnings (deficit)	1,912,406	1,536,691
Total DISH Network stockholders' equity (deficit)	5,158,478	4,613,549
Noncontrolling interests	(2,440)	(2,226)
Total stockholders' equity (deficit)	5,156,038	4,611,323
Total liabilities and stockholders' equity (deficit)	\$ 29,448,199	\$ 27,914,292

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 March 31,	
	2017	2016
Revenue:		
Subscriber-related revenue	\$ 3,644,086	\$ 3,775,478
Equipment sales and other revenue	36,275	51,996
Total revenue	<u>3,680,361</u>	<u>3,827,474</u>
Costs and Expenses (exclusive of depreciation shown separately below - Note 8):		
Subscriber-related expenses	2,243,187	2,230,249
Satellite and transmission expenses	176,182	168,581
Cost of sales - equipment and other	27,973	40,266
<i>Subscriber acquisition costs:</i>		
Cost of sales - subscriber promotion subsidies	21,011	55,526
Other subscriber acquisition costs	141,944	192,504
Subscriber acquisition advertising	127,079	128,363
Total subscriber acquisition costs	<u>290,034</u>	<u>376,393</u>
General and administrative expenses	131,035	201,001
Depreciation and amortization (Note 8)	204,630	227,566
Total costs and expenses	<u>3,073,041</u>	<u>3,244,056</u>
Operating income (loss)	<u>607,320</u>	<u>583,418</u>
Other Income (Expense):		
Interest income	14,292	3,954
Interest expense, net of amounts capitalized	(29,170)	(705)
Other, net	4,745	66,917
Total other income (expense)	<u>(10,133)</u>	<u>70,166</u>
Income (loss) before income taxes	597,187	653,584
Income tax (provision) benefit, net	<u>(207,112)</u>	<u>(241,640)</u>
Net income (loss)	390,075	411,944
Less: Net income (loss) attributable to noncontrolling interests, net of tax	14,360	12,053
Net income (loss) attributable to DISH Network	<u>\$ 375,715</u>	<u>\$ 399,891</u>
Weighted-average common shares outstanding - Class A and B common stock:		
Basic	465,412	464,375
Diluted	<u>514,443</u>	<u>465,219</u>
Earnings per share - Class A and B common stock:		
Basic net income (loss) per share attributable to DISH Network	<u>\$ 0.81</u>	<u>\$ 0.86</u>
Diluted net income (loss) per share attributable to DISH Network	<u>\$ 0.76</u>	<u>\$ 0.86</u>
Comprehensive Income (Loss):		
Net income (loss)	\$ 390,075	\$ 411,944
<i>Other comprehensive income (loss):</i>		
Foreign currency translation adjustments	207	—
Unrealized holding gains (losses) on available-for-sale securities	6,164	(2,601)
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	(4)	(64,690)
Deferred income tax (expense) benefit, net	<u>(2,264)</u>	<u>24,917</u>
Total other comprehensive income (loss), net of tax	<u>4,103</u>	<u>(42,374)</u>
Comprehensive income (loss)	394,178	369,570
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of tax	14,360	12,053
Comprehensive income (loss) attributable to DISH Network	<u>\$ 379,818</u>	<u>\$ 357,517</u>

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 Three Months Ended March 31,	
	2017	2016
Cash Flows From Operating Activities:		
Net income (loss)	\$ 390,075	\$ 411,944
<i>Adjustments to reconcile net income (loss) to net cash flows from operating activities:</i>		
Depreciation and amortization	204,630	227,566
Realized and unrealized losses (gains) on investments	(2,272)	(66,980)
Non-cash, stock-based compensation	6,774	4,477
Deferred tax expense (benefit)	150,006	78,730
Other, net	6,752	9,002
Changes in current assets and current liabilities, net	180,802	263,297
Net cash flows from operating activities	936,767	928,036
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(58,876)	(23,059)
Sales and maturities of marketable investment securities	78,703	440,669
Settlement of derivative financial instruments	—	220,871
Purchases of property and equipment	(114,899)	(161,200)
Capitalized interest related to FCC authorizations (Note 2)	(282,597)	(225,360)
Other, net	(85,305)	13,630
Net cash flows from investing activities	(462,974)	265,551
Cash Flows From Financing Activities:		
Proceeds from issuance of convertible notes (Note 9)	1,000,000	—
Redemption and repurchases of senior notes	—	(1,500,000)
Repayment of long-term debt and capital lease obligations	(9,162)	(10,348)
Payments made to parent of transferred businesses	(7,098)	(30,525)
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	6,374	3,056
Debt issuance costs	(6,158)	—
Other, net	—	103
Net cash flows from financing activities	983,956	(1,537,714)
Net increase (decrease) in cash and cash equivalents	1,457,749	(344,127)
Cash and cash equivalents, beginning of period	5,324,503	1,053,983
Cash and cash equivalents, end of period	\$ 6,782,252	\$ 709,856

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 two primary business segments.

Pay-TV and Broadband

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, customer service facilities, a leased fiber optic network, in-home service and call center operations, and certain other assets utilized in our operations. The Sling branded pay-TV services consist of, among other things, live, linear streaming over-the-top (“OTT”) Internet-based domestic, international and Latino video programming services (“Sling TV”). Prior to 2015, we launched our Sling International video programming service (formerly known as DishWorld), which historically represented a small percentage of our Pay-TV subscribers. In February and June 2015, we launched our Sling domestic and Sling Latino services, respectively. In addition to our original Sling domestic service that could only be streamed on one device at a time (single-stream service), in April 2016, we launched a live beta multi-stream Sling domestic service, which includes, among other things, the ability to stream on up to three devices simultaneously. In June 2016, our multi-stream Sling domestic service transitioned from its introductory beta period and was re-branded as Sling Blue. Meanwhile, we re-branded our original single-stream Sling domestic service as Sling Orange. All Sling branded pay-TV subscribers are included in our Pay-TV subscriber count. As of March 31, 2017, we had 13.528 million Pay-TV subscribers in the United States.

In addition, we have marketed broadband services under the dishNET™ brand, which had 0.555 million subscribers in the United States as of March 31, 2017. Our dishNET satellite broadband service has utilized advanced technology and high-powered satellites launched by Hughes Communications, Inc. (“Hughes”) and ViaSat, Inc. (“ViaSat”) to provide broadband coverage nationwide, primarily targeting rural residents that are underserved, or unserved, by wireline broadband. We also offer wireline broadband services under the dishNET brand as a competitive local exchange carrier to consumers in certain areas in 34 states and wireline voice services in certain areas of 14 of these states located in the western United States. We have primarily bundled our dishNET branded services with our DISH branded pay-TV service. Recently, satellite capacity constraints have limited our ability to expand satellite broadband services in certain geographic areas. However, new satellite launches by Hughes, including EchoStar XIX which was launched on December 18, 2016, and ViaSat are expected to provide additional capacity starting in 2017. During the first quarter 2017, we decided to transition our wholesale arrangement with Hughes to an authorized representative arrangement and entered into a master service agreement (the “MSA”) with Hughes Network Systems, LLC (“HNS”), a wholly-owned subsidiary of Hughes, pursuant to which we will, among other things: (i) have the right, but not the obligation, to market, promote and solicit orders for the Hughes broadband satellite service and related equipment; and (ii) install Hughes service equipment with respect to activations generated by us. While broadband subscriber activations generated by us under the MSA are not included in our Broadband subscriber count, under the MSA, HNS will make certain payments to us for each Hughes service activation generated and installation performed by us, and we will not have to incur subscriber acquisition costs for these subscribers. See Note 12 for further information. As a result of the MSA with Hughes, we are no longer marketing dishNET satellite broadband services provided on a wholesale basis by Hughes, and our Broadband subscriber count related to the Hughes service will decline through customer attrition.

As a result of the completion of the Share Exchange, described below, 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.

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

Recent Developments

On February 28, 2017, we and EchoStar and certain of our respective subsidiaries completed the transactions contemplated by the Share Exchange Agreement (the “Share Exchange Agreement”) that was previously entered into on January 31, 2017 (the “Share Exchange”). Pursuant to the Share Exchange Agreement, among other things, EchoStar transferred to us certain assets and liabilities of the EchoStar technologies and EchoStar broadcasting businesses, consisting primarily of the businesses that design, develop and distribute digital set-top boxes, provide satellite uplinking services and develop and support streaming video technology, as well as certain investments in joint ventures, spectrum licenses, real estate properties and EchoStar’s ten percent non-voting interest in Sling TV Holding L.L.C. (the “Transferred Businesses”), and in exchange, we transferred to EchoStar the 6,290,499 shares of preferred tracking stock issued by EchoStar (the “EchoStar Tracking Stock”) and 81.128 shares of preferred tracking stock issued by Hughes Satellite Systems Corporation, a subsidiary of EchoStar (“HSSC”) (the “HSSC Tracking Stock,” and together with the EchoStar Tracking Stock, collectively, the “Tracking Stock”), that tracked the residential retail satellite broadband business of HNS. In connection with the Share Exchange, we and EchoStar and certain of their subsidiaries entered into certain agreements covering, among other things, tax matters, employee matters, intellectual property matters and the provision of transitional services. See Note 2 and Note 12 for further information.

Wireless

DISH Network Spectrum

We have invested over \$5.0 billion since 2008 to acquire certain wireless spectrum licenses and related assets. These wireless spectrum licenses are subject to certain interim and final build-out requirements. As we consider our options for the commercialization of our wireless spectrum, we may incur significant additional expenses and may have to make significant investments related to, among other things, research and development, wireless testing and wireless network infrastructure, as well as the acquisition of additional wireless spectrum.

Auction 1000. The broadcast incentive auction in the 600 MHz frequency range (“Auction 1000”) began on March 29, 2016 and concluded on March 30, 2017. On April 13, 2017, the FCC announced that ParkerB.com Wireless L.L.C. (“ParkerB.com”), a wholly-owned subsidiary of DISH Network, was the winning bidder for 486 wireless spectrum licenses (the “600 MHz Licenses”) with aggregate winning bids totaling approximately \$6.2 billion. On April 27, 2017, ParkerB.com filed an application with the FCC to acquire the 600 MHz Licenses and the FCC’s prohibition on certain communications related to Auction 1000 expired. On July 1, 2016, we paid \$1.5 billion to the FCC as a deposit for Auction 1000. The remaining balance of our winning bids of approximately \$4.7 billion is due May 11, 2017. We expect to pay the remaining balance from existing cash and marketable investment securities balances. Issuance of the 600 MHz Licenses to ParkerB.com depends, among other things, upon the FCC’s review and approval of the application filed by ParkerB.com. Objections to the application filed by ParkerB.com must be submitted to the FCC within ten days following the release by the FCC of the public notice listing the applications that have been found by the FCC to be acceptable for filing. We cannot predict the timing or the outcome of the FCC’s review of the application filed by ParkerB.com.

See Note 10 for further information.

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

DISH Network Non-Controlling Investments in the Northstar Entities and the SNR Entities Related to AWS-3 Wireless Spectrum Licenses

Through our wholly-owned subsidiaries American AWS-3 Wireless II L.L.C. (“American II”) and American AWS-3 Wireless III L.L.C. (“American III”), we have made over \$10.0 billion in certain non-controlling investments in Northstar Spectrum, LLC (“Northstar Spectrum”), the parent company of Northstar Wireless, LLC (“Northstar Wireless,” and collectively with Northstar Spectrum, the “Northstar Entities”), and in SNR Wireless HoldCo, LLC (“SNR HoldCo”), the parent company of SNR Wireless LicenseCo, LLC (“SNR Wireless,” and collectively with SNR HoldCo, the “SNR Entities”), respectively. On October 27, 2015, the FCC granted certain AWS-3 wireless spectrum licenses (the “AWS-3 Licenses”) to Northstar Wireless and to SNR Wireless, respectively, which are recorded in “FCC authorizations” on our Condensed Consolidated Balance Sheets. Under the applicable accounting guidance in Accounting Standards Codification 810, *Consolidation* (“ASC 810”), Northstar Spectrum and SNR HoldCo are considered variable interest entities and, based on the characteristics of the structure of these entities and in accordance with the applicable accounting guidance, we have consolidated these entities into our financial statements beginning in the fourth quarter 2014. See Note 2 for further information.

The AWS-3 Licenses are subject to certain interim and final build-out requirements. We may need to make significant additional loans to the Northstar Entities and to the SNR Entities, or they may need to partner with others, so that the Northstar Entities and the SNR Entities may commercialize, build-out and integrate these AWS-3 Licenses, comply with regulations applicable to such AWS-3 Licenses, and make any potential payments related to the re-auction of AWS-3 licenses retained by the FCC. Depending upon the nature and scope of such commercialization, build-out, integration efforts, regulatory compliance, and potential re-auction payments, any such loans or partnerships could vary significantly. There can be no assurance that we will be able to obtain a profitable return on our non-controlling investments in the Northstar Entities and the SNR Entities. See Note 10 for further information.

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, 2016. Certain prior period amounts have been reclassified to conform to the current period presentation.

Principles of Consolidation

We consolidate all majority owned subsidiaries, investments in entities in which we have controlling influence and variable interest entities 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, the cost method is used. All significant intercompany accounts and transactions have been eliminated in consolidation.

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

As the Share Exchange was a transaction between entities that are under common control accounting rules require that our Condensed Consolidated Financial Statements include the results of the Transferred Businesses for all periods presented, including periods prior to the completion of the Share Exchange. We initially recorded the Transferred Businesses at EchoStar's historical cost basis. The difference between the historical cost basis of the Transferred Businesses and the net carrying value of the Tracking Stock is recorded in "Additional paid-in capital" on our Condensed Consolidated Balance Sheets. The results of the Transferred Businesses were prepared from separate records maintained by EchoStar for the periods prior to March 1, 2017, and may not necessarily be indicative of the conditions that would have existed, or the results of operations, if the Transferred Businesses had been operated on a combined basis with our subsidiaries. The primary impacts to our financial statement presentation are as follows:

- Our investments in the EchoStar Tracking Stock and HSSC Tracking Stock, which had previously been recorded in our Condensed Consolidated Balance Sheets as cost method investments, are no longer included in our Condensed Consolidated Balance Sheets.
- The assets and liabilities of the Transferred Businesses are recorded in our Condensed Consolidated Balance Sheets, and the results of operations of the Transferred Businesses, including sales of set-top boxes to third parties, are recorded in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).
- Sling TV Holding L.L.C., in which EchoStar held a 10% non-voting interest prior to the Share Exchange, is accounted for as though it was an indirect wholly-owned subsidiary of DISH Network.
- Intercompany transactions between the Transferred Businesses and us, including, among others, the sale of set-top boxes and broadcast services from EchoStar to us, have been eliminated to the extent possible, including the margin EchoStar received on those sales.

Our subsequent annual and quarterly financial statements will include the results of the Transferred Businesses as described above for all periods presented in those financial statements, including periods prior to the completion of the Share Exchange. The table below includes unaudited supplemental pro forma information for revenue and net income (loss) attributable to DISH Network on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) as if the results of the Transferred Businesses were included for the three months ended March 31, 2016 and for the year ended December 31, 2016, respectively:

	<u>DISH Network (as previously reported)</u>	<u>Adjustments Relating to the Transferred Businesses</u>	<u>DISH Network (as currently reported)</u>
		(In thousands)	
For the Three Months Ended March 31, 2016:			
Total revenue	\$ 3,787,235	\$ 40,239	\$ 3,827,474
Net income (loss) attributable to DISH Network	\$ 389,290	\$ 10,601	\$ 399,891
For the Year Ended December 31, 2016:			
Total revenue	\$ 15,094,562	\$ 117,740	\$ 15,212,302
Net income (loss) attributable to DISH Network	\$ 1,449,853	\$ 48,086	\$ 1,497,939

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Redeemable Noncontrolling Interests

Northstar Wireless. Northstar Wireless is a wholly-owned subsidiary of Northstar Spectrum, which is an entity owned by Northstar Manager, LLC (“Northstar Manager”) and us. Under the applicable accounting guidance in ASC 810, Northstar Spectrum is considered a variable interest entity and, based on the characteristics of the structure of this entity and in accordance with the applicable accounting guidance, we have consolidated Northstar Spectrum into our financial statements beginning in the fourth quarter 2014. After the five-year anniversary of the grant of the AWS-3 Licenses to Northstar Wireless (and in certain circumstances, prior to the five-year anniversary of the grant of the AWS-3 Licenses to Northstar Wireless), Northstar Manager has the ability, but not the obligation, to require Northstar Spectrum to purchase Northstar Manager’s ownership interests in Northstar Spectrum (the “Northstar Put Right”) for a purchase price that generally equals its equity contribution to Northstar Spectrum plus a fixed annual rate of return. In the event that the Northstar Put Right is exercised by Northstar Manager, the consummation of the sale will be subject to FCC approval. Northstar Spectrum does not have a call right with respect to Northstar Manager’s ownership interests in Northstar Spectrum. Although Northstar Manager is the sole manager of Northstar Spectrum, Northstar Manager’s ownership interest is considered temporary equity under the applicable accounting guidance and is thus recorded as part of “Redeemable noncontrolling interests” in the mezzanine section of our Condensed Consolidated Balance Sheets. Northstar Manager’s ownership interest in Northstar Spectrum was initially accounted for at fair value. Subsequently, Northstar Manager’s ownership interest in Northstar Spectrum is increased by the fixed annual rate of return through “Redeemable noncontrolling interests” in our Condensed Consolidated Balance Sheets, with the offset recorded in “Net income (loss) attributable to noncontrolling interest, net of tax” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The operating results of Northstar Spectrum attributable to Northstar Manager are recorded as “Redeemable noncontrolling interests” in our Condensed Consolidated Balance Sheets, with the offset recorded in “Net income (loss) attributable to noncontrolling interests, net of tax” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 10 for further information.

SNR Wireless. SNR Wireless is a wholly-owned subsidiary of SNR HoldCo, which is an entity owned by SNR Wireless Management, LLC (“SNR Management”) and us. Under the applicable accounting guidance in ASC 810, SNR HoldCo is considered a variable interest entity and, based on the characteristics of the structure of this entity and in accordance with the applicable accounting guidance, we have consolidated SNR HoldCo into our financial statements beginning in the fourth quarter 2014. After the five-year anniversary of the grant of the AWS-3 Licenses to SNR Wireless (and in certain circumstances, prior to the five-year anniversary of the grant of the AWS-3 Licenses to SNR Wireless), SNR Management has the ability, but not the obligation, to require SNR HoldCo to purchase SNR Management’s ownership interests in SNR HoldCo (the “SNR Put Right”) for a purchase price that generally equals its equity contribution to SNR HoldCo plus a fixed annual rate of return. In the event that the SNR Put Right is exercised by SNR Management, the consummation of the sale will be subject to FCC approval. SNR HoldCo does not have a call right with respect to SNR Management’s ownership interests in SNR HoldCo. Although SNR Management is the sole manager of SNR HoldCo, SNR Management’s ownership interest is considered temporary equity under the applicable accounting guidance and is thus recorded as part of “Redeemable noncontrolling interests” in the mezzanine section of our Condensed Consolidated Balance Sheets. SNR Management’s ownership interest in SNR HoldCo was initially accounted for at fair value. Subsequently, SNR Management’s ownership interest in SNR HoldCo is increased by the fixed annual rate of return through “Redeemable noncontrolling interests” in our Condensed Consolidated Balance Sheets, with the offset recorded in “Net income (loss) attributable to noncontrolling interest, net of tax” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The operating results of SNR HoldCo attributable to SNR Management are recorded as “Redeemable noncontrolling interests” in our Condensed Consolidated Balance Sheets, with the offset recorded in “Net income (loss) attributable to noncontrolling interests, net of tax” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 10 for further information.

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make 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 used in accounting for, among other things, allowances for doubtful accounts, 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 our stock-based compensation plans, fair value of assets and liabilities acquired in business combinations, fair value of multi-element arrangements, capital leases, asset impairments, estimates of future cash flows used to evaluate impairments, useful lives of property, equipment and intangible assets, independent third-party retailer incentives, programming expenses and subscriber lives. 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.

Property and Equipment

Property and equipment are stated at amortized cost less impairment losses, if any. The costs of satellites under construction, including interest and certain amounts prepaid under our satellite service agreements, are capitalized during the construction phase, assuming the eventual successful launch and in-orbit operation of the satellite. If a satellite were to fail during launch or while in-orbit, the resultant loss would be charged to expense in the period such loss was incurred. The amount of any such loss would be reduced to the extent of insurance proceeds estimated to be received, if any. Depreciation is recorded on a straight-line basis over useful lives ranging from one to 40 years. Repair and maintenance costs are charged to expense when incurred. Renewals and improvements that add value or extend the asset's useful life are capitalized. Costs related to the procurement and development of software for internal-use are capitalized and amortized using the straight-line method over the estimated useful life of the software.

Cost of Sales – Equipment and Other

Costs include the cost of non-subsidized sales of DBS accessories and the cost of sales of digital receivers and related components to third-party pay-TV providers, both of which include freight and royalties. Costs are generally recognized as products are delivered to customers and the related revenue is recognized.

Capitalized Interest

We capitalize interest associated with the acquisition or construction of certain assets, including, among other things, satellites and wireless spectrum licenses. 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 preparing for the commercialization of our AWS-4 and H Block wireless spectrum licenses, and interest expense related to their carrying amount is being capitalized. In addition, on October 27, 2015, the FCC granted certain AWS-3 Licenses to Northstar Wireless and to SNR Wireless, respectively, in which we have made certain non-controlling investments. Northstar Wireless and SNR Wireless are preparing for the commercialization of their AWS-3 Licenses and began capitalizing interest related to those AWS-3 Licenses as of October 27, 2015. As the carrying amount of these licenses is significant compared to the carrying value of our long-term debt, a substantial portion of our interest expense is capitalized.

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

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; quoted prices for identical or similar instruments in markets that are not active; and derivative financial instruments indexed to marketable investment securities; 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 March 31, 2017 and December 31, 2016, the carrying amount for cash and cash equivalents, trade accounts receivable (net of allowance for doubtful accounts) and current liabilities (excluding the “Current portion of long-term debt and capital lease obligations”) is equal to or approximates fair value due to their short-term nature or proximity to current market rates. See Note 6 for the fair value of our marketable investment securities and derivative financial instruments.

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 9 for the fair value of our long-term debt.

Revenue Recognition

We recognize revenue when an arrangement exists, prices are determinable, collectability is reasonably assured and the goods or services have been delivered.

Revenue from our Pay-TV services is recognized when programming is broadcast to subscribers. We recognize revenue from our broadband services when the service is provided. Payments received from Pay-TV and Broadband subscribers in advance of the broadcast or service period are recorded as “Deferred revenue and other” in our Condensed Consolidated Balance Sheets until earned. Revenue from equipment sales generally is recognized upon shipment to customers.

For certain of our promotions, subscribers are charged an upfront fee. A portion of these fees may be deferred and recognized over the estimated subscriber life for new subscribers or the estimated remaining life for existing subscribers ranging from four to five years. Revenue from advertising sales is recognized when the related services are performed.

Subscriber fees for DISH branded pay-TV equipment rental fees and other hardware related fees, including fees for DVRs, fees for broadband equipment and additional outlet fees, advertising services and fees earned from our in-home service operations are recognized as revenue as earned. Generally, revenue from equipment sales, equipment upgrades and sales of streaming-capable devices for our Sling branded pay-TV services are recognized upon shipment to customers.

Certain of our existing and new subscriber promotions include programming discounts. Programming revenues are recorded as earned at the discounted monthly rate charged to the subscriber.

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

We offer our customers the opportunity to download movies for a specific viewing period or permanently purchase a movie from our website. We recognize revenue when the movie is successfully downloaded by the customer, which, based on our current technology, occurs at the time the customer plays the movie for the first time.

Research and Development

Research and development costs are expensed as incurred. Research and development costs totaled \$7 million and \$12 million for the three months ended March 31, 2017 and 2016, respectively.

New Accounting Pronouncements

Revenue from Contracts with Customers. On May 28, 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2014-09 *Revenue from Contracts with Customers* (“ASU 2014-09”), and has modified the standard thereafter. On July 9, 2015, the FASB approved a one year deferral on the effective date for implementation of this standard, which changed the effective date for us to January 1, 2018. This converged standard on revenue recognition was issued jointly with the International Accounting Standards Board to create common revenue recognition guidance for GAAP and International Financial Reporting Standards. ASU 2014-09 provides a framework for revenue recognition that replaces most existing GAAP revenue recognition guidance when it becomes effective. ASU 2014-09 allows for either a full retrospective or modified retrospective adoption. We are evaluating the effect that ASU 2014-09 will have on our Condensed Consolidated Financial Statements and related disclosures. We have not yet selected an adoption method. While we have not determined the effect of the standard on our ongoing financial reporting, we believe that the standard will, among other things, change the allocation and timing of when revenue is recognized for those customers who have a contractual commitment to receive service for a minimum term, including time-limited discounts or free service periods. Under current accounting rules, we recognize revenue net of discounts during the promotional periods and do not recognize any revenue during free service periods. Under ASU 2014-09, revenue recognition will be accelerated for these contracts as the impact of discounts or free service periods that are considered performance obligations will be recognized uniformly over the total contractual period. In addition, the standard will require that incremental costs to obtain a customer, which represent a significant portion of our non-advertising subscriber acquisition costs, be deferred and recognized over the expected customer life, whereas our current policy is to expense these costs as incurred. As the new standard will impact revenue and cost recognition for a significant number of our contracts, as well as our business processes and information technology systems, our evaluation of the effect of the new standard is ongoing. We are currently in the process of identifying and implementing changes to our systems, processes, and internal controls to meet the requirements of the standard. The ultimate impact of adopting ASU 2014-09 for both revenue recognition and costs to obtain and fulfill contracts will depend on the promotions and offers in place during the period leading up to and after the adoption of ASU 2014-09.

Recognition and Measurement of Financial Assets and Financial Liabilities. On January 5, 2016, the FASB issued ASU 2016-01 *Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”), which amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. This amendment requires all equity investments to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under equity method of accounting or those that result in consolidation of the investee). This standard will be effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We are evaluating the impact the adoption of ASU 2016-01 will have on our Condensed Consolidated Financial Statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Leases. On February 25, 2016, the FASB issued ASU 2016-02 *Leases* (“ASU 2016-02”), which relates to the accounting of leasing transactions. This standard requires a lessee to record on the balance sheet the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. In addition, this standard requires both lessees and lessors to disclose certain key information about lease transactions. This standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are evaluating the impact the adoption of ASU 2016-02 will have on our Condensed Consolidated Financial Statements.

Financial Instruments – Credit Losses. On June 16, 2016, the FASB issued ASU 2016-13 *Financial Instruments – Credit Losses, Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), which changes the way entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net earnings. This standard will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. We are evaluating the impact the adoption of ASU 2016-13 will have on our Condensed Consolidated Financial Statements and related disclosures.

Statement of Cash Flows - Update. On August 26, 2016, the FASB issued 2016-15 *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (“ASU 2016-15”). This update consists of eight provisions that provide guidance on the classification of certain cash receipts and cash payments. If practicable, this update should be applied using a retrospective transition method to each period presented. For the provisions that are impracticable to apply retrospectively, those provisions may be applied prospectively as of the earliest date practicable. This update will become effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. We are evaluating the impact the adoption of ASU 2016-15 will have on our Condensed Consolidated Financial Statements.

Statement of Cash Flows: Restricted Cash. On November 17, 2016, the FASB issued ASU 2016-18 *Restricted Cash* (“ASU 2016-18”), which addresses the diversity where changes in restricted cash are classified on the cash flow statement. ASU 2016-18 requires that changes in restricted cash and cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts on the statement of cash flows. This standard will be effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. We expect that the adoption of ASU 2016-18 will have an immaterial impact on our Condensed Consolidated Financial Statements and related disclosures.

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

3. Basic and Diluted Net Income (Loss) Per Share

We present both basic earnings per share (“EPS”) and diluted EPS. Basic EPS excludes potential dilution and is computed by dividing “Net income (loss) attributable to DISH Network” by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if stock awards were exercised and if our Convertible Notes due 2026 issued August 8, 2016 and our Convertible Notes due 2024 issued March 17, 2017 were converted. The potential dilution from stock awards is accounted for using the treasury stock method based on the average market value of our Class A common stock. The potential dilution from conversion of the Convertible Notes is accounted for using the if-converted method, which requires that all of the shares of our Class A common stock issuable upon conversion of the Convertible Notes will be included in the calculation of diluted EPS assuming conversion of the Convertible Notes at the beginning of the reporting period (or at time of issuance, if later). The following table presents EPS amounts for all periods and the basic and diluted weighted-average shares outstanding used in the calculation.

	For the Three Months Ended March 31,	
	2017	2016
	(In thousands, except per share amounts)	
Net income (loss)	\$ 390,075	\$ 411,944
Less: Net income (loss) attributable to noncontrolling interests, net of tax	14,360	12,053
Net income (loss) attributable to DISH Network - Basic	375,715	399,891
Interest on dilutive Convertible Notes, net of tax	17,119	—
Net income (loss) attributable to DISH Network - Diluted	\$ 392,834	\$ 399,891
Weighted-average common shares outstanding - Class A and B common stock:		
Basic	465,412	464,375
Dilutive impact of Convertible Notes	48,056	—
Dilutive impact of stock awards outstanding	975	844
Diluted	514,443	465,219
Earnings per share - Class A and B common stock:		
Basic net income (loss) per share attributable to DISH Network	\$ 0.81	\$ 0.86
Diluted net income (loss) per share attributable to DISH Network	\$ 0.76	\$ 0.86

Certain stock awards to acquire our Class A common stock are not included in the weighted-average common shares outstanding above, as their effect is anti-dilutive. In addition, vesting of performance based options and rights to acquire shares of our Class A common stock granted pursuant to our performance based stock incentive plans (“Restricted Performance Units”) are both contingent upon meeting certain goals, some of which are not yet probable of being achieved. Furthermore, the warrants that we issued to certain option counterparties in connection with the Convertible Notes due 2026 are only exercisable at their expiration if the market price per share of our Class A common stock is greater than the strike price of the warrants, which is approximately \$86.08 per share, subject to adjustments. As a consequence, the following are not included in the diluted EPS calculation.

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

	As of March 31,	
	2017	2016
	(In thousands)	
Anti-dilutive stock awards	1,491	1,448
Performance based options (1)	6,489	4,459
Restricted Performance Units	1,318	1,409
Common stock warrants	46,029	—
Total	55,327	7,316

(1)The increase in performance based options as of March 31, 2017 primarily resulted from the issuance of stock option awards as of January 1, 2017 under a long-term, performance-based stock incentive plan adopted on December 2, 2016 (the “2017 LTIP”).

4. Supplemental Data - Statements of Cash Flows

The following table presents our supplemental cash flow and other non-cash data.

	For the Three Months Ended March 31,	
	2017	2016
	(In thousands)	
Cash paid for interest (including capitalized interest)	\$ 313,396	\$ 230,277
Cash received for interest	3,406	4,153
Cash paid for income taxes (1)	1,001	46,438
Capitalized interest (2)	236,570	191,651
Initial equity component of the 2 3/8% Convertible Notes due 2024, net of deferred taxes of \$91,485 (3)	160,896	—
Employee benefits paid in Class A common stock	—	24,984
Satellites and other assets financed under capital lease obligations	—	3,262

(1)In the event that the 600 MHz Licenses in Auction 1000 for which we were the winning bidder are ultimately issued to us by the FCC, cash paid for income taxes is expected to be significantly lower than in prior periods.

(2) See Note 2 for further information.

(3) See Note 9 for further information.

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

5. Other Comprehensive Income (Loss)

The following table presents the tax effect on each component of “Other comprehensive income (loss).”

	For the Three Months Ended March 31,					
	2017			2016		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
	(In thousands)					
Foreign currency translation adjustments	\$ 207	\$ —	\$ 207	\$ —	\$ —	\$ —
Unrealized holding gains (losses) on available-for-sale securities	6,164	(2,265)	3,899	(2,601)	963	(1,638)
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	(4)	1	(3)	(64,690)	23,954	(40,736)
Other comprehensive income (loss)	\$ 6,367	\$ (2,264)	\$ 4,103	\$ (67,291)	\$ 24,917	\$ (42,374)

The “Accumulated other comprehensive income (loss)” is detailed in the following table, net of tax.

<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Foreign Currency Translation Adjustment</u>	<u>Unrealized/ Recognized Gains (Losses)</u>	<u>Total</u>
	(In thousands)		
Balance as of December 31, 2016	\$ —	\$ 781	\$ 781
Foreign currency translation adjustments	207	—	207
Other comprehensive income (loss) before reclassification	—	3,899	3,899
Amounts reclassified from accumulated other comprehensive income (loss)	—	(3)	(3)
Balance as of March 31, 2017	\$ 207	\$ 4,677	\$ 4,884

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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6. Marketable Investment Securities, Restricted Cash and Cash Equivalents, and Other Investment Securities

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

	As of	
	March 31, 2017	December 31, 2016
	(In thousands)	
Marketable investment securities:		
Current marketable investment securities - strategic	\$ 12,893	\$ 6,721
Current marketable investment securities - other	7,758	28,895
Total current marketable investment securities	20,651	35,616
Restricted marketable investment securities (1)	72,803	81,679
Total marketable investment securities	93,454	117,295
Restricted cash and cash equivalents (1)	8,630	681
Other investment securities:		
Other investment securities - equity method	115,389	25,098
Other investment securities - cost method	8,150	8,150
Total other investment securities	123,539	33,248
Total marketable investment securities, restricted cash and cash equivalents, and other investment securities	\$ 225,623	\$ 151,224

(1) Restricted marketable investment securities and restricted cash and cash equivalents are included in “Restricted cash, cash equivalents and marketable investment securities” on our Condensed Consolidated Balance Sheets.

Marketable Investment Securities

Our marketable investment securities portfolio consists of various debt and equity instruments, all of which are classified as available-for-sale, except as specified below. 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 equity investments in private and public companies that are highly speculative and have experienced and continue to experience volatility. As of March 31, 2017, 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.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Current Marketable Investment Securities - Other

Our current marketable investment securities portfolio includes investments in various debt instruments including, among others, commercial paper, corporate securities and U.S. 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 March 31, 2017 and December 31, 2016, our restricted marketable investment securities, together with our restricted cash and cash equivalents, included amounts required as collateral for our letters of credit.

Other Investment Securities

We have strategic investments in certain debt and equity securities that are included in noncurrent “Other investment securities” on our Condensed Consolidated Balance Sheets and accounted for using the cost, equity and/or available-for-sale methods of accounting. Our equity method investments are detailed below.

NagraStar L.L.C. As a result of the completion of the Share Exchange on February 28, 2017, 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.

Invidi Technologies Corporation. In November 2016, we, DIRECTV, LLC, a wholly-owned indirect subsidiary of AT&T Inc., and Cavendish Square Holding B.V., an affiliate of WPP plc, entered into a series of agreements to acquire Invidi Technologies Corporation (“Invidi”), an entity that provides proprietary software for the addressable advertising market. The transaction closed in January 2017.

SmarDTV SA. As a result of the completion of the Share Exchange on February 28, 2017, we own a 22.5% interest in the equity and subordinated debt of SmarDTV SA (“SmarDTV”), a Swiss subsidiary of Kudelski SA that offers set-top boxes and conditional access modules.

Our ability to realize value from our strategic investments in securities that are not publicly traded depends on 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Unrealized Gains (Losses) on Marketable Investment Securities

As of March 31, 2017 and December 31, 2016, we had accumulated net unrealized gains of \$7 million and \$1 million, respectively. These amounts, net of related tax effect, were \$5 million and \$1 million, respectively. All of these amounts are included in “Accumulated other comprehensive income (loss)” within “Total stockholders’ equity (deficit).” The components of our available-for-sale investments are summarized in the table below.

	As of March 31, 2017				As of December 31, 2016			
	Marketable Investment Securities	Unrealized		Net	Marketable Investment Securities	Unrealized		Net
		Gains	Losses			Gains	Losses	
	(In thousands)							
Debt securities (including restricted):								
U.S. Treasury and agency securities	\$ 72,988	\$ —	\$ (157)	\$ (157)	\$ 81,982	\$ 13	\$ (132)	\$ (119)
Corporate securities	19,821	7,527	—	7,527	33,555	1,327	—	1,327
Other	645	63	(12)	51	1,758	64	(11)	53
Total	\$ 93,454	\$ 7,590	\$ (169)	\$ 7,421	\$ 117,295	\$ 1,404	\$ (143)	\$ 1,261

As of March 31, 2017, restricted and non-restricted marketable investment securities included debt securities of \$58 million with contractual maturities within one year and \$35 million with contractual maturities extending longer than one year through and including five years. Actual maturities may differ from contractual maturities as a result of our ability to sell these securities prior to maturity.

Marketable Investment Securities in a Loss Position

The following table reflects the length of time that the individual securities, accounted for as available-for-sale, have been in an unrealized loss position, aggregated by investment category. As of March 31, 2017, the unrealized losses related to our investments in debt securities primarily represented investments in U.S. treasury and agency securities and other. We have the ability to hold and do not intend to sell our investments in these debt securities before they recover or mature, and it is more likely than not that we will hold these investments until that time. In addition, we are not aware of any specific factors indicating that the underlying issuers of these debt securities would not be able to pay interest as it becomes due or repay the principal at maturity. Therefore, we believe that these changes in the estimated fair values of these marketable investment securities are related to temporary market fluctuations.

	As of			
	March 31, 2017		December 31, 2016	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(In thousands)			
Debt Securities:				
Less than 12 months	\$ 51,692	\$ (152)	\$ 52,011	\$ (132)
12 months or more	14,647	(17)	1,537	(11)
Total	\$ 66,339	\$ (169)	\$ 53,548	\$ (143)

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Fair Value Measurements

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

	As of							
	March 31, 2017				December 31, 2016			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	(In thousands)							
Cash equivalents (including restricted)	\$ 6,705,088	\$ 347,653	\$ 6,357,435	\$ —	\$ 5,187,900	\$ 147,494	\$ 5,040,406	\$ —
Debt securities (including restricted):								
U.S. Treasury and agency securities	\$ 72,988	\$ 72,988	\$ —	\$ —	\$ 81,982	\$ 81,982	\$ —	\$ —
Corporate securities	19,821	—	7,117	12,704	33,555	—	27,025	6,530
Other	645	—	456	189	1,758	—	1,567	191
Total	\$ 93,454	\$ 72,988	\$ 7,573	\$ 12,893	\$ 117,295	\$ 81,982	\$ 28,592	\$ 6,721

As of March 31, 2017 and December 31, 2016, our Level 3 investments consisted predominately of corporate securities. On a quarterly basis we evaluate the reasonableness of significant unobservable inputs used in those measurements. For our Level 3 investments, we evaluate, among other things, the terms of the underlying instruments, the credit ratings of the issuers, current market conditions, and other relevant factors. Based on these factors, we assess the risk of realizing expected cash flows and we apply an observable discount rate that reflects this risk. We may also reduce our valuations to reflect a liquidity discount based on the lack of an active market for these securities.

Changes in Level 3 instruments were as follows:

	Level 3 Investment Securities
	(In thousands)
Balance as of December 31, 2016	\$ 6,721
Net realized and unrealized gains (losses) included in earnings	—
Net realized and unrealized gains (losses) included in other comprehensive income (loss)	6,215
Purchases	—
Settlements	(43)
Issuances	—
Transfers into or out of Level 3	—
Balance as of March 31, 2017	\$ 12,893

During the three months ended March 31, 2017, we had no transfers in or out of Level 1 and Level 2 fair value measurements.

DISH NETWORK CORPORATION
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Gains and Losses on Sales and Changes in Carrying Amounts of Investments

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

Other Income (Expense):	For the Three Months Ended March 31,	
	2017	2016
	(In thousands)	
Marketable investment securities - gains (losses) on sales/exchanges	\$ 2,272	\$ 78,653
Derivative financial instruments - net realized and/or unrealized gains (losses)	—	(11,673)
Other	2,473	(63)
Total	\$ 4,745	\$ 66,917

7. Inventory

Inventory consisted of the following:

	As of	
	March 31, 2017	December 31, 2016
	(In thousands)	
Finished goods	\$ 280,530	\$ 282,569
Work-in-process and service repairs	129,690	129,512
Raw materials	11,292	10,268
Total inventory	\$ 421,512	\$ 422,349

DISH NETWORK CORPORATION
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8. Property and Equipment

Property and equipment consisted of the following:

	Depreciable Life (In Years)			As of	
				March 31, 2017	December 31, 2016
(In thousands)					
Equipment leased to customers	2	-	5	\$ 2,612,499	\$ 2,720,695
EchoStar XV			15	277,658	277,658
EchoStar XVIII			15	411,255	411,255
D1			N/A	55,000	55,000
T1			15	401,721	401,721
Satellites acquired under capital lease agreements	10	-	15	499,819	499,819
Furniture, fixtures, equipment and other	1	-	10	1,694,127	1,639,051
Buildings and improvements	1	-	40	290,017	288,992
Land			—	14,057	14,057
Construction in progress			—	67,374	88,235
Total property and equipment				6,323,527	6,396,483
Accumulated depreciation				(3,773,268)	(3,742,212)
Property and equipment, net				\$ 2,550,259	\$ 2,654,271

Depreciation and amortization expense consisted of the following:

	For the Three Months Ended March 31,	
	2017	2016
(In thousands)		
Equipment leased to customers	\$ 136,134	\$ 167,180
Satellites	29,012	21,956
Buildings, furniture, fixtures, equipment and other	39,484	38,430
Total depreciation and amortization	\$ 204,630	\$ 227,566

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

Pay-TV Satellites. We currently utilize 13 satellites in geostationary orbit approximately 22,300 miles above the equator, two of which we own and depreciate over their estimated useful life. We currently utilize certain capacity on nine satellites that we lease from EchoStar, which are accounted for as operating leases. We also lease two satellites from third parties, which are accounted for as capital leases and are depreciated over the shorter of the economic life or the term of the satellite agreement.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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As of March 31, 2017, our pay-TV satellite fleet consisted of the following:

Satellites	Launch Date	Degree Orbital Location	Estimated Useful Life (Years)/Lease Termination Date
Owned:			
EchoStar XV	July 2010	61.5	15
EchoStar XVIII	June 2016	61.5	15
Leased from EchoStar (1):			
EchoStar VII (2)	February 2002	119	June 2018
EchoStar IX	August 2003	121	Month to month
EchoStar X (2)	February 2006	110	February 2021
EchoStar XI (2)	July 2008	110	September 2021
EchoStar XII	July 2003	61.5	September 2017
EchoStar XIV (2)	March 2010	119	February 2023
EchoStar XVI (3)	November 2012	61.5	January 2018
Nimiq 5	September 2009	72.7	September 2019
QuetzSat-1	September 2011	77	November 2021
Leased from Other Third Party:			
Anik F3	April 2007	118.7	April 2022
Ciel II	December 2008	129	January 2019

- (1) See Note 12 for further information on our Related Party Transactions with EchoStar.
- (2) We generally have the option to renew each lease on a year-to-year basis through the end of the useful life of the respective satellite.
- (3) We have the option to renew this lease for an additional five-year period. If we exercise our five-year renewal option, we have the option to renew this lease for an additional five years.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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9. Long-Term Debt

Fair Value of our Long-Term Debt

The following table summarizes the carrying amount and fair value of our debt facilities as of March 31, 2017 and December 31, 2016:

	As of			
	March 31, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
4 5/8% Senior Notes due 2017 (1)	\$ 900,000	\$ 907,551	900,000	\$ 913,887
4 1/4% Senior Notes due 2018	1,200,000	1,223,124	1,200,000	1,228,464
7 7/8% Senior Notes due 2019	1,400,000	1,549,660	1,400,000	1,559,698
5 1/8% Senior Notes due 2020	1,100,000	1,148,400	1,100,000	1,141,866
6 3/4% Senior Notes due 2021	2,000,000	2,167,660	2,000,000	2,178,880
5 7/8% Senior Notes due 2022	2,000,000	2,104,780	2,000,000	2,114,780
5% Senior Notes due 2023	1,500,000	1,512,315	1,500,000	1,500,315
5 7/8% Senior Notes due 2024	2,000,000	2,106,020	2,000,000	2,064,000
2 3/8% Convertible Notes due 2024	1,000,000	1,027,200	—	—
7 3/4% Senior Notes due 2026	2,000,000	2,334,200	2,000,000	2,270,900
3 3/8% Convertible Notes due 2026	3,000,000	3,622,740	3,000,000	3,431,130
Other notes payable	47,328	47,328	47,844	47,844
Subtotal	18,147,328	\$ 19,750,978	17,147,844	\$ 18,451,764
Unamortized debt discount on the Convertible Notes	(989,863)		(752,386)	
Unamortized deferred financing costs and other debt discounts, net	(54,539)		(52,704)	
Capital lease obligations (2)	132,191		140,885	
Total long-term debt and capital lease obligations (including current portion)	\$ 17,235,117		\$ 16,483,639	

- (1) Our 4 5/8% Senior Notes due 2017 mature on July 15, 2017.
(2) Disclosure regarding fair value of capital 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).

2 3/8% Convertible Notes due 2024

On March 17, 2017, we issued \$1.0 billion aggregate principal amount of the Convertible Notes due March 15, 2024 in a private placement. Interest accrues at an annual rate of 2 3/8% and is payable semi-annually in cash, in arrears on March 15 and September 15 of each year, commencing September 15, 2017.

The Convertible Notes due 2024 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 2024;
- 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 2024 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 2024, holders may require us to repurchase for cash all or part of their Convertible Notes due 2024 at a repurchase price equal to 100% of the principal amount of such Convertible Notes due 2024, plus accrued and unpaid interest to, but not including, the fundamental change repurchase date.

The indenture related to the Convertible Notes due 2024 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 2024 may be converted at an initial conversion rate of 12.1630 shares of our Class A common stock per \$1,000 principal amount of Convertible Notes due 2024 (equivalent to an initial conversion price of approximately \$82.22 per share of our Class A common stock) (the “Initial Conversion Rate”), at any time on or after October 15, 2023 through the second scheduled trading day preceding the maturity date. Holders of the Convertible Notes due 2024 will also have the right to convert the Convertible Notes due 2024 at the Initial Conversion Rate prior to October 15, 2023, 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.

In accordance with accounting guidance on embedded conversion features, we valued and bifurcated the conversion option associated with the Convertible Notes due 2024 (the “equity component”) from the host debt instrument. The \$252 million initial value of the equity component on the Convertible Notes due 2024 was recorded in “Additional paid-in capital” within “Stockholders’ equity (deficit)” on our Condensed Consolidated Balance Sheets with the offset being recorded as the debt discount. The resulting debt discount on the Convertible Notes due 2024 is being amortized to interest expense at an effective interest rate of 7% over the seven-year term of the Convertible Notes due 2024. This interest expense was recorded in “Interest expense, net of amounts capitalized” within “Other Income (Expense)” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

10. Commitments and Contingencies

Commitments

DISH Network Spectrum

We have invested over \$5.0 billion since 2008 to acquire certain wireless spectrum licenses and related assets.

700 MHz Licenses. In 2008, we paid \$712 million to acquire certain 700 MHz E Block (“700 MHz”) wireless spectrum licenses, which were granted to us by the FCC in February 2009. These licenses are subject to certain build-out requirements. By March 2020, we must provide signal coverage and offer service to at least 70% of the population in each of our E Block license areas (the “700 MHz Build-Out Requirement”). If the 700 MHz Build-Out Requirement is not met with respect to any particular E Block license area, our authorization may terminate for the geographic portion of that license area in which we are not providing service.

AWS-4 Licenses. On March 2, 2012, the FCC approved the transfer of 40 MHz of wireless spectrum licenses held by DBSD North America, Inc. (“DBSD North America”) and TerreStar Networks, Inc. (“TerreStar”) to us. On March 9, 2012, we completed the acquisition of 100% of the equity of reorganized DBSD North America (the “DBSD Transaction”) and substantially all of the assets of TerreStar (the “TerreStar Transaction”), pursuant to which we acquired, among other things, certain satellite assets and wireless spectrum licenses held by DBSD North America and TerreStar. The total consideration to acquire the DBSD North America and TerreStar assets was approximately \$2.860 billion.

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On February 15, 2013, the FCC issued an order, which became effective on March 7, 2013, modifying our licenses to expand our terrestrial operating authority with AWS-4 authority (“AWS-4”). These licenses are subject to certain build-out requirements. By March 2020, we are required to provide terrestrial signal coverage and offer terrestrial service to at least 70% of the population in each area covered by an individual license (the “AWS-4 Build-Out Requirement”). If the AWS-4 Build-Out Requirement is not met with respect to any particular individual license, our terrestrial authorization for that license area may terminate. The FCC’s December 20, 2013 order also conditionally waived certain FCC rules for our AWS-4 licenses to allow us to repurpose all 20 MHz of our uplink spectrum (2000-2020 MHz) for terrestrial downlink operations. On June 1, 2016, we notified the FCC that we had elected to use our AWS-4 uplink spectrum for terrestrial downlink operations, and effective June 7, 2016, the FCC modified our AWS-4 licenses, resulting in all 40 MHz of our AWS-4 spectrum being designated for terrestrial downlink operations.

H Block Licenses. On April 29, 2014, the FCC issued an order granting our application to acquire all 176 wireless spectrum licenses in the H Block auction. We paid approximately \$1.672 billion to acquire these H Block licenses, including clearance costs associated with the lower H Block spectrum. The H Block licenses are subject to certain interim and final build-out requirements. By April 2018, we must provide reliable signal coverage and offer service to at least 40% of the population in each area covered by an individual H Block license (the “H Block Interim Build-Out Requirement”). By April 2024, we must provide reliable signal coverage and offer service to at least 75% of the population in each area covered by an individual H Block license (the “H Block Final Build-Out Requirement”). If the H Block Interim Build-Out Requirement is not met, the H Block license term and the H Block Final Build-Out Requirement may be accelerated by two years (from April 2024 to April 2022) for each H Block license area in which we do not meet the requirement. If the H Block Final Build-Out Requirement is not met, our authorization for each H Block license area in which we do not meet the requirement may terminate.

MVDDS Licenses. We have multichannel video distribution and data service (“MVDDS”) licenses in 82 out of 214 geographical license areas, including Los Angeles, New York City, Chicago and several other major metropolitan areas. By August 2014, we were required to meet certain FCC build-out requirements related to our MVDDS licenses, and we are subject to certain FCC service rules applicable to these licenses. In January 2015, the FCC granted our application to extend the build-out requirements related to our MVDDS licenses. We now have until 2019 to provide “substantial service” on our MVDDS licenses, and the licenses expire in 2024. Our MVDDS licenses may be terminated, however, if we do not provide substantial service in accordance with the new build-out requirements.

In 2016, the MVDDS 5G Coalition, of which we are a member, filed a petition for rulemaking requesting the FCC to consider updating the rules to allow us to provide two-way 5G services using our MVDDS licenses. We cannot predict when or if the FCC will grant the petition and proceed with a rulemaking. If the FCC adopts rules that would allow us to provide two-way 5G services using our MVDDS licenses, the requests of OneWeb and others for authority to use the band for service from NGSO satellite systems may hinder our ability to provide 5G services using our MVDDS licenses.

LMDS Licenses. As a result of the completion of the Share Exchange on February 28, 2017, we acquired from EchoStar certain Local Multipoint Distribution Service (“LMDS”) licenses in four markets: Cheyenne, Kansas City, Phoenix, and San Diego. The “substantial service” milestone has been met with respect to each of the licenses. These licenses expire in September 2018 unless they are renewed for an additional ten years. There can be no assurances that the FCC will renew our licenses. In addition, through the FCC’s Spectrum Frontiers proceeding, a portion of each of our LMDS licenses will be reassigned to the Upper Microwave Flexible Use Service band (27.5-28.35 GHz), which will allow for a more flexible use of the licenses, including, among other things, 5G mobile operations.

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Commercialization of Our Wireless Spectrum Licenses and Related Assets. We have made substantial investments to acquire certain wireless spectrum licenses and related assets. We will need to make significant additional investments or partner with others to, among other things, commercialize, build-out, and integrate these licenses and related assets, and any additional acquired licenses and related assets; and comply with regulations applicable to such licenses. Depending on the nature and scope of such commercialization, build-out, integration efforts, and regulatory compliance, any such investments or partnerships could vary significantly. We may also determine that additional wireless spectrum licenses may be required to commercialize our wireless business and to compete with other wireless service providers.

Auction 1000. Auction 1000 began on March 29, 2016 and concluded on March 30, 2017. On April 13, 2017, the FCC announced that ParkerB.com, a wholly-owned subsidiary of DISH Network, was the winning bidder for certain 600 MHz Licenses with aggregate winning bids totaling approximately \$6.2 billion. On April 27, 2017, ParkerB.com filed an application with the FCC to acquire the 600 MHz Licenses and the FCC's prohibition on certain communications related to Auction 1000 expired. On July 1, 2016, we paid \$1.5 billion to the FCC as a deposit for Auction 1000. The remaining balance of our winning bids of approximately \$4.7 billion is due May 11, 2017. We expect to pay the remaining balance from existing cash and marketable investment securities balances. Issuance of the 600 MHz Licenses to ParkerB.com depends, among other things, upon the FCC's review and approval of the application filed by ParkerB.com. Objections to the application filed by ParkerB.com must be submitted to the FCC within ten days following the release by the FCC of the public notice listing the applications that have been found by the FCC to be acceptable for filing. We cannot predict the timing or the outcome of the FCC's review of the application filed by ParkerB.com.

600 MHz licenses are subject to certain interim and final build-out requirements. Within six years after the FCC issues the 600 MHz licenses, the licensee shall provide reliable signal coverage and offer wireless service to at least 40% of the population in each area covered by an individual 600 MHz license (the "600 MHz Interim Build-Out Requirement"). Within twelve years after the FCC issues the 600 MHz licenses, the licensee shall provide reliable signal coverage and offer wireless service to at least 75% of the population in each area covered by an individual 600 MHz license (the "600 MHz Final Build-Out Requirement"). If the 600 MHz Interim Build-Out Requirement is not met, the 600 MHz license term and the 600 MHz Final Build-Out Requirement may be accelerated by two years (from twelve years to ten years) for each 600 MHz license area in which the licensee does not meet the requirement. If the 600 MHz Final Build-Out Requirement is not met, the licensee's authorization for each 600 MHz license area in which the licensee does not meet the requirement may terminate. In addition, certain broadcasters will have up to 39 months (ending July 13, 2021) to relinquish their 600 MHz spectrum, which may impact the timing for a licensee's ability to commence operations using certain 600 MHz licenses. The FCC will issue the 600 MHz licenses prior to the clearance of the spectrum, and the build-out deadlines are based on the date that the licenses are issued, not the date that the spectrum is cleared.

We may need to raise significant additional capital in the future to fund the efforts described above, which may not be available on acceptable terms or at all. There can be no assurance that we will be able to develop and implement a business model that will realize a return on these wireless spectrum licenses or that we will be able to profitably deploy the assets represented by these wireless spectrum licenses, which may affect the carrying amount of these assets and our future financial condition or results of operations.

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DISH Network Non-Controlling Investments in the Northstar Entities and the SNR Entities Related to AWS-3 Wireless Spectrum Licenses

Through our wholly-owned subsidiaries American II and American III, we have made over \$10.0 billion in certain non-controlling investments in Northstar Spectrum, the parent company of Northstar Wireless, and in SNR HoldCo, the parent company of SNR Wireless, respectively. 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. In February 2015, one of our wholly-owned subsidiaries received a refund from the FCC of its \$400 million upfront payment made in 2014 related to the AWS-3 Auction.

Northstar Wireless was the winning bidder for AWS-3 Licenses with gross winning bid amounts totaling approximately \$7.845 billion, which after taking into account a 25% bidding credit, is approximately \$5.884 billion. SNR Wireless was the winning bidder for AWS-3 Licenses with gross winning bid amounts totaling approximately \$5.482 billion, which after taking into account a 25% bidding credit, is approximately \$4.112 billion. In addition to the net winning bids, SNR Wireless made a bid withdrawal payment of approximately \$8 million.

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) (each a “Bidding Credit Amount” and collectively the “Bidding Credit Amounts”). Each of Northstar Wireless and SNR Wireless has filed a notice of appeal and petition for review of the Order with the United States Court of Appeals for the District of Columbia, challenging, among other things, the FCC’s determination that they are ineligible to receive the Bidding Credit Amounts. Oral arguments were presented to the Court on September 26, 2016. We cannot predict with any degree of certainty the timing or outcome of these proceedings.

On October 1, 2015, DISH Network, American II, American III, Northstar Wireless, SNR Wireless, and certain other entities holding certain interests in Northstar Wireless and SNR Wireless, entered into a series of arrangements with respect to the AWS-3 Licenses, as further described below.

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 (the “Northstar Licenses”) totaling approximately \$5.619 billion through the application of funds already on deposit with the FCC. Northstar Wireless also notified the FCC that it would not be paying the gross winning bid amounts for 84 AWS-3 Licenses totaling approximately \$2.226 billion.

As a result of the nonpayment of those gross winning bid amounts, the FCC retained those licenses and Northstar Wireless owed the FCC an additional interim payment of approximately \$334 million (the “Northstar Interim Payment”), which is equal to 15% of \$2.226 billion. The Northstar Interim Payment was recorded during the fourth quarter 2015 in “FCC auction expense” on our Consolidated Statements of Operations and Comprehensive Income (Loss) in our Annual Report on Form 10-K for the year ended December 31, 2015. Northstar Wireless immediately satisfied the Northstar Interim Payment through the application of funds already on deposit with the FCC and an additional loan from American II of approximately \$69 million. As a result, the FCC will not deem Northstar Wireless to be a “current defaulter” under applicable FCC rules.

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In addition, the FCC Wireless Bureau acknowledged that Northstar Wireless' nonpayment of those gross winning bid amounts does not constitute action involving gross misconduct, misrepresentation or bad faith. Therefore, the FCC concluded that such nonpayment will not affect the eligibility of Northstar Wireless, its investors (including DISH Network) or their respective affiliates to participate in future spectrum auctions (including Auction 1000 and any re-auction of the AWS-3 licenses retained by the FCC). At this time, DISH Network (through itself, a subsidiary or another entity in which it may hold a direct or indirect interest) expects to participate in any re-auction of those AWS-3 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. However, if those winning bids are less than the winning bids of Northstar Wireless, then Northstar Wireless will be responsible for the difference less any overpayment of the Northstar Interim Payment (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. As discussed above, at this time, DISH Network (through itself, a subsidiary or another entity in which it may hold a direct or indirect interest) expects to participate in any re-auction. 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.

Amendment to Northstar Wireless Credit Agreement. On October 1, 2015, American II, Northstar Wireless and Northstar Spectrum amended the First Amended and Restated Credit Agreement dated October 13, 2014, by and among American II, as Lender, Northstar Wireless, as Borrower, and Northstar Spectrum, as Guarantor (as amended, the "Northstar Credit Agreement"), to provide, among other things, that: (i) the Northstar Interim Payment and any Northstar Re-Auction Payment will be made by American II directly to the FCC and will be deemed as loans under the Northstar Credit Agreement; (ii) the FCC is a third-party beneficiary with respect to American II's obligation to pay the Northstar Interim Payment and any Northstar Re-Auction Payment; (iii) in the event that the winning bids from re-auction or other award of the AWS-3 Licenses retained by the FCC are less than the winning bids of Northstar Wireless, the purchaser, assignee or transferee of any AWS-3 Licenses from Northstar Wireless is obligated to pay its pro-rata share of the difference (and Northstar Wireless remains jointly and severally liable for such pro-rata share); and (iv) during the period between the due date for the payments guaranteed under the FCC Northstar Guaranty (as discussed below) and the date such guaranteed payments are paid, Northstar Wireless' payment obligations to American II under the Northstar Credit Agreement will be subordinated to such guaranteed payments.

DISH Network Guaranty in Favor of the FCC for Certain Northstar Wireless Obligations. On October 1, 2015, DISH Network entered into a guaranty in favor of the FCC (the "FCC Northstar Guaranty") with respect to the Northstar Interim Payment (which was satisfied on October 1, 2015) and any Northstar Re-Auction Payment. The FCC Northstar Guaranty provides, among other things, that during the period between the due date for the payments guaranteed under the FCC Northstar Guaranty and the date such guaranteed payments are paid: (i) Northstar Wireless' payment obligations to American II under the Northstar Credit Agreement will be subordinated to such guaranteed payments; and (ii) DISH Network or American II will withhold exercising certain rights as a creditor of Northstar Wireless.

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 (the "SNR Licenses") totaling approximately \$4.271 billion through the application of funds already on deposit with the FCC and a portion of an additional loan from American III in an aggregate amount of approximately \$344 million (which included an additional bid withdrawal payment of approximately \$3 million). SNR Wireless also notified the FCC that it would not be paying the gross winning bid amounts for 113 AWS-3 Licenses totaling approximately \$1.211 billion.

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As a result of the nonpayment of those gross winning bid amounts, the FCC retained those licenses and SNR Wireless owed the FCC an additional interim payment of approximately \$182 million (the “SNR Interim Payment”), which is equal to 15% of \$1.211 billion. The SNR Interim Payment was recorded during the fourth quarter 2015 in “FCC auction expense” on our Consolidated Statements of Operations and Comprehensive Income (Loss) in our Annual Report on Form 10-K for the year ended December 31, 2015. SNR Wireless immediately satisfied the SNR Interim Payment through a portion of an additional loan from American III in an aggregate amount of approximately \$344 million. As a result, the FCC will not deem SNR Wireless to be a “current defaulter” under applicable FCC rules.

In addition, the FCC Wireless Bureau acknowledged that SNR Wireless’ nonpayment of those gross winning bid amounts does not constitute action involving gross misconduct, misrepresentation or bad faith. Therefore, the FCC concluded that such nonpayment will not affect the eligibility of SNR Wireless, its investors (including DISH Network) or their respective affiliates to participate in future spectrum auctions (including Auction 1000 and any re-auction of the AWS-3 licenses retained by the FCC). At this time, DISH Network (through itself, a subsidiary or another entity in which it may hold a direct or indirect interest) expects to participate in any re-auction of those AWS-3 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. However, if those winning bids are less than the winning bids of SNR Wireless, then SNR Wireless will be responsible for the difference less any overpayment of the SNR Interim Payment (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. As discussed above, at this time, DISH Network (through itself, a subsidiary or another entity in which it may hold a direct or indirect interest) expects to participate in any re-auction. 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.

Amendment to SNR Wireless Credit Agreement. On October 1, 2015, American III, SNR Wireless and SNR HoldCo amended the First Amended and Restated Credit Agreement dated October 13, 2014, by and among American III, as Lender, SNR Wireless, as Borrower, and SNR HoldCo, as Guarantor (as amended, the “SNR Credit Agreement”), to provide, among other things, that: (i) the SNR Interim Payment and any SNR Re-Auction Payment will be made by American III directly to the FCC and will be deemed as loans under the SNR Credit Agreement; (ii) the FCC is a third-party beneficiary with respect to American III’s obligation to pay the SNR Interim Payment and any SNR Re-Auction Payment; (iii) in the event that the winning bids from re-auction or other award of the AWS-3 Licenses retained by the FCC are less than the winning bids of SNR Wireless, the purchaser, assignee or transferee of any AWS-3 Licenses from SNR Wireless is obligated to pay its pro-rata share of the difference (and SNR Wireless remains jointly and severally liable for such pro-rata share); and (iv) during the period between the due date for the payments guaranteed under the FCC SNR Guaranty (as discussed below) and the date such guaranteed payments are paid, SNR Wireless’ payment obligations to American III under the SNR Credit Agreement will be subordinated to such guaranteed payments.

DISH Network Guaranty in Favor of the FCC for Certain SNR Wireless Obligations. On October 1, 2015, DISH Network entered into a guaranty in favor of the FCC (the “FCC SNR Guaranty”) with respect to the SNR Interim Payment (which was satisfied on October 1, 2015) and any SNR Re-Auction Payment. The FCC SNR Guaranty provides, among other things, that during the period between the due date for the payments guaranteed under the FCC SNR Guaranty and the date such guaranteed payments are paid: (i) SNR Wireless’ payment obligations to American III under the SNR Credit Agreement will be subordinated to such guaranteed payments; and (ii) DISH Network or American III will withhold exercising certain rights as a creditor of SNR Wireless.

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Northstar Wireless is a wholly-owned subsidiary of Northstar Spectrum. Through American II, we own an 85% non-controlling interest in Northstar Spectrum. Northstar Manager owns a 15% controlling interest in, and is the sole manager of, Northstar Spectrum. Northstar Spectrum is governed by a limited liability company agreement by and between American II and Northstar Manager (the “Northstar Spectrum LLC Agreement”). Pursuant to the Northstar Spectrum LLC Agreement, American II and Northstar Manager made pro-rata equity contributions in Northstar Spectrum. As of October 1, 2015, the total equity contributions from American II and Northstar Manager to Northstar Spectrum were approximately \$750 million and \$133 million, respectively. As of October 1, 2015, the total loans from American II to Northstar Wireless under the Northstar Credit Agreement for payments to the FCC related to the Northstar Licenses were approximately \$5.070 billion.

SNR Wireless is a wholly-owned subsidiary of SNR HoldCo. Through American III, we own an 85% non-controlling interest in SNR HoldCo. SNR Management owns a 15% controlling interest in, and is the sole manager of, SNR HoldCo. SNR HoldCo is governed by a limited liability company agreement by and between American III and SNR Management (the “SNR HoldCo LLC Agreement”). Pursuant to the SNR HoldCo LLC Agreement, American III and SNR Management made pro-rata equity contributions in SNR HoldCo. As of October 1, 2015, the total equity contributions from American III and SNR Management to SNR HoldCo were approximately \$524 million and \$93 million, respectively. As of October 1, 2015, the total loans from American III to SNR Wireless under the SNR Credit Agreement for payments to the FCC related to the SNR Licenses were approximately \$3.847 billion.

After Northstar Wireless and SNR Wireless satisfied their respective payments to the FCC on October 1, 2015 for the Northstar Licenses and the SNR Licenses, and the Northstar Interim Payment and the SNR Interim Payment (which included an additional bid withdrawal payment), our total non-controlling debt and equity investments in the Northstar Entities and the SNR Entities for payments to the FCC related to the AWS-3 Licenses were approximately \$10.191 billion. Under the applicable accounting guidance in ASC 810, Northstar Spectrum and SNR HoldCo are considered variable interest entities and, based on the characteristics of the structure of these entities and in accordance with the applicable accounting guidance, we have consolidated these entities into our financial statements beginning in the fourth quarter 2014. See Note 2 for further information.

On October 27, 2015, the FCC granted the Northstar Licenses to Northstar Wireless and the SNR Licenses to SNR Wireless, respectively, which are recorded in “FCC authorizations” on our Condensed Consolidated Balance Sheets. The AWS-3 Licenses are subject to certain interim and final build-out requirements. By October 2021, Northstar Wireless and SNR Wireless must provide reliable signal coverage and offer service to at least 40% of the population in each area covered by an individual AWS-3 License (the “AWS-3 Interim Build-Out Requirement”). By October 2027, Northstar Wireless and SNR Wireless must provide reliable signal coverage and offer service to at least 75% of the population in each area covered by an individual AWS-3 License (the “AWS-3 Final Build-Out Requirement”). If the AWS-3 Interim Build-Out Requirement is not met, the AWS-3 License term and the AWS-3 Final Build-Out Requirement may be accelerated by two years (from October 2027 to October 2025) for each AWS-3 License area in which Northstar Wireless and SNR Wireless do not meet the requirement. If the AWS-3 Final Build-Out Requirement is not met, the authorization for each AWS-3 License area in which Northstar Wireless and SNR Wireless do not meet the requirement may terminate.

In addition, on September 23, 2016, the United States District Court for the District of Columbia unsealed a qui tam complaint that was filed by Vermont National Telephone Company (“Vermont National”) 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 Chief Executive Officer) and Cantey M. Ergen (a member of our board of directors); Northstar Wireless; Northstar Spectrum; Northstar Manager; SNR Wireless; SNR HoldCo; SNR Management; and certain other parties. See “Contingencies – Litigation – Vermont National Telephone Company” for further information.

DISH NETWORK CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
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We may need to make significant additional loans to the Northstar Entities and to the SNR Entities, or they may need to partner with others, so that the Northstar Entities and the SNR Entities may commercialize, build-out and integrate the Northstar Licenses and the SNR Licenses, comply with regulations applicable to the Northstar Licenses and the SNR Licenses, and make any potential payments related to the re-auction of AWS-3 licenses retained by the FCC. Depending upon the nature and scope of such commercialization, build-out, integration efforts, regulatory compliance, and potential re-auction payments, any such loans or partnerships could vary significantly. We may need to raise significant additional capital in the future, which may not be available on acceptable terms or at all, to make further investments in the Northstar Entities and the SNR Entities. There can be no assurance that we will be able to obtain a profitable return on our non-controlling investments in the Northstar Entities and the SNR Entities.

Guarantees

During the third quarter 2009, EchoStar entered into a satellite transponder service agreement for Nimiq 5 through 2024. We sublease this capacity from EchoStar and also guarantee a certain portion of EchoStar's obligation under its satellite transponder service agreement through 2019. As of March 31, 2017, the remaining obligation of our guarantee was \$174 million.

As of March 31, 2017, we have not recorded a liability on the balance sheet for this guarantee.

Contingencies

Separation Agreement

On January 1, 2008, we completed the distribution of our technology and set-top box business and certain infrastructure assets (the "Spin-off") into a separate publicly-traded company, EchoStar. In connection with the Spin-off, we entered into a separation agreement with EchoStar that provides, among other things, for the division of certain liabilities, including liabilities resulting from litigation. Under the terms of the separation agreement, EchoStar has assumed certain liabilities that relate to its business, including certain designated liabilities for acts or omissions that occurred prior to the Spin-off. Certain specific provisions govern intellectual property related claims under which, generally, EchoStar will only be liable for its acts or omissions following the Spin-off and we will indemnify EchoStar for any liabilities or damages resulting from intellectual property claims relating to the period prior to the Spin-off, as well as our acts or omissions following the Spin-off. On February 28, 2017, we and EchoStar completed the Share Exchange pursuant to which certain assets that were transferred to EchoStar in the Spin-off were transferred back to us. The Share Exchange Agreement contains additional indemnification provisions between us and EchoStar for certain liabilities and legal proceedings.

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.

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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 (as with many patent-related cases). 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 wholly-owned subsidiary EchoStar Technologies L.L.C., in the United States District Court for the District of Utah. The complaint alleges 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. No trial date has been set.

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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CRFD Research, Inc. (a subsidiary of Marathon Patent Group, Inc.)

On January 17, 2014, CRFD Research, Inc. (“CRFD”) filed a complaint against us, our wholly-owned subsidiaries DISH DBS Corporation and DISH Network L.L.C., EchoStar, and its wholly-owned subsidiary EchoStar Technologies L.L.C., in the United States District Court for the District of Delaware, alleging infringement of United States Patent No. 7,191,233 (the “233 patent”). The 233 patent is entitled “System for Automated, Mid-Session, User-Directed, Device-to-Device Session Transfer System,” and relates to transferring an ongoing software session from one device to another. CRFD alleges that our Hopper and Joey® set-top boxes infringe the 233 patent. On the same day, CRFD filed similar complaints against AT&T Inc.; Comcast Corp.; DirecTV; Time Warner Cable Inc.; Cox Communications, Inc.; Akamai Technologies, Inc.; Cablevision Systems Corp. and Limelight Networks, Inc. CRFD is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. On January 26, 2015, we and EchoStar filed a petition before the United States Patent and Trademark Office challenging the validity of certain claims of the 233 patent. The United States Patent and Trademark Office has agreed to institute a proceeding on our petition, as well as on two third-party petitions challenging the validity of certain claims of the 233 patent, and it heard oral argument on January 16, 2016. On June 1, 2016, the United States Patent and Trademark Office found that all claims asserted against us and the EchoStar parties were unpatentable. On July 5, 2016, CRFD filed a notice of appeal to the United States Court of Appeals for the Federal Circuit, which heard oral argument on April 6, 2017. The litigation in the District Court has been stayed since June 4, 2015 pending resolution of our petition to the United States Patent and Trademark Office.

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.

Customedia Technologies, L.L.C.

On February 10, 2016, Customedia Technologies, L.L.C. (“Customedia”) filed a complaint against us and our wholly-owned subsidiary DISH Network L.L.C. in the United States District Court for the Eastern District of Texas. The complaint alleges infringement of four patents: United States Patent No. 8,719,090 (the “090 patent”); United States Patent No. 9,053,494 (the “494 patent”); United States Patent No. 7,840,437 (the “437 patent”); and United States Patent No. 8,955,029 (the “029 patent”). Each patent is entitled “System for Data Management And On-Demand Rental And Purchase Of Digital Data Products.” Customedia appears to allege infringement in connection with our addressable advertising services, our DISH Anywhere feature, and our Pay-Per-View and video-on-demand offerings. In December 2016 and January 2017, DISH Network L.L.C. filed petitions with the United States Patent and Trademark Office challenging the validity of the asserted claims of each of the asserted patents. Trial has been set for September 5, 2017. Customedia is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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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Do Not Call Litigation

On March 25, 2009, our wholly-owned subsidiary DISH Network L.L.C. was sued in a civil action by the United States Attorney General and several states in the United States District Court for the Central District of Illinois (the “FTC Action”), alleging violations of the Telephone Consumer Protection Act (“TCPA”) and the Telemarketing Sales Rule (“TSR”), as well as analogous state statutes and state consumer protection laws. The plaintiffs allege that we, directly and through certain independent third-party retailers and their affiliates, committed certain telemarketing violations. On December 23, 2013, the plaintiffs filed a motion for summary judgment, which indicated for the first time that the state plaintiffs were seeking civil penalties and damages of approximately \$270 million and that the federal plaintiff was seeking an unspecified amount of civil penalties (which could substantially exceed the civil penalties and damages being sought by the state plaintiffs). The plaintiffs were also seeking injunctive relief that if granted would, among other things, enjoin DISH Network L.L.C., whether acting directly or indirectly through authorized telemarketers or independent third-party retailers, from placing any outbound telemarketing calls to market or promote its goods or services for five years, and enjoin DISH Network L.L.C. from accepting activations or sales from certain existing independent third-party retailers and from certain new independent third-party retailers, except under certain circumstances. We also filed a motion for summary judgment, seeking dismissal of all claims. On December 12, 2014, the Court issued its opinion with respect to the parties’ summary judgment motions. The Court found that DISH Network L.L.C. is entitled to partial summary judgment with respect to one claim in the action. In addition, the Court found that the plaintiffs are entitled to partial summary judgment with respect to ten claims in the action, which includes, among other things, findings by the Court establishing DISH Network L.L.C.’s liability for a substantial amount of the alleged outbound telemarketing calls by DISH Network L.L.C. and certain of its independent third-party retailers that were the subject of the plaintiffs’ motion. The Court did not issue any injunctive relief and did not make any determination on civil penalties or damages, ruling instead that the scope of any injunctive relief and the amount of any civil penalties or damages are questions for trial.

In pre-trial disclosures, the federal plaintiff indicated that it intended to seek up to \$900 million in alleged civil penalties, and the state plaintiffs indicated that they intended to seek as much as \$23.5 billion in alleged civil penalties and damages. The plaintiffs also modified their request for injunctive relief. Their requested injunction, if granted, would enjoin DISH Network L.L.C. from placing outbound telemarketing calls unless and until: (i) DISH Network L.L.C. hires a third-party consulting organization to perform a review of its call center operations; (ii) such third-party consulting organization submits a telemarketing compliance plan to the Court and the federal plaintiff; (iii) the Court holds a hearing on the adequacy of the plan; (iv) if the Court approves the plan, DISH Network L.L.C. implements the plan and verifies to the Court that it has implemented the plan; and (v) the Court issues an order permitting DISH Network L.L.C. to resume placing outbound telemarketing calls. The plaintiffs’ modified request for injunctive relief, if granted, would also enjoin DISH Network L.L.C. from accepting customer orders solicited by certain independent third-party retailers unless and until a similar third-party review and Court approval process was followed with respect to the telemarketing activities of its independent third-party retailer base to ensure compliance with the TSR.

The first phase of the bench trial took place January 19, 2016 through February 11, 2016. In closing briefs, the federal plaintiff indicated that it still is seeking \$900 million in alleged civil penalties; the California state plaintiff indicated that it is seeking \$100 million in alleged civil penalties and damages for its state law claims (in addition to any amounts sought on its federal law claims); the Ohio state plaintiff indicated that it is seeking approximately \$10 million in alleged civil penalties and damages for its state law claims (in addition to any amounts sought on its federal law claims); and the Illinois and North Carolina state plaintiffs did not state the specific alleged civil penalties and damages that they are seeking; but the state plaintiffs have taken the general position that any damages award less than \$1.0 billion (presumably for both federal and state law claims) would not raise constitutional concerns. Under the Eighth Amendment of the U.S. Constitution, excessive fines may not be imposed.

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On October 3, 2016, the plaintiffs further modified their request for injunctive relief, and are now seeking, among other things, to enjoin DISH Network L.L.C., whether acting directly or indirectly through authorized telemarketers or independent third-party retailers, from placing any outbound telemarketing calls to market or promote its goods or services for five years, and enjoin DISH Network L.L.C. from accepting activations or sales from some or all existing independent third-party retailers. The second phase of the bench trial, which commenced on October 25, 2016 and concluded on November 2, 2016, covered the plaintiffs' requested injunctive relief, as well as certain evidence related to the state plaintiffs' claims.

We may also from time to time be subject to private civil litigation alleging telemarketing violations. For example, a portion of the alleged telemarketing violations by an independent third-party retailer at issue in the FTC Action are also the subject of a certified class action filed against DISH Network L.L.C. in the United States District Court for the Middle District of North Carolina (the "Krakauer Action"). Following a five-day trial, on January 19, 2017, a jury in that case found that the independent third-party retailer was acting as DISH Network L.L.C.'s agent when it made the 51,119 calls at issue in that case, and that class members are eligible to recover \$400 in damages for each call made in violation of the TCPA. The plaintiff is also seeking enhanced damages under the TCPA for alleged willful or knowing violations. The Court will decide whether there were any willful or knowing violations, and the Court has discretion to increase the damages by up to three times for any such violations. On March 7, 2017, DISH Network L.L.C. filed motions with the Court for judgment as a matter of law and, in the alternative, for a new trial.

The plaintiffs in the FTC Action have asserted that the jury verdict in the Krakauer Action preclusively establishes that the independent third-party retailer at issue in the Krakauer Action was acting as DISH Network L.L.C.'s agent when it made the calls at issue in the FTC Action, and is otherwise persuasive evidence that the other independent third-party retailers at issue in the FTC Action were acting as DISH Network's L.L.C.'s agents when they made their respective calls at issue in the FTC Action, that the alleged civil penalties being sought by the federal and state plaintiffs are reasonable, and that the calls made by DISH Network L.L.C. and independent third-party retailers at issue in the FTC Action were made to landline residential phones. We have opposed those assertions.

We intend to vigorously defend these cases. We cannot predict with any degree of certainty the outcome of these suits or determine the extent of any potential liability or damages.

Dragon Intellectual Property, LLC

On December 20, 2013, Dragon Intellectual Property, LLC ("Dragon IP") filed complaints against our wholly-owned subsidiary DISH Network L.L.C., as well as Apple Inc.; AT&T, Inc.; Charter Communications, Inc.; Comcast Corp.; Cox Communications, Inc.; DirecTV; Sirius XM Radio Inc.; Time Warner Cable Inc. and Verizon Communications, Inc., in the United States District Court for the District of Delaware, alleging infringement of United States Patent No. 5,930,444 (the "444 patent"), which is entitled "Simultaneous Recording and Playback Apparatus." Dragon IP alleges that various of our DVR receivers infringe the 444 patent. Dragon IP is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. On December 23, 2014, DISH Network L.L.C. filed a petition before the United States Patent and Trademark Office challenging the validity of certain claims of the 444 patent. On April 10, 2015, the Court granted DISH Network L.L.C.'s motion to stay the action in light of DISH Network L.L.C.'s petition and certain other defendants' petitions pending before the United States Patent and Trademark Office challenging the validity of certain claims of the 444 patent. On July 17, 2015, the United States Patent and Trademark Office agreed to institute a proceeding on our petition. Pursuant to a stipulation between the parties, on April 27, 2016, the Court entered an order of non-infringement and judgment in favor of DISH Network L.L.C. On June 15, 2016, the United States Patent and Trademark Office entered an order that the patent claims being asserted against DISH Network L.L.C. with respect to the 444 patent are unpatentable. On August 8, 2016, Dragon filed notices of appeal with respect to the Court's judgment and the United States Patent and Trademark Office's decision.

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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.

Grecia

On March 27, 2015, William Grecia (“Grecia”) filed a complaint against our wholly-owned subsidiary DISH Network L.L.C. in the United States District Court for the Northern District of Illinois, alleging infringement of United States Patent No. 8,533,860 (the “860 patent”), which is entitled “Personalized Digital Media Access System—PDMAS Part II.” Grecia alleges that we violate the 860 patent in connection with our digital rights management. Grecia is the named inventor on the 860 patent. On June 22, 2015, the case was transferred to the United States District Court for the Northern District of California. On November 18, 2015, Grecia filed an amended complaint adding allegations that we infringe U.S. Patent No. 8,402,555 (the “555 patent”), which is entitled “Personalized Digital Media Access System (PDMAS).” Grecia is the named inventor on the 555 patent. Grecia alleges that we violate the 555 patent in connection with our digital rights management. Grecia dismissed his action with prejudice on February 3, 2016.

On February 3, 2016, Grecia filed a new complaint against our wholly-owned subsidiary DISH Network L.L.C. in the United States District Court for the Northern District of California, alleging infringement of United States Patent No. 8,887,308 (the “308 patent”), which is entitled “Digital Cloud Access—PDMAS Part III,” on which Grecia is also the named inventor. Grecia alleges that we violate the 308 patent in connection with our DISH Anywhere feature. On July 29, 2016, DISH Network L.L.C. filed a petition before the United States Patent and Trademark Office challenging the validity of certain claims of the 308 patent. On January 19, 2017, the United States Patent and Trademark Office declined to institute a proceeding on our petition. The litigation in the District Court, which had been stayed since June 13, 2016 pending resolution of DISH Network L.L.C.’s petition to the United States Patent and Trademark Office, was further stayed on February 23, 2017 pending a claim construction order from the United States District Court for the Southern District of New York in a separate action in which Grecia is asserting the same patent.

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.

IPA Technologies Inc.

On December 9, 2016, IPA Technologies Inc. (“IPA”) filed suit against us and our wholly-owned subsidiary DISH Network L.L.C. in the United States District Court for the District of Delaware. IPA alleges that our Voice Remote with Hopper 3 infringes United States Patent Number 6,742,021 (the “021 patent”), which is entitled “Navigating Network-based Electronic Information Using Spoken Input with Multimodal Error Feedback”; United States Patent Number 6,523,061 (the “061 patent”), which is entitled “System, Method, and Article of Manufacture for Agent-Based Navigation in a Speech-Based Data Navigation System”; and United States Patent Number 6,757,718 (the “718 patent”), which is entitled “Mobile Navigation of Network-Based Electronic Information Using Spoken Input.” IPA is an entity that seeks to license a patent portfolio without itself practicing any of the claims recited therein.—

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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LightSquared/Harbinger Capital Partners LLC (LightSquared Bankruptcy)

As previously disclosed in our public filings, L-Band Acquisition, LLC (“LBAC”), our wholly-owned subsidiary, entered into a Plan Support Agreement (the “PSA”) with certain senior secured lenders to LightSquared LP (the “LightSquared LP Lenders”) on July 23, 2013, which contemplated the purchase by LBAC of substantially all of the assets of LightSquared LP and certain of its subsidiaries (the “LBAC Bid”) that are debtors and debtors in possession in the LightSquared bankruptcy cases pending in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), which cases are jointly administered under the caption *In re LightSquared Inc., et. al.*, Case No. 12 12080 (SCC).

Pursuant to the PSA, LBAC was entitled to terminate the PSA in certain circumstances, certain of which required three business days written notice, including, without limitation, in the event that certain milestones specified in the PSA were not met. On January 7, 2014, LBAC delivered written notice of termination of the PSA to the LightSquared LP Lenders. As a result, the PSA terminated effective on January 10, 2014, and the LBAC Bid was withdrawn.

On August 6, 2013, Harbinger Capital Partners LLC and other affiliates of Harbinger (collectively, “Harbinger”), a shareholder of LightSquared Inc., filed an adversary proceeding against us, LBAC, EchoStar, Charles W. Ergen (our Chairman and Chief Executive Officer), SP Special Opportunities, LLC (“SPSO”) (an entity controlled by Mr. Ergen), and certain other parties, in the Bankruptcy Court. Harbinger alleged, among other things, claims based on fraud, unfair competition, civil conspiracy and tortious interference with prospective economic advantage related to certain purchases of LightSquared secured debt by SPSO. Subsequently, LightSquared intervened to join in certain claims alleged against certain defendants other than us, LBAC and EchoStar.

On October 29, 2013, the Bankruptcy Court dismissed all of the claims in Harbinger’s complaint in their entirety, but granted leave for LightSquared to file its own complaint in intervention. On November 15, 2013, LightSquared filed its complaint, which included various claims against us, EchoStar, Mr. Ergen and SPSO. On December 2, 2013, Harbinger filed an amended complaint, asserting various claims against SPSO. On December 12, 2013, the Bankruptcy Court dismissed several of the claims asserted by LightSquared and Harbinger. The surviving claims included, among others, LightSquared’s claims against SPSO for declaratory relief, breach of contract and statutory disallowance; LightSquared’s tortious interference claim against us, EchoStar and Mr. Ergen; and Harbinger’s claim against SPSO for statutory disallowance. These claims proceeded to a non-jury trial on January 9, 2014. In its Post-Trial Findings of Fact and Conclusions of Law entered on June 10, 2014, the Bankruptcy Court rejected all claims against us and EchoStar, and it rejected some but not all claims against the other defendants. On July 7, 2015, the United States District Court for the Southern District of New York denied Harbinger’s motion for an interlocutory appeal of certain Bankruptcy Court orders in the adversary proceeding. On March 27, 2015, the Bankruptcy Court entered an order confirming the Modified Second Amended Joint Plan pursuant to Chapter 11 of the Bankruptcy Code and, on December 7, 2015, the Plan became effective.

We intend to vigorously defend any claims against us in this proceeding and cannot predict with any degree of certainty the outcome of this proceeding or determine the extent of any potential liability or damages.

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

LightSquared Transaction Shareholder Derivative Actions

On August 9, 2013, a purported shareholder of the Company, Jacksonville Police and Fire Pension Fund (“Jacksonville PFPF”), filed a putative shareholder derivative action in the District Court for Clark County, Nevada alleging, among other things, breach of fiduciary duty claims against the members of the Company’s Board of Directors as of that date: Charles W. Ergen; Joseph P. Clayton; James DeFranco; Cantey M. Ergen; Steven R. Goodbarn; David K. Moskowitz; Tom A. Ortolf; and Carl E. Vogel (collectively, the “Director Defendants”). In its first amended complaint, Jacksonville PFPF asserted claims that Mr. Ergen breached his fiduciary duty to the Company in connection with certain purchases of LightSquared debt by SPSO, an entity controlled by Mr. Ergen, and that the other Director Defendants aided and abetted that alleged breach of duty. The Jacksonville PFPF claims alleged that (1) the debt purchases created an impermissible conflict of interest and (2) put at risk the LBAC Bid, which as noted above was withdrawn. Jacksonville PFPF further claimed that most members of the Company’s Board of Directors are beholden to Mr. Ergen to an extent that prevents them from discharging their duties in connection with the Company’s participation in the LightSquared bankruptcy auction process. Jacksonville PFPF is seeking an unspecified amount of damages. Jacksonville PFPF dismissed its claims against Mr. Goodbarn on October 8, 2013.

Jacksonville PFPF sought a preliminary injunction that would enjoin Mr. Ergen and all of the Director Defendants other than Mr. Goodbarn from influencing the Company’s efforts to acquire certain assets of LightSquared in the bankruptcy proceeding. On November 27, 2013, the Court denied that request but granted narrower relief enjoining Mr. Ergen and anyone acting on his behalf from participating in negotiations related to one aspect of the LBAC Bid, which, as noted above, was withdrawn.

Five alleged shareholders filed substantially similar putative derivative complaints in state and federal courts alleging the same or substantially similar claims. On September 18, 2013, DCM Multi-Manager Fund, LLC filed a duplicative putative derivative complaint in the District Court for Clark County, Nevada, which was consolidated with the Jacksonville PFPF action on October 9, 2013. Between September 25, 2013 and October 2, 2013, City of Daytona Beach Police Officers and Firefighters Retirement System, Louisiana Municipal Police Employees’ Retirement System and Iron Worker Mid-South Pension Fund filed duplicative putative derivative complaints in the United States District Court for the District of Colorado. Also on October 2, 2013, Iron Workers District Council (Philadelphia and Vicinity) Retirement and Pension Plan filed its complaint in the United States District Court for the District of Nevada.

On October 11, 2013, Iron Worker Mid-South Pension Fund dismissed its claims without prejudice. On October 30, 2013, Louisiana Municipal Police Employees’ Retirement System dismissed its claims without prejudice and, on January 2, 2014, filed a new complaint in the District Court for Clark County, Nevada, which, on May 2, 2014, was consolidated with the Jacksonville PFPF action. On December 13, 2013, City of Daytona Beach Police Officers and Firefighters Retirement System voluntarily dismissed its claims without prejudice. On March 28, 2014, Iron Workers District Council (Philadelphia and Vicinity) Retirement and Pension Plan voluntarily dismissed its claims without prejudice.

On July 25, 2014, Jacksonville PFPF filed a second amended complaint, which added claims against George R. Brokaw and Charles M. Lillis, as Director Defendants, and Thomas A. Cullen, R. Stanton Dodge and K. Jason Kiser, as officers of the Company. Jacksonville PFPF asserted five claims in its second amended complaint, each of which alleged breaches of the duty of loyalty. Three of the claims were asserted solely against Mr. Ergen; one claim was made against all of the remaining Director Defendants, other than Mr. Ergen and Mr. Clayton; and the final claim was made against Messrs. Cullen, Dodge and Kiser.

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Our Board of Directors established a Special Litigation Committee to review the factual allegations and legal claims in these actions. On October 24, 2014, the Special Litigation Committee filed a report in the District Court for Clark County, Nevada regarding its investigation of the claims and allegations asserted in Jacksonville PFPF's second amended complaint. The Special Litigation Committee filed a motion to dismiss the action based, among other things, on its business judgment that it is in the best interests of the Company not to pursue the claims asserted by Jacksonville PFPF. The Director Defendants and Messrs. Cullen, Dodge and Kiser have also filed various motions to dismiss the action. In an order entered on September 18, 2015, the Court granted the Special Litigation Committee's motion to defer to the Special Litigation Committee's October 24, 2014 report, including its finding that dismissal of the action is in the best interest of the Company. The Court also held that, in light of granting the motion to defer, the pending motions to dismiss filed by the individual defendants were denied without prejudice as moot. On October 12, 2015, Jacksonville PFPF filed a notice of appeal to the Supreme Court of Nevada, and the appeal is now fully briefed. Oral argument on the appeal has been tentatively set for June 5, 2017. We cannot predict with any degree of certainty the outcome of these suits or determine the extent of any potential liability or damages.

Michael Heskiaoff, Marc Langenohl, and Rafael Mann

On July 10, 2015, Messrs. Michael Heskiaoff and Marc Langenohl, purportedly on behalf of themselves and all others similarly situated, filed suit against our subsidiary Sling Media, Inc. (now known as "Sling Media L.L.C.," which we acquired as a result of the completion of the Share Exchange on February 28, 2017) in the United States District Court for the Southern District of New York. The complaint alleges that Sling Media Inc.'s display of advertising to its customers violates a number of state statutes dealing with consumer deception. On September 25, 2015, the plaintiffs filed an amended complaint, and Mr. Rafael Mann, purportedly on behalf of himself and all others similarly situated, filed an additional complaint alleging similar causes of action. On November 16, 2015, the cases were consolidated. On August 12, 2016, the Court granted our motion to dismiss the consolidated case. On September 12, 2016, the plaintiffs moved the Court for leave to file an amended complaint, which we opposed. On March 22, 2017, the Court denied the plaintiffs' motion for leave to file an amended complaint and entered judgment in favor of Sling Media L.L.C. On April 17, 2017, the plaintiffs filed a notice of appeal.

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.

Technology Development and Licensing L.L.C.

On January 22, 2009, Technology Development and Licensing L.L.C. ("TDL") filed suit against us and EchoStar, in the United States District Court for the Northern District of Illinois, alleging infringement of United States Patent No. Re. 35,952 (the "952 patent"), which relates to certain favorite channel features. TDL is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. The case was stayed in July 2009 pending two reexamination petitions before the United States Patent and Trademark Office, which concluded in August 2015 and resulted in 42 out of the 53 claims of the 952 patent being invalidated. Six of the surviving 11 claims are asserted against us. The case resumed in August 2015. In a separate matter in which TDL is asserting the same patent, the court in that action ruled that four claims of the '952 patent (which are among the six claims asserted against us) are invalid because they claim unpatentable subject matter, and TDL has stipulated that it will not appeal that order. Thus, only two claims of the '952 patent remain asserted against us. A trial date has not been set.

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.

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TQ Beta LLC

On June 30, 2014, TQ Beta LLC (“TQ Beta”) filed a complaint against us; our wholly-owned subsidiaries DISH DBS Corporation and DISH Network L.L.C.; EchoStar; and EchoStar’s subsidiaries EchoStar Technologies L.L.C., Hughes Satellite Systems Corporation, and Sling Media Inc., in the United States District Court for the District of Delaware. The Complaint alleges infringement of United States Patent No. 7,203,456 (the “456 patent”), which is entitled “Method and Apparatus for Time and Space Domain Shifting of Broadcast Signals.” TQ Beta alleges that our Hopper set-top boxes, ViP 722 and ViP 722k DVR devices, as well as our DISH Anywhere™ service and DISH Anywhere mobile application, infringe the 456 patent. TQ Beta is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. During August 2015, DISH Network L.L.C. filed petitions before the United States Patent and Trademark Office challenging the validity of certain claims of the 456 patent, and in February 2016, the United States Patent and Trademark Office agreed to institute proceedings on our petitions. On February 25, 2016, the case was stayed pending resolution of these proceedings before the United States Patent and Trademark Office, and the Court vacated all pending court dates and deadlines. On January 30, 2017, the United States Patent and Trademark Office issued its final written decisions on our petitions, invalidating all claims of the 456 patent that were asserted in the litigation. On April 3, 2017, TQ Beta filed a notice of 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.

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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 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. Trial has been set for November 13, 2017. 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 have 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.

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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Vermont National Telephone Company

On September 23, 2016, the United States District Court for the District of Columbia unsealed a qui tam complaint that was filed by Vermont National 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 Chief Executive Officer) and Cantey M. Ergen (a member of our board of directors); Northstar Wireless; Northstar Spectrum; Northstar Manager; SNR Wireless; SNR HoldCo; SNR Management; and certain other parties. The complaint was unsealed after the United States Department of Justice notified the Court that it had declined to intervene in the action. The complaint is a civil action that was filed under seal on May 13, 2015 by Vermont National, which participated in the AWS-3 Auction through its wholly-owned subsidiary, VTel Wireless. 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 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 issues its opinion in *SNR Wireless LicenseCo, LLC, et al. v. F.C.C.* See "*Commitments – DISH Network Non-Controlling Investments in the Northstar Entities and the SNR Entities Related to AWS-3 Wireless Spectrum Licenses*" above for further information.

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.

Waste Disposal Inquiry

The California Attorney General and the Alameda County (California) District Attorney are investigating whether certain of our waste disposal policies, procedures and practices are in violation of the California Business and Professions Code and the California Health and Safety Code. We expect that these entities will seek injunctive and monetary relief. The investigation appears to be part of a broader effort to investigate waste handling and disposal processes of a number of industries. While we are unable to predict the outcome of this investigation, we do not believe that the outcome will have a material effect on our results of operations, financial condition or cash flows.

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.

11. 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 two primary business segments: (1) Pay-TV and Broadband and (2) Wireless. 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.

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The total assets, revenue and operating income by segment were as follows:

	As of	
	March 31,	December 31,
	2017	2016
	(In thousands)	
Total assets:		
Pay-TV and Broadband	\$ 28,365,527	\$ 26,980,276
Wireless	18,041,035	17,814,382
Eliminations	(16,958,363)	(16,880,366)
Total assets	\$ 29,448,199	\$ 27,914,292

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	For the Three Months Ended March 31,	
	2017	2016
	(In thousands)	
Revenue:		
Pay-TV and Broadband	\$ 3,680,361	\$ 3,827,474
Wireless	—	—
Eliminations	—	—
Total revenue	\$ 3,680,361	\$ 3,827,474
Operating income (loss):		
Pay-TV and Broadband	\$ 621,665	\$ 601,277
Wireless	(14,345)	(17,859)
Eliminations	—	—
Total operating income (loss)	\$ 607,320	\$ 583,418

Geographic Information. Revenue is attributed to geographic regions based upon the location where the goods and services are provided. All subscriber-related revenue was derived from the United States. Substantially all of our long-lived assets reside in the United States.

The following table summarizes revenue by geographic region:

Revenue:	For the Three Months Ended March 31,	
	2017	2016
	(In thousands)	
United States	\$ 3,670,764	\$ 3,791,286
Canada and Mexico	9,597	36,188
Total revenue	\$ 3,680,361	\$ 3,827,474

12. Related Party Transactions

Related Party Transactions with EchoStar

Following the Spin-off, we and EchoStar have operated as separate publicly-traded companies and neither entity has any ownership interest in the other. However, a substantial majority of the voting power of the shares of both companies is owned beneficially by Charles W. Ergen, our Chairman and Chief Executive Officer, and by certain trusts established by Mr. Ergen for the benefit of his family.

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In connection with and following the Spin-off, we and EchoStar have entered into certain agreements pursuant to which we obtain certain products, services and rights from EchoStar, EchoStar obtains certain products, services and rights from us, and we and EchoStar have indemnified each other against certain liabilities arising from our respective businesses. In connection with the Share Exchange, we and EchoStar and certain of their subsidiaries entered into certain agreements covering, among other things, tax matters, employee matters, intellectual property matters and the provision of transitional services. In addition, certain agreements that we had with EchoStar have terminated, and we entered into certain new agreements with EchoStar. As the Share Exchange was a transaction between entities that are under common control, accounting rules require that our Condensed Consolidated Financial Statements include the results of the Transferred Businesses for all periods presented, including periods prior to the completion of the Share Exchange. Intercompany transactions between the Transferred Businesses and us, including, among others, the sale of set-top boxes and broadcast services from EchoStar to us, have been eliminated to the extent possible, including the margin EchoStar received on those sales. See Note 2 for further information. We also may enter into additional agreements with EchoStar in the future. The following is a summary of the terms of our principal agreements with EchoStar that may have an impact on our financial condition and results of operations.

“Trade accounts receivable”

As of March 31, 2017 and December 31, 2016, trade accounts receivable from EchoStar was \$2 million and \$2 million, respectively. These amounts are recorded in “Trade accounts receivable” on our Condensed Consolidated Balance Sheets.

“Trade accounts payable”

As of March 31, 2017 and December 31, 2016, trade accounts payable to EchoStar was \$257 million and \$276 million, respectively. These amounts are recorded in “Trade accounts payable” on our Condensed Consolidated Balance Sheets.

“Equipment sales and other revenue”

During the three months ended March 31, 2017 and 2016, we received \$1 million and less than \$1 million, respectively, for services and other revenue from EchoStar. These amounts are recorded in “Equipment sales and other revenue” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The 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. During the second quarter 2015, EchoStar exercised its first renewal option for a period ending on August 1, 2018.
- *90 Inverness Lease Agreement.* In connection with the completion of the Share Exchange, effective March 1, 2017, EchoStar leases certain space from us at 90 Inverness Circle East, Englewood, Colorado for a period ending in December 2022. EchoStar has the option to renew this lease for four three-year periods.
- *Cheyenne Lease Agreement.* In connection with the completion of the Share Exchange, effective March 1, 2017, EchoStar leases certain space from us at 530 EchoStar Drive, Cheyenne, Wyoming for a period ending in March 2019. EchoStar has the option to renew this lease for thirteen one-year periods.

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· *Gilbert Lease Agreement.* In connection with the completion of the Share Exchange, effective March 1, 2017, EchoStar leases certain space from us at 801 N. DISH Dr., Gilbert, Arizona for a period ending in March 2019. EchoStar has the option to renew this lease for thirteen one-year periods.

· *American Fork Occupancy License Agreement.* In connection with the completion of the Share Exchange, effective March 1, 2017, we acquired the lease for certain space at 796 East Utah Valley Drive, American Fork, Utah, and we sublease certain space at this location to EchoStar for a period ending in August 2017.

Collocation and Antenna Space Agreements. In connection with the completion of the Share Exchange, effective March 1, 2017, we entered into certain agreements pursuant to which we will provide certain collocation and antenna space to EchoStar through March 2022 at the following locations: Cheyenne, Wyoming; Gilbert, Arizona; New Braunfels, Texas; Monee, Illinois; and Englewood, Colorado. EchoStar may terminate any of these agreements with 180 days' prior written notice to us. 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.

“Subscriber-related expenses”

During the three months ended March 31, 2017 and 2016, we incurred \$19 million and \$24 million, respectively, for subscriber-related expenses from EchoStar. These amounts are recorded in “Subscriber-related expenses” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The agreements pertaining to these expenses are discussed below.

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.

For the three months ended March 31, 2017 and 2016, we purchased broadband equipment from HNS of zero and \$3 million, respectively. These amounts are initially included in “Inventory” and are subsequently capitalized as “Property and equipment, net” on our Condensed Consolidated Balance Sheets or expensed as “Subscriber acquisition costs” or “Subscriber-related expenses” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) when the equipment is deployed. See “*Hughes Broadband Master Services Agreement*” below.

“Satellite and transmission expenses”

For the three months ended March 31, 2017 and 2016, we incurred expenses of \$89 million and \$90 million, respectively, for satellite capacity leased from EchoStar and telemetry, tracking and control and other professional services provided to us by EchoStar. EchoStar is a supplier of the vast majority of our transponder capacity. These amounts are recorded in “Satellite and transmission expenses” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The agreements pertaining to these expenses are discussed below.

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Satellite Capacity Leased from EchoStar. We have entered into certain satellite capacity agreements pursuant to which we lease certain capacity on certain satellites owned or leased by EchoStar. The fees for the services provided under these satellite capacity agreements depend, among other things, upon the orbital location of the applicable satellite, the number of transponders that are leased on the applicable satellite and the length of the lease. See “Pay-TV Satellites” in Note 8 for further information. The term of each lease is set forth below:

- *EchoStar VII, X, XI and XIV.* On March 1, 2014, we began leasing all available capacity from EchoStar on the EchoStar VII, X, XI and XIV satellites. The term of each satellite capacity agreement generally terminates upon the earlier of: (i) the end-of-life of the satellite; (ii) the date the satellite fails; or (iii) a certain date, which depends upon, among other things, the estimated useful life of the satellite. We generally have the option to renew each satellite capacity agreement on a year-to-year basis through the end of the respective satellite’s life. There can be no assurance that any options to renew such agreements will be exercised.
- *EchoStar IX.* We lease certain satellite capacity from EchoStar on EchoStar IX. Subject to availability, we generally have the right to continue to lease satellite capacity from EchoStar on EchoStar IX on a month-to-month basis.
- *EchoStar XII.* The lease for EchoStar XII generally terminates upon the earlier of: (i) the end-of-life or replacement of the satellite (unless we determine to renew on a year-to-year basis); (ii) the date the satellite fails; (iii) the date the transponders on which service is being provided fails; or (iv) a certain date, which depends upon, among other things, the estimated useful life of the satellite, whether the replacement satellite fails at launch or in orbit prior to being placed into service and the exercise of certain renewal options. This lease expires in September 2017, and we do not expect to renew this lease.
- *EchoStar XVI.* In December 2009, we entered into a transponder service agreement with EchoStar to lease all of the capacity on EchoStar XVI, a DBS satellite, after its service commencement date. EchoStar XVI was launched in November 2012 to replace EchoStar XV at the 61.5 degree orbital location and is currently in service. Effective December 21, 2012, we and EchoStar amended the transponder service agreement to, among other things, change the initial term to generally expire upon the earlier of: (i) the end-of-life or replacement of the satellite; (ii) the date the satellite fails; (iii) the date the transponder(s) on which service is being provided under the agreement fails; or (iv) four years following the actual service commencement date. In July 2016, we and EchoStar amended the transponder service agreement to, among other things, extend the initial term by one additional year and to reduce the term of the first renewal option by one year. Prior to expiration of the initial term, we have the option to renew for an additional five-year period. Prior to expiration of the initial term, EchoStar also has the right, upon certain conditions, to renew for an additional five-year period. If either we or EchoStar exercise our respective five-year renewal options, then we have the option to renew for an additional five-year period prior to expiration of the then-current term. There can be no assurance that any options to renew this agreement will be exercised.

Nimiq 5 Agreement. During 2009, EchoStar entered into a fifteen-year satellite service agreement with Telesat Canada (“Telesat”) to receive service on all 32 DBS transponders on the Nimiq 5 satellite at the 72.7 degree orbital location (the “Telesat Transponder Agreement”). During 2009, EchoStar also entered into a satellite service agreement (the “DISH Nimiq 5 Agreement”) with us, pursuant to which we currently receive service from EchoStar on all 32 of the DBS transponders covered by the Telesat Transponder Agreement. We have also guaranteed certain obligations of EchoStar under the Telesat Transponder Agreement. See discussion under “Guarantees” in Note 10.

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

Under the terms of the DISH Nimiq 5 Agreement, we make certain monthly payments to EchoStar that commenced in September 2009 when the Nimiq 5 satellite was placed into service and continue through the service term. Unless earlier terminated under the terms and conditions of the DISH Nimiq 5 Agreement, the service term will expire ten years following the date the Nimiq 5 satellite was placed into service. Upon expiration of the initial term, we have the option to renew the DISH Nimiq 5 Agreement on a year-to-year basis through the end-of-life of the Nimiq 5 satellite. Upon in-orbit failure or end-of-life of the Nimiq 5 satellite, and in certain other circumstances, we have certain rights to receive service from EchoStar on a replacement satellite. There can be no assurance that any options to renew the DISH Nimiq 5 Agreement will be exercised or that we will exercise our option to receive service on a replacement satellite.

QuetzSat-1 Lease Agreement. During 2008, EchoStar entered into a ten-year satellite service agreement with SES Latin America S.A. (“SES”), which provides, among other things, for the provision by SES to EchoStar of service on 32 DBS transponders on the QuetzSat-1 satellite. During 2008, EchoStar also entered into a transponder service agreement (“QuetzSat-1 Transponder Agreement”) with us pursuant to which we receive service from EchoStar on 24 DBS transponders. QuetzSat-1 was launched on September 29, 2011 and was placed into service during the fourth quarter 2011 at the 67.1 degree orbital location while we and EchoStar explored alternative uses for the QuetzSat-1 satellite. In the interim, EchoStar provided us with alternate capacity at the 77 degree orbital location. During the first quarter 2013, we and EchoStar entered into an agreement pursuant to which we sublease five DBS transponders back to EchoStar. In January 2013, QuetzSat-1 was moved to the 77 degree orbital location and we commenced commercial operations at that location in February 2013.

Unless earlier terminated under the terms and conditions of the QuetzSat-1 Transponder Agreement, the initial service term will expire in November 2021. Upon expiration of the initial term, we have the option to renew the QuetzSat-1 Transponder Agreement on a year-to-year basis through the end-of-life of the QuetzSat-1 satellite. Upon an in-orbit failure or end-of-life of the QuetzSat-1 satellite, and in certain other circumstances, we have certain rights to receive service from EchoStar on a replacement satellite. There can be no assurance that any options to renew the QuetzSat-1 Transponder Agreement will be exercised or that we will exercise our option to receive service on a replacement satellite.

103 Degree Orbital Location/SES-3. In May 2012, EchoStar entered into a spectrum development agreement (the “103 Spectrum Development Agreement”) with Ciel Satellite Holdings Inc. (“Ciel”) to develop certain spectrum rights at the 103 degree orbital location (the “103 Spectrum Rights”). In June 2013, we and EchoStar entered into a spectrum development agreement (the “DISH 103 Spectrum Development Agreement”) pursuant to which we may use and develop the 103 Spectrum Rights. Unless earlier terminated under the terms and conditions of the DISH 103 Spectrum Development Agreement, the term generally will continue for the duration of the 103 Spectrum Rights.

In connection with the 103 Spectrum Development Agreement, in May 2012, EchoStar also entered into a ten-year service agreement with Ciel pursuant to which EchoStar leases certain satellite capacity from Ciel on the SES-3 satellite at the 103 degree orbital location (the “103 Service Agreement”). In June 2013, we and EchoStar entered into an agreement pursuant to which we lease certain satellite capacity from EchoStar on the SES-3 satellite (the “DISH 103 Service Agreement”). Under the terms of the DISH 103 Service Agreement, we make certain monthly payments to EchoStar through the service term. Unless earlier terminated under the terms and conditions of the DISH 103 Service Agreement, the initial service term will expire on the earlier of: (i) the date the SES-3 satellite fails; (ii) the date the transponder(s) on which service was being provided under the agreement fails; or (iii) ten years following the actual service commencement date. Upon in-orbit failure or end of life of the SES-3 satellite, and in certain other circumstances, we have certain rights to receive service from EchoStar on a replacement satellite. There can be no assurance that we will exercise our option to receive service on a replacement satellite.

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

TT&C Agreement. Effective January 1, 2012, we entered into a telemetry, tracking and control (“TT&C”) agreement pursuant to which we receive TT&C services from EchoStar for certain satellites for a period ending on December 31, 2016 (the “2012 TT&C Agreement”). In November 2016, we and EchoStar amended the 2012 TT&C Agreement to extend the term thereof for one additional year until December 31, 2017. The fees for services provided under the 2012 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. We are able to terminate the 2012 TT&C Agreement for any reason upon 60 days notice.

DBSD North America Agreement. On March 9, 2012, we completed the DBSD Transaction. During the second quarter 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.

TerreStar Agreement. 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.

“General and administrative expenses”

During the three months ended March 31, 2017 and 2016, we incurred \$3 million and \$4 million, respectively, for general and administrative expenses from EchoStar. These amounts are recorded in “General and administrative expenses” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The 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 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:

- *Meridian Lease Agreement.* The lease for all of 9601 S. Meridian Blvd. in Englewood, Colorado is for a period ending on December 31, 2016. In December 2016, we and EchoStar amended this lease to, among other things, extend the term thereof for one additional year until December 31, 2017.
- *Santa Fe Lease Agreement.* The lease for all of 5701 S. Santa Fe Dr. in Littleton, Colorado is for a period ending on December 31, 2016. In December 2016, we and EchoStar amended this lease to, among other things, extend the term thereof for one additional year until December 31, 2017.
- *Cheyenne Lease Agreement.* The lease for certain space at 530 EchoStar Drive in Cheyenne, Wyoming is for a period ending on December 31, 2031. In connection with the completion of the Share Exchange, EchoStar transferred ownership of a portion of this property to us, and, effective March 1, 2017, we and EchoStar amended this lease agreement to (i) terminate the lease of certain space at the portion of the property that was transferred to us and (ii) provide for the continued lease to us of certain space at the portion of the property that EchoStar retained.
- *100 Inverness Lease Agreement.* In connection with the completion of the Share Exchange, effective March 1, 2017, we lease certain space from EchoStar at 100 Inverness Circle East, Englewood, Colorado for a period ending in December 2020. This agreement may be terminated by either party upon 180 days’ prior notice.

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

Professional Services Agreement. Prior to 2010, in connection with the Spin-off, 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 (previously provided under the Satellite Procurement Agreement) and receive logistics, procurement and quality assurance services from EchoStar (previously provided under the Services Agreement) and other support services. The Professional Services Agreement renewed on January 1, 2017 for an additional one-year period until January 1, 2018 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. In connection with the completion of the Share Exchange on February 28, 2017, DISH Network and EchoStar amended the Professional Services Agreement to, among other things, provide certain transition services to each other related to the Share Exchange Agreement. Revenue for services provided by us to EchoStar under the Professional Services Agreement is recorded in "Equipment sales and other revenue" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Other Agreements - EchoStar

Tax Sharing Agreement. In connection with the Spin-off, we entered into a 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.

We and EchoStar file combined income tax returns in certain states. In 2015 and 2014, EchoStar earned and recognized a tax benefit for certain state income tax credits that EchoStar estimates it would be unable to utilize in the future if it had filed separately from us. In addition, EchoStar earned and recognized tax benefits for certain federal income tax credits, a portion of which were allocated to us under IRS rules for affiliated companies. We expect to utilize these tax credits to reduce our federal and state income tax payable in the future. In accordance with accounting rules that apply to transfers of assets between entities under common control, we recorded a capital contribution of less than \$1 million in "Additional paid-in capital" on our Condensed Consolidated Balance Sheets for the year ended December 31, 2016 representing the amount that we estimate is more likely than not to be realized by us as a result of our utilization of these tax credits earned. Any payments made to EchoStar related to the utilization of these credits will be recorded as a reduction to "Additional paid-in capital" on our Condensed Consolidated Balance Sheets.

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

Tax Matters Agreement. In connection with the completion of the Share Exchange, we and EchoStar entered into a Tax Matters Agreement, which governs certain rights, responsibilities and obligations with respect to taxes of the Transferred Businesses pursuant to the Share Exchange. Generally, EchoStar is responsible for all tax returns and tax liabilities for the Transferred Businesses for periods prior to the Share Exchange, and we are responsible for all tax returns and tax liabilities for the Transferred Businesses from and after the Share Exchange. Both we and EchoStar have made certain tax-related representations and are subject to various tax-related covenants after the consummation of the Share Exchange. Both we and EchoStar have agreed to indemnify each other if there is a breach of any such tax representation or violation of any such tax covenant and that breach or violation results in the Share Exchange not qualifying for tax free treatment for the other party. In addition, we have agreed to indemnify EchoStar if the Transferred Businesses are acquired, either directly or indirectly (e.g., via an acquisition of us), by one or more persons and such acquisition results in the Share Exchange not qualifying for tax free treatment. The Tax Matters Agreement supplements the Tax Sharing Agreement described above, which continues in full force and effect.

TiVo. On April 29, 2011, we and EchoStar entered into a settlement agreement with TiVo Inc. (“TiVo”). The settlement resolved all pending litigation between us and EchoStar, on the one hand, and TiVo, on the other hand, including litigation relating to alleged patent infringement involving certain DISH digital video recorders, or DVRs. Under the settlement agreement, all pending litigation was dismissed with prejudice and all injunctions that permanently restrain, enjoin or compel any action by us or EchoStar were dissolved. We and EchoStar are jointly responsible for making payments to TiVo in the aggregate amount of \$500 million, including an initial payment of \$300 million and the remaining \$200 million in six equal annual installments between 2012 and 2017. Pursuant to the terms and conditions of the agreements entered into in connection with the Spin-off of EchoStar from us, we made the initial payment to TiVo in May 2011, except for the contribution from EchoStar totaling approximately \$10 million, representing an allocation of liability relating to EchoStar’s sales of DVR-enabled receivers to an international customer. Future payments will be allocated between us and EchoStar based on historical sales of certain licensed products, with us being responsible for 95% of each annual payment. Pursuant to the Share Exchange Agreement, we will be responsible for EchoStar’s allocation of the final payment to TiVo.

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. Each Cross License Agreement also contains an option to extend each Cross-License Agreement to include patents acquired by the respective party prior to January 1, 2022. In December 2016, we and EchoStar independently exercised our respective options to extend each Cross-License Agreement. The aggregate additional payments to such third-party was less than \$3 million. Since the aggregate payments under both Cross-License Agreements were based on the combined annual revenues of us and EchoStar, we and EchoStar agreed to allocate our respective payments to such third party based on our respective percentage of combined total revenue.

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.

Sale of Orange, New Jersey Properties. In October 2016, we and EchoStar sold two parcels of real estate owned separately by us and EchoStar in Orange, New Jersey to a third party pursuant to a purchase and sale agreement. Pursuant to the agreement, we and EchoStar separately received our respective payments from the buyer.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

Invidi. In November 2010 and April 2011, EchoStar made investments in Invidi in exchange for shares of Invidi's Series D Preferred Stock. In November 2016, we, DIRECTV, LLC, a wholly-owned indirect subsidiary of AT&T Inc., and Cavendish Square Holding B.V., an affiliate of WPP plc, entered into a series of agreements to acquire Invidi. As a result of the transaction, EchoStar sold its ownership interest in Invidi on the same terms offered to the other shareholders of Invidi. The transaction closed in January 2017.

Hughes Broadband Master Services Agreement. During March 2017, DISH Network L.L.C. ("DNLLC") and HNS entered into the MSA pursuant to which DNLLC will, among other things: (i) have the right, but not the obligation, to market, promote and solicit orders for the Hughes broadband satellite service and related equipment; and (ii) install 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 performed, by DNLLC. The MSA has an initial term of 5 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 the three months ended March 31, 2017, we purchased broadband equipment from HNS of \$7 million under this agreement.

Employee Matters Agreement. In connection with the completion of the Share Exchange, effective March 1, 2017, we and EchoStar entered into an Employee Matters Agreement that addresses the transfer of employees from EchoStar to us, including certain benefit and compensation matters and the allocation of responsibility for employee-related liabilities relating to current and past employees of the Transferred Businesses. We assumed employee-related liabilities relating to the Transferred Businesses as part of the Share Exchange, except that EchoStar will be responsible for certain existing employee-related litigation as well as certain pre-Share Exchange compensation and benefits for employees transferring to us in connection with the Share Exchange.

Intellectual Property and Technology License Agreement. In connection with the completion of the 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 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 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.

Related Party Transactions with NagraStar L.L.C.

As a result of the completion of the Share Exchange on February 28, 2017, 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 "Subscriber-related expenses" 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 "Subscriber acquisition costs" or "Subscriber-related expenses" 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" on our Condensed Consolidated Balance Sheets. Our investment in NagraStar is accounted for using the equity method.

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

The table below summarizes our transactions with NagraStar:

	For the Three Months Ended March 31,	
	2017	2016
	(In thousands)	
Purchases (including fees):		
Purchases from NagraStar	\$ 17,779	\$ 25,498
	(In thousands)	
	As of	
	March 31, 2017	December 31, 2016
	(In thousands)	
Amounts Payable and Commitments:		
Amounts payable to NagraStar	\$ 17,589	\$ 18,597
Commitments to NagraStar	\$ 3,090	\$ 2,716

Related Party Transactions with Dish Mexico

Dish Mexico, S. de R.L. de C.V. (“Dish Mexico”) is an entity that provides direct-to-home satellite services in Mexico, which is owned 49.0% by EchoStar. We provide certain broadcast services and sell hardware such as digital set-top boxes and related components to Dish Mexico, which are recorded in “Equipment sales and other” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

The table below summarizes our transactions with Dish Mexico:

	For the Three Months Ended March 31,	
	2017	2016
	(In thousands)	
Sales:		
Digital receivers and related components	\$ 871	\$ 22,554
Uplink services	\$ 1,023	\$ 1,009
	(In thousands)	
	As of	
	March 31, 2017	December 31, 2016
	(In thousands)	
Amounts Receivable:		
Amounts receivable from Dish Mexico	\$ 1,821	\$ 13,516

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following management's discussion and analysis of our financial condition and 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 discussion and 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, 2016 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

Our 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 promote our pay-TV services as providing our subscribers with a better "price-to-value" relationship than those available from other subscription television service providers.

As the pay-TV industry is mature, our strategy has included an increased emphasis on acquiring and retaining higher quality subscribers, even if it means that we will acquire and retain fewer overall subscribers. We evaluate the quality of subscribers based upon a number of factors, including, among others, profitability. Our Pay-TV subscriber base has been declining due to, among other things, this strategy. 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.

Our current revenue and profit is primarily derived from providing pay-TV and broadband services to our subscribers. We also generate revenue from equipment rental fees and other hardware related fees, including fees for DVRs, fees for broadband equipment, equipment upgrade fees and additional outlet fees from subscribers with receivers with multiple tuners; advertising services; fees earned from our in-home service operations; and sales of digital receivers and related components to third-party pay-TV providers. Our most significant expenses are subscriber-related expenses, which are primarily related to programming, subscriber acquisition costs and depreciation and amortization.

Financial Highlights

2017 First Quarter Consolidated Results of Operations and Key Operating Metrics

- Revenue of \$3.680 billion
- Pay-TV ARPU of \$86.55
- Net income attributable to DISH Network of \$376 million and basic and diluted earnings per share of common stock of \$0.81 and \$0.76, respectively.
- Gross new Pay-TV subscriber activations of approximately 547,000
- Pay-TV SAC of \$590
- Loss of approximately 143,000 net Pay-TV subscribers
- Pay-TV churn rate of 1.69%
- Loss of approximately 25,000 net broadband subscribers

Consolidated Financial Condition as of March 31, 2017

- Cash, cash equivalents and current marketable investment securities of \$6.803 billion
- Total assets of \$29.448 billion
- Total long-term debt and capital lease obligations of \$17.235 billion

Business Segments

We currently operate two primary business segments: (1) Pay-TV and Broadband and (2) Wireless.

Pay-TV and Broadband

We offer pay-TV services under the DISH® brand and the Sling® brand (collectively “Pay-TV” services). We had 13.528 million Pay-TV subscribers in the United States as of March 31, 2017 and are the nation’s fourth largest pay-TV provider. Competition has intensified in recent years as the pay-TV industry has matured. To differentiate our DISH branded pay-TV service from our competitors, we introduced the Hopper® whole-home DVR during 2012 and have continued to add functionality and simplicity for a more intuitive user experience. Our Hopper and Joey® whole-home DVR promotes a suite of integrated features and functionality designed to maximize the convenience and ease of watching TV anytime and anywhere. It also has several innovative features that a consumer can use, at his or her option, to watch and record television programming, through their televisions, Internet-connected tablets, smartphones and computers. During the first quarter 2016, we made our next generation Hopper, the Hopper 3, available to customers nationwide. Among other things, the Hopper 3 features 16 tuners, delivers an enhanced 4K Ultra HD experience, and supports up to seven TVs simultaneously. There can be no assurance that these integrated features and functionality will positively affect our results of operations or our gross new Pay-TV subscriber activations.

We market our Sling TV services primarily to consumers who do not subscribe to traditional satellite and cable pay-TV services. Our Sling TV services require an Internet connection and are available on multiple streaming-capable devices including TVs, tablets, computers, game consoles and smart phones. We offer Sling International, Sling Latino and Sling domestic video programming services. In addition to our original Sling domestic service that could only be streamed on one device at a time (single-stream service), in April 2016, we launched a live beta multi-stream Sling domestic service, which includes, among other things, the ability to stream on up to three devices simultaneously. In June 2016, our multi-stream Sling domestic service transitioned from its introductory beta period and was re-branded as Sling Blue and our original single-stream Sling domestic service was re-branded as Sling Orange. All Sling branded pay-TV subscribers are included in our Pay-TV subscriber count.

In addition, we bundle broadband and telephone services with our DISH branded pay-TV services. As of March 31, 2017, we had 0.555 million broadband subscribers in the United States. We market our wireline and satellite broadband services under the dishNET™ brand. Our dishNET satellite broadband service has utilized advanced technology and high-powered satellites launched by Hughes Communications, Inc. (“Hughes”) and ViaSat, Inc. (“ViaSat”) to provide broadband coverage nationwide, primarily targeting rural residents that are underserved, or unserved, by wireline broadband. Recently, satellite capacity constraints have limited our ability to expand satellite broadband services in certain geographic areas. However, new satellite launches by Hughes, including EchoStar XIX which was launched on December 18, 2016, and ViaSat are expected to provide additional capacity starting in 2017. During the first quarter 2017, we decided to transition our wholesale arrangement with Hughes to an authorized representative arrangement and entered into a master service agreement (the “MSA”) with Hughes Network Systems, LLC (“HNS”), a wholly-owned subsidiary of Hughes, pursuant to which we will, among other things: (i) have the right, but not the obligation, to market, promote and solicit orders for the Hughes broadband satellite service and related equipment; and (ii) install Hughes service equipment with respect to activations generated by us. While broadband subscriber activations generated by us under the MSA are not included in our Broadband subscriber count, under the MSA, HNS will make certain payments to us for each Hughes service activation generated and installation performed by us, and we will not have to incur subscriber acquisition costs for these subscribers. See Note 12 in the Notes to our Condensed Consolidated Financial Statements for further information. As a result of the MSA with Hughes, we are no longer marketing dishNET satellite broadband services provided on a wholesale basis by Hughes, and our Broadband subscriber count related to the Hughes service will decline through customer attrition.

As a result of the completion of the Share Exchange, described below, 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.

Share Exchange Agreement

On February 28, 2017, we and EchoStar and certain of our respective subsidiaries completed the transactions contemplated by the Share Exchange Agreement (the “Share Exchange Agreement”) that was previously entered into on January 31, 2017 (the “Share Exchange”). Pursuant to the Share Exchange Agreement, among other things, EchoStar transferred to us certain assets and liabilities of the EchoStar technologies and EchoStar broadcasting businesses, consisting primarily of the businesses that design, develop and distribute digital set-top boxes, provide satellite uplinking services and develop and support streaming video technology, as well as certain investments in joint ventures, spectrum licenses, real estate properties and EchoStar’s ten percent non-voting interest in Sling TV Holding L.L.C. (the “Transferred Businesses”), and in exchange, we transferred to EchoStar the 6,290,499 shares of preferred tracking stock issued by EchoStar (the “EchoStar Tracking Stock”) and 81,128 shares of preferred tracking stock issued by Hughes Satellite Systems Corporation, a subsidiary of EchoStar (“HSSC”) (the “HSSC Tracking Stock,” and together with the EchoStar Tracking Stock, collectively, the “Tracking Stock”), that tracked the residential retail satellite broadband business of HNS. In connection with the Share Exchange, we and EchoStar and certain of their subsidiaries entered into certain agreements covering, among other things, tax matters, employee matters, intellectual property matters and the provision of transitional services. See Note 12 in the Notes to our Condensed Consolidated Financial Statements for further information.

As the Share Exchange was a transaction between entities that are under common control accounting rules require that our Condensed Consolidated Financial Statements include the results of the Transferred Businesses for all periods presented, including periods prior to the completion of the Share Exchange. We initially recorded the Transferred Businesses at EchoStar’s historical cost basis. The difference between the historical cost basis of the Transferred Businesses and the net carrying value of the Tracking Stock is recorded in “Additional paid-in capital” on our Condensed Consolidated Balance Sheets. The results of the Transferred Businesses were prepared from separate records maintained by EchoStar for the periods prior to March 1, 2017, and may not necessarily be indicative of the conditions that would have existed, or the results of operations, if the Transferred Businesses had been operated on a combined basis with our subsidiaries. See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information.

The table below includes preliminary unaudited supplemental pro forma information of our quarterly results of operations and certain key metrics as if the results of the Transferred Businesses were included for the year ended December 31, 2016:

Quarterly Pro Forma Information - 2016	For the Three Months Ended			
	March 31	June 30	September 30	December 31
	(In thousands)			
Subscriber-related revenue	\$ 3,775,478	\$ 3,826,216	\$ 3,731,528	\$ 3,700,717
Equipment sales and other revenue	51,996	38,376	35,943	52,048
Total revenue	3,827,474	3,864,592	3,767,471	3,752,765
Subscriber-related expenses	2,230,249	2,249,260	2,225,138	2,208,977
Satellite and transmission expenses	168,581	175,626	179,523	186,990
Cost of sales - equipment and other	40,266	28,245	22,779	42,612
Subscriber acquisition costs	376,393	349,449	402,665	327,985
General and administrative expenses	201,001	182,144	190,708	183,249
Depreciation and amortization	227,566	239,586	223,997	230,053
Total costs and expenses	3,244,056	3,224,310	3,244,810	3,179,866
Operating income (loss)	\$ 583,418	\$ 640,282	\$ 522,661	\$ 572,899
Pay-TV average subscriber acquisition cost per subscriber (“Pay-TV SAC”)	\$ 625	\$ 756	\$ 620	\$ 525

Wireless

DISH Network Spectrum

We have invested over \$5.0 billion since 2008 to acquire certain wireless spectrum licenses and related assets. We will need to make significant additional investments or partner with others to, among other things, commercialize, build-out, and integrate these licenses and related assets, and any additional acquired licenses and related assets; and comply with regulations applicable to such licenses. Depending on the nature and scope of such commercialization, build-out, integration efforts, and regulatory compliance, any such investments or partnerships could vary significantly. In addition, as we consider our options for the commercialization of our wireless spectrum, we may incur significant additional expenses and may have to make significant investments related to, among other things, research and development, wireless testing and wireless network infrastructure. We may also determine that additional wireless spectrum licenses may be required to commercialize our wireless business and to compete with other wireless service providers.

Auction 1000. The broadcast incentive auction in the 600 MHz frequency range (“Auction 1000”) began on March 29, 2016 and concluded on March 30, 2017. On April 13, 2017, the FCC announced that ParkerB.com Wireless L.L.C. (“ParkerB.com”), a wholly-owned subsidiary of DISH Network, was the winning bidder for 486 wireless spectrum licenses (the “600 MHz Licenses”) with aggregate winning bids totaling approximately \$6.2 billion. On April 27, 2017, ParkerB.com filed an application with the FCC to acquire the 600 MHz Licenses and the FCC’s prohibition on certain communications related to Auction 1000 expired. On July 1, 2016, we paid \$1.5 billion to the FCC as a deposit for Auction 1000. The remaining balance of our winning bids of approximately \$4.7 billion is due May 11, 2017. We expect to pay the remaining balance from existing cash and marketable investment securities balances. Issuance of the 600 MHz Licenses to ParkerB.com depends, among other things, upon the FCC’s review and approval of the application filed by ParkerB.com. Objections to the application filed by ParkerB.com must be submitted to the FCC within ten days following the release by the FCC of the public notice listing the applications that have been found by the FCC to be acceptable for filing. We cannot predict the timing or the outcome of the FCC’s review of the application filed by ParkerB.com.

See Note 10 “*Commitments and Contingencies — DISH Network Spectrum*” in the Notes to our Condensed Consolidated Financial Statements for further information.

DISH Network Non-Controlling Investments in the Northstar Entities and the SNR Entities Related to AWS-3 Wireless Spectrum Licenses

Through our wholly-owned subsidiaries American AWS-3 Wireless II L.L.C. (“American II”) and American AWS-3 Wireless III L.L.C. (“American III”), we have made over \$10.0 billion in certain non-controlling investments in Northstar Spectrum, LLC (“Northstar Spectrum”), the parent company of Northstar Wireless, LLC (“Northstar Wireless,” and collectively with Northstar Spectrum, the “Northstar Entities”), and in SNR Wireless HoldCo, LLC (“SNR HoldCo”), the parent company of SNR Wireless LicenseCo, LLC (“SNR Wireless,” and collectively with SNR HoldCo, the “SNR Entities”), respectively. On October 27, 2015, the FCC granted certain AWS-3 wireless spectrum licenses (the “AWS-3 Licenses”) to Northstar Wireless and to SNR Wireless, respectively, which are recorded in “FCC authorizations” on our Condensed Consolidated Balance Sheets. Under the applicable accounting guidance in Accounting Standards Codification 810, *Consolidation* (“ASC 810”), Northstar Spectrum and SNR HoldCo are considered variable interest entities and, based on the characteristics of the structure of these entities and in accordance with the applicable accounting guidance, we have consolidated these entities into our financial statements beginning in the fourth quarter 2014. See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information. The AWS-3 Licenses are subject to certain interim and final build-out requirements. We may need to make significant additional loans to the Northstar Entities and to the SNR Entities, or they may need to partner with others, so that the Northstar Entities and the SNR Entities may commercialize, build-out and integrate these AWS-3 Licenses, comply with regulations applicable to such AWS-3 Licenses, and make any potential payments related to the re-auction of AWS-3 licenses retained by the FCC. Depending upon the nature and scope of such commercialization, build-out, integration efforts, regulatory compliance, and potential re-auction payments, any such loans or partnerships could vary significantly. See Note 10 “*Commitments and Contingencies — DISH Network Non-Controlling Investments in the Northstar Entities and the SNR Entities Related to AWS-3 Wireless Spectrum Licenses*” in the Notes to our Condensed Consolidated Financial Statements for further information.

We may need to raise significant additional capital in the future to fund the efforts described above, which may not be available on acceptable terms or at all. There can be no assurance that we, the Northstar Entities and/or the SNR Entities will be able to develop and implement business models that will realize a return on these wireless spectrum licenses or that we, the Northstar Entities and/or the SNR Entities will be able to profitably deploy the assets represented by these wireless spectrum licenses, which may affect the carrying amount of these assets and our future financial condition or results of operations. See Note 10 “*Commitments and Contingencies*” in the Notes to our Condensed Consolidated Financial Statements for further information.

Trends in our Pay-TV and Broadband Segment

Competition

Competition has intensified in recent years as the pay-TV industry has matured. With respect to our DISH branded pay-TV services, 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 incur significant costs to retain our existing DISH branded pay-TV customers, mostly as a result of upgrading their equipment to HD and DVR receivers and by providing retention credits. Our 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 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. In addition, our gross new Pay-TV subscriber activations, net Pay-TV subscriber additions and Pay-TV churn rate continue to be negatively impacted by stricter customer acquisition and retention policies for our DISH branded pay-TV subscribers, including an increased emphasis on acquiring and retaining higher quality subscribers.

Our Pay-TV services also face increased competition from programmers and other companies who distribute video directly to consumers over the Internet. Programming offered over the Internet has become more prevalent and consumers are spending an increasing amount of time accessing video content via the Internet on their mobile devices. Significant changes in consumer behavior with regard to 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-connected device they choose. Online content providers may cause our subscribers to disconnect our 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, such as pay per view movies, resulting in less revenue to us.

We implement new marketing promotions from time to time that are intended to increase our gross new Pay-TV subscriber activations. During 2015 and early 2016, we launched various marketing promotions offering certain DISH branded pay-TV programming packages without a price increase for a limited time period. During the third quarter 2016, we launched our Flex Pack skinny bundle with a core package of programming consisting of more than 50 channels and the choice of one of eight themed add-on channel packs, which include local broadcast networks and kids, national and regional sports and general entertainment programming. Subscribers can also add or remove additional channel packs to best suit their entertainment needs. During 2017, we launched “Tuned In To You” and the accompanying “Spokeslistener” campaign. While we plan to implement these and other new marketing efforts, there can be no assurance that we will ultimately be successful in increasing our gross new Pay-TV subscriber activations. Additionally, in response to our efforts, we may face increased competitive pressures, including aggressive marketing and retention efforts, bundled discount offers combining broadband, video and/or wireless services and other discounted promotional offers.

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. In the event that 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 “Subscriber-related expenses” and the largest component of our total expense. We expect these costs to continue to increase, and certain programming costs are rising at a much faster rate than wages or inflation, especially for local broadcast channels. 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 customers. In addition, programming costs continue to increase due to contractual price increases and the renewal of long-term programming contracts on less favorable pricing terms. 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 customers.

Increases in programming costs generally cause us to increase the rates that we charge to our subscribers, which could in turn cause our existing Pay-TV subscribers to disconnect our service or cause potential new Pay-TV subscribers to choose not to subscribe to our service. 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, such as pay-per-view movies, resulting in less revenue to us.

Furthermore, our gross new Pay-TV subscriber activations, net Pay-TV subscriber additions and Pay-TV churn rate may be negatively impacted if we are unable to renew our long-term programming carriage contracts before they expire. Our gross new Pay-TV subscriber activations, net Pay-TV subscriber additions and Pay-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 gross new Pay-TV subscriber activations, net Pay-TV subscriber additions and Pay-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 gross new Pay-TV subscriber activations, lower net Pay-TV subscriber additions or higher net Pay-TV subscriber losses, and higher Pay-TV churn rates.

Operations and Customer Service

While competitive factors have impacted the entire pay-TV industry, our relative performance has also been driven by issues specific to us. In the past, our subscriber growth has been adversely affected by signal theft and other forms of fraud and by our operational inefficiencies. To combat signal theft and improve the security of our broadcast system, we use microchips embedded in credit card sized access cards, called “smart cards,” or security chips in our DBS receiver systems to control access to authorized programming content (“Security Access Devices”). We expect that future replacements of these devices may be necessary to keep our system secure. To combat other forms of fraud, among other things, we monitor our independent third-party distributors’ and independent third-party retailers’ adherence to our business rules.

While we have made improvements in responding to and dealing with customer service issues, we continue to focus on the prevention of these issues, which is critical to our business, financial condition and results of operations. To improve our operational performance, we continue to make investments in staffing, training, information systems, and other initiatives, primarily in our call center and in-home service operations. These investments are intended to help combat inefficiencies introduced by the increasing complexity of our business, improve customer satisfaction, reduce churn, increase productivity, and allow us to scale better over the long run. We cannot be certain, however, that our spending will ultimately be successful in improving our operational performance.

Changes in our Technology

We have been deploying DBS receivers that utilize 8PSK modulation technology with MPEG-4 compression technology for several years. These technologies, when fully deployed, will allow improved broadcast efficiency, and therefore allow increased programming capacity. Many of our customers today, however, do not have DBS receivers that use MPEG-4 compression technology. In addition, given that all of our HD content is broadcast in MPEG-4, any growth in HD penetration will naturally accelerate our transition to these newer technologies and may increase our subscriber acquisition and retention costs. All new DBS receivers have MPEG-4 compression with 8PSK modulation technology.

In addition, from time to time, we change equipment for certain subscribers to make more efficient use of transponder capacity in support of HD and other initiatives. We believe that the benefit from the increase in available transponder capacity outweighs the short-term cost of these equipment changes.

EXPLANATION OF KEY METRICS AND OTHER ITEMS

Subscriber-related revenue. “Subscriber-related revenue” consists principally of revenue from basic, premium movie, local, HD programming, pay-per-view, Latino and international subscriptions; broadband services; equipment rental fees and other hardware related fees, including fees for DVRs, fees for broadband equipment, equipment upgrade fees and additional outlet fees; advertising services; fees earned from our in-home service operations and other subscriber revenue. Certain of the amounts included in “Subscriber-related revenue” are not recurring on a monthly basis.

Equipment sales and other revenue. “Equipment sales and other revenue” principally includes the non-subsidized sales of DBS accessories to independent third-party retailers and other independent third-party distributors of our equipment, sales of digital receivers and related components to third-party pay-TV providers and revenue from services and other agreements with EchoStar.

Subscriber-related expenses. “Subscriber-related expenses” principally include programming expenses, which represent a substantial majority of these expenses. “Subscriber-related expenses” also include costs for Pay-TV and broadband services incurred in connection with our in-home service and call center operations, billing costs, refurbishment and repair costs related to DBS receiver systems and broadband equipment, subscriber retention, other variable subscriber expenses and monthly wholesale fees paid to broadband providers.

Satellite and transmission expenses. “Satellite and transmission expenses” includes the cost of leasing satellite and transponder capacity from EchoStar and the cost of telemetry, tracking and control and other professional services provided to us by EchoStar. “Satellite and transmission expenses” also includes the cost of digital broadcast operations, executory costs associated with capital leases and costs associated with transponder leases and other related services. In addition, “Satellite and transmission expenses” includes costs associated with our Sling TV services including, among other things, streaming delivery technology and infrastructure.

Cost of sales - equipment and other. “Cost of sales - equipment and other” primarily includes the cost of non-subsidized sales of DBS accessories to independent third-party retailers and other independent third-party distributors of our equipment, costs associated with sales of digital receivers and related components to third-party pay-TV providers and costs related to services and other agreements with EchoStar.

Subscriber acquisition costs. While we primarily lease DBS receiver systems and broadband modem equipment, we also subsidize certain costs to attract new subscribers. Our “Subscriber acquisition costs” include the cost of subsidized sales of DBS receiver systems to independent third-party retailers and other independent third-party distributors of our equipment, the cost of subsidized sales of DBS receiver systems directly by us to subscribers, including net costs related to our promotional incentives, costs related to our direct sales efforts and costs related to installation and acquisition advertising. Our “Subscriber acquisition costs” also includes costs associated with acquiring Sling branded pay-TV subscribers including, among other things, costs related to acquisition advertising, our direct sales efforts and commissions.

Pay-TV SAC. Subscriber acquisition cost measures are commonly used by those evaluating companies in the pay-TV industry. We are not aware of any uniform standards for calculating the “average subscriber acquisition costs per new Pay-TV subscriber activation,” or Pay-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 Pay-TV SAC is calculated as “Subscriber acquisition costs,” excluding “Subscriber acquisition costs” associated with our broadband services, plus the value of equipment capitalized under our lease program for new DISH branded pay-TV subscribers, divided by gross new Pay-TV subscriber activations. We include all the costs of acquiring Pay-TV subscribers (e.g., subsidized and capitalized equipment) as we believe it is a more comprehensive measure of how much we are spending to acquire subscribers. We also include all new Pay-TV subscribers in our calculation, including Pay-TV subscribers added with little or no subscriber acquisition costs. Subscriber acquisition costs for Sling branded pay-TV subscribers are significantly lower than those for DISH branded pay-TV subscribers, and therefore, as Sling branded pay-TV subscriber activations increase, it will have a positive impact on Pay-TV SAC.

General and administrative expenses. “General and administrative expenses” consists primarily of employee-related costs associated with administrative services such as legal, information systems and accounting and finance. It also includes outside professional fees (e.g., legal, information systems and accounting services) and other items associated with facilities and administration.

Interest expense, net of amounts capitalized. “Interest expense, net of amounts capitalized” primarily includes interest expense (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 capital lease obligations. See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information regarding our capitalized interest policy.

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 financial instruments, impairment of marketable and non-marketable investment securities, unrealized gains and losses from changes in fair value of derivative financial instruments, 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” 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.

Pay-TV subscribers. We include customers obtained through direct sales, independent third-party retailers and other independent third-party distribution relationships in our Pay-TV subscriber count. We also provide DISH branded pay-TV service to hotels, motels and other commercial accounts. For certain of these commercial accounts, we divide our total revenue for these commercial accounts by an amount approximately equal to the retail price of our Flex Pack programming package, and include the resulting number, which is substantially smaller than the actual number of commercial units served, in our Pay-TV subscriber count. All Sling branded pay-TV subscribers are included in our Pay-TV subscriber count. Sling branded pay-TV subscribers receiving service for no charge, under certain new subscriber promotions, are excluded from our Pay-TV subscriber count. Sling branded pay-TV subscribers are reported net of disconnects in our gross new Pay-TV subscriber activations. For customers who subscribe to both our DISH branded pay-TV service and our Sling branded pay-TV services, each subscription is counted as a separate Pay-TV subscriber.

Broadband subscribers. We include customers who subscribe to either our satellite broadband service or our wireline broadband service under the dishNET brand as Broadband subscribers. Each broadband customer is counted as one Broadband subscriber, regardless of whether they are also a Pay-TV subscriber. A subscriber of both our Pay-TV and broadband services is counted as one Pay-TV subscriber and one Broadband subscriber. Broadband subscriber activations generated by us under the MSA with Hughes are not included in our Broadband subscriber count.

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 “Subscriber-related 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 branded pay-TV subscribers on average purchase lower priced programming services than DISH branded pay-TV subscribers, and therefore, as Sling branded pay-TV subscribers increase, it will have a negative impact on Pay-TV ARPU.

Pay-TV average monthly subscriber churn rate (“Pay-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 Pay-TV churn rate for any period by dividing the number of DISH branded pay-TV subscribers who terminated service during the period by the average number of Pay-TV subscribers for the same period, and further dividing by the number of months in the period. When calculating the Pay-TV churn rate, the same methodology for calculating average number of Pay-TV subscribers is used as when calculating Pay-TV ARPU. As described above, Sling branded pay-TV subscribers are reported net of disconnects in our gross new Pay-TV subscriber activations. Therefore, to the extent that our Sling branded pay-TV subscriber base grows, our Pay-TV churn rate will be positively impacted.

Free cash flow. We define free cash flow as “Net cash flows from operating activities” less “Purchases of property and equipment” and “Capitalized interest related to FCC authorizations,” as shown on our Condensed Consolidated Statements of Cash Flows.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016.

Statements of Operations Data	For the Three Months Ended March 31,		Variance	
	2017	2016	Amount	%
	(In thousands)			
Revenue:				
Subscriber-related revenue	\$ 3,644,086	\$ 3,775,478	\$ (131,392)	(3.5)
Equipment sales and other revenue	36,275	51,996	(15,721)	(30.2)
Total revenue	<u>3,680,361</u>	<u>3,827,474</u>	<u>(147,113)</u>	<u>(3.8)</u>
Costs and Expenses:				
Subscriber-related expenses	2,243,187	2,230,249	12,938	0.6
% of Subscriber-related revenue	61.6 %	59.1 %		
Satellite and transmission expenses	176,182	168,581	7,601	4.5
% of Subscriber-related revenue	4.8 %	4.5 %		
Cost of sales - equipment and other	27,973	40,266	(12,293)	(30.5)
Subscriber acquisition costs	290,034	376,393	(86,359)	(22.9)
General and administrative expenses	131,035	201,001	(69,966)	(34.8)
% of Total revenue	3.6 %	5.3 %		
Depreciation and amortization	204,630	227,566	(22,936)	(10.1)
Total costs and expenses	<u>3,073,041</u>	<u>3,244,056</u>	<u>(171,015)</u>	<u>(5.3)</u>
Operating income (loss)	<u>607,320</u>	<u>583,418</u>	<u>23,902</u>	<u>4.1</u>
Other Income (Expense):				
Interest income	14,292	3,954	10,338	*
Interest expense, net of amounts capitalized	(29,170)	(705)	(28,465)	*
Other, net	4,745	66,917	(62,172)	(92.9)
Total other income (expense)	<u>(10,133)</u>	<u>70,166</u>	<u>(80,299)</u>	<u>*</u>
Income (loss) before income taxes	597,187	653,584	(56,397)	(8.6)
Income tax (provision) benefit, net	(207,112)	(241,640)	34,528	14.3
Effective tax rate	34.7 %	37.0 %		
Net income (loss)	390,075	411,944	(21,869)	(5.3)
Less: Net income (loss) attributable to noncontrolling interests, net of tax	14,360	12,053	2,307	19.1
Net income (loss) attributable to DISH Network	<u>\$ 375,715</u>	<u>\$ 399,891</u>	<u>\$ (24,176)</u>	<u>(6.0)</u>
Other Data:				
Pay-TV subscribers, as of period end (in millions)	13.528	13.874	(0.346)	(2.5)
Pay-TV subscriber additions, gross (in millions)	0.547	0.657	(0.110)	(16.7)
Pay-TV subscriber additions (losses), net (in millions)	(0.143)	(0.023)	(0.120)	*
Pay-TV average monthly subscriber churn rate ("Pay-TV churn rate")	1.69 %	1.63 %	0.06 %	3.7
Pay-TV average subscriber acquisition cost per subscriber ("Pay-TV SAC")	\$ 590	\$ 625	\$ (35)	(5.6)
Pay-TV average monthly revenue per subscriber ("Pay-TV ARPU")	\$ 86.55	\$ 87.94	\$ (1.39)	(1.6)
Broadband subscribers, as of period end (in millions)	0.555	0.628	(0.073)	(11.6)
Broadband subscriber additions, gross (in millions)	0.027	0.056	(0.029)	(51.8)
Broadband subscriber additions (losses), net (in millions)	(0.025)	0.005	(0.030)	*
EBITDA	\$ 802,335	\$ 865,848	\$ (63,513)	(7.3)

* Percentage is not meaningful.

Pay-TV subscribers. We lost approximately 143,000 net Pay-TV subscribers during the three months ended March 31, 2017, compared to the loss of approximately 23,000 net Pay-TV subscribers during the same period in 2016. The increase in net Pay-TV subscriber losses during the three months ended March 31, 2017 compared to the same period in 2016 primarily resulted from lower gross new Pay-TV subscriber activations and a higher Pay-TV churn rate.

During the three months ended March 31, 2017, we activated approximately 547,000 gross new Pay-TV subscribers compared to approximately 657,000 gross new Pay-TV subscribers during the same period in 2016, a decrease of 16.7%.

This decrease in our gross new Pay-TV subscriber activations was primarily impacted by increased competitive pressures, including aggressive marketing and retention efforts, bundled discount offers combining broadband, video and/or wireless services and other discounted promotional offers, as well as stricter customer acquisition policies for our DISH branded pay-TV subscribers, including an increased emphasis on acquiring higher quality subscribers. This decrease was partially offset by an increase in Sling branded pay-TV subscriber activations during 2017.

Our Pay-TV churn rate for the three months ended March 31, 2017 was 1.69% compared to 1.63% for the same period in 2016. Our Pay-TV churn rate continues to be adversely affected by increased competitive pressures, including aggressive marketing, bundled discount offers combining broadband, video and/or wireless services and other discounted promotional offers, as well as cord cutting. Our Pay-TV churn rate is also impacted by, among other things, the credit quality of previously acquired subscribers, our ability to consistently provide outstanding customer service, price increases, programming interruptions in connection with the scheduled expiration of certain programming carriage contracts, our ability to control piracy and other forms of fraud and the level of our retention efforts. As part of our increased emphasis on retaining higher quality subscribers, we have been more selective in issuing retention credits, which has had a negative impact on our Pay-TV churn rate.

Our gross new Pay-TV subscriber activations, net Pay-TV subscriber additions and Pay-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 gross new Pay-TV subscriber activations, net Pay-TV subscriber additions and Pay-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 gross new Pay-TV subscriber activations, lower net Pay-TV subscriber additions or higher net Pay-TV subscriber losses, and higher Pay-TV churn rates.

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 Pay-TV subscriber activations as well as Pay-TV churn rate. Our future gross new Pay-TV subscriber activations and our Pay-TV churn rate may be negatively impacted by these factors, which could in turn adversely affect our revenue growth.

Broadband subscribers. We lost approximately 25,000 net Broadband subscribers during the three months ended March 31, 2017 compared to the addition of approximately 5,000 net Broadband subscribers during the same period in 2016. The net Broadband subscriber losses during the three months ended March 31, 2017 primarily resulted from lower gross new Broadband subscriber activations and a higher number of customer disconnects. During the three months ended March 31, 2017 and 2016, we activated approximately 27,000 and 56,000 gross new Broadband subscribers, respectively. Gross new Broadband subscriber activations declined primarily due to stricter customer acquisition policies, including an increased emphasis on acquiring higher quality subscribers, lower gross Pay-TV subscriber activations and satellite capacity constraints in certain geographic areas. Customer disconnects have been negatively impacted, in part, by our increased emphasis on retaining higher quality subscribers, which includes, among other things, being more selective in issuing retention credits. As a result of the MSA with Hughes, we are no longer marketing dishNET broadband satellite services provided on a wholesale basis by Hughes, and our Broadband subscriber count related to the Hughes service will decline through customer attrition.

Subscriber-related revenue. “Subscriber-related revenue” totaled \$3.644 billion for the three months ended March 31, 2017, a decrease of \$131 million or 3.5% compared to the same period in 2016. The change in “Subscriber-related revenue” from the same period in 2016 was primarily related to a lower average Pay-TV subscriber base and the decrease in Pay-TV ARPU discussed below. Included in “Subscriber-related revenue” was \$108 million and \$116 million of revenue related to our broadband services for the three months ended March 31, 2017 and 2016, respectively, representing 3.0% and 3.1% of our total “Subscriber-related revenue,” respectively.

Pay-TV ARPU. Pay-TV ARPU was \$86.55 during the three months ended March 31, 2017 versus \$87.94 during the same period in 2016. The \$1.39 or 1.6% decrease in Pay-TV ARPU was primarily attributable to a shift in DISH branded pay-TV programming package mix and an increase in Sling branded pay-TV subscribers. Sling branded pay-TV subscribers on average purchase lower priced programming services than DISH branded pay-TV subscribers, and therefore, the increase in Sling branded pay-TV subscribers during 2017 had a negative impact on Pay-TV ARPU. We expect this trend to continue. These decreases were partially offset by DISH branded pay-TV programming package price increases in February 2017 and 2016.

Subscriber-related expenses. “Subscriber-related expenses” totaled \$2.243 billion during the three months ended March 31, 2017, an increase of \$13 million or 0.6% compared to the same period in 2016. The increase in “Subscriber-related expenses” was primarily attributable to higher programming costs per subscriber, partially offset by a lower average Pay-TV subscriber base and a decrease in variable costs per subscriber. The increase in programming costs per subscriber was driven by rate increases in certain of our programming contracts, including the renewal of certain contracts at higher rates, particularly for local broadcast channels. Included in “Subscriber-related expenses” was \$65 million and \$70 million of expense related to our broadband services for the three months ended March 31, 2017 and 2016, respectively. “Subscriber-related expenses” represented 61.6% and 59.1% of “Subscriber-related revenue” for the three months ended March 31, 2017 and 2016, respectively. The increase in this expense to revenue ratio primarily resulted from higher programming costs, discussed above.

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 “Subscriber-related expenses” have and may 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 continue to increase to the extent we are successful in growing our Pay-TV subscriber base.

Subscriber acquisition costs. “Subscriber acquisition costs” totaled \$290 million during the three months ended March 31, 2017, a decrease of \$86 million or 22.9% compared to the same period in 2016. This change was primarily attributable to fewer gross new Pay-TV subscriber activations, a decrease in Pay-TV SAC, discussed below, and a decrease in expense related to our Broadband subscriber activations. Included in “Subscriber acquisition costs” was \$10 million and \$24 million of expenses related to our broadband services for the three months ended March 31, 2017 and 2016, respectively.

Pay-TV SAC. Pay-TV SAC was \$590 during the three months ended March 31, 2017 compared to \$625 during the same period in 2016, a decrease of \$35 or 5.6%. This change was primarily attributable to an increase in Sling branded pay-TV subscriber activations, partially offset by an increase in advertising costs per activation. Subscriber acquisition costs for Sling branded pay-TV subscribers are significantly lower than those for DISH branded pay-TV subscribers, and therefore, the increase in Sling branded pay-TV subscriber activations during 2017 had a positive impact on Pay-TV SAC. We expect this trend to continue.

During the three months ended March 31, 2017 and 2016, the amount of equipment capitalized under our lease program for new DISH branded pay-TV subscribers totaled \$42 million and \$58 million, respectively. This decrease in capital expenditures under our lease program for new DISH branded pay-TV subscribers resulted primarily from fewer gross new Pay-TV subscriber activations, discussed above.

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 Pay-TV SAC reduction associated with redeployment of that returned lease equipment.

Our “Subscriber acquisition costs” and “Pay-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. See further information under “*Liquidity and Capital Resources — Subscriber Acquisition and Retention Costs.*”

General and administrative expenses. “General and administrative expenses” totaled \$131 million during the three months ended March 31, 2017, a \$70 million or 34.8% decrease compared to the same period in 2016. This decrease was primarily driven by the positive impact of litigation settlements during 2017 and a decrease in costs to support DISH Network.

Depreciation and amortization. “Depreciation and amortization” expense totaled \$205 million during the three months ended March 31, 2017, a \$23 million or 10.1% decrease compared to the same period in 2016. This change was primarily driven by a decrease in depreciation expense from equipment leased to new and existing DISH branded pay-TV subscribers.

Interest expense, net of amounts capitalized. “Interest expense, net of amounts capitalized” totaled \$29 million during the three months ended March 31, 2017, an increase of \$28 million compared to the same period in 2016. This increase was primarily related to interest expense associated with the issuance of our 3 3/8% Convertible Notes due 2026 (the “Convertible Notes due 2026”) and our 7 3/4% Senior Notes due 2026, partially offset by an increase of \$45 million in capitalized interest principally associated with wireless spectrum. In addition, in the event that the 600 MHz Licenses in Auction 1000 for which we were the winning bidder are ultimately issued to us by the FCC, the addition of the carrying amount of these licenses, together with the carrying amount of current wireless spectrum licenses, will exceed the amount of long-term debt and capital lease obligations on our Condensed Consolidated Balance Sheets as of March 31, 2017. Therefore, we expect that materially all of our interest expense will be capitalized in future periods. See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information.

Other, net. “Other, net” income was \$5 million during the three months ended March 31, 2017, a decrease of \$62 million or 92.9% compared to the same period in 2016. This change resulted from a decrease in net realized and/or unrealized gains on our marketable investment securities and derivative financial instruments. See Note 6 in the Notes to our Condensed Consolidated Financial Statements for further information.

Earnings before interest, taxes, depreciation and amortization. EBITDA was \$802 million during the three months ended March 31, 2017, a decrease of \$64 million or 7.3% compared to the same period in 2016. EBITDA for the three months ended March 31, 2016 was positively impacted by “Other, net” income of \$67 million. The following table reconciles EBITDA to the accompanying financial statements.

	For the Three Months Ended March 31,	
	2017	2016
	(In thousands)	
EBITDA	\$ 802,335	\$ 865,848
Interest, net	(14,878)	3,249
Income tax (provision) benefit, net	(207,112)	(241,640)
Depreciation and amortization	(204,630)	(227,566)
Net income (loss) attributable to DISH Network	\$ 375,715	\$ 399,891

EBITDA is not a measure determined in accordance with accounting principles generally accepted in the United States (“GAAP”) and should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. EBITDA is used as a measurement of operating efficiency and overall financial performance and we believe it to be a helpful measure for those evaluating companies in the pay-TV industry. 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.

Income tax (provision) benefit, net. Our income tax provision was \$207 million during the three months ended March 31, 2017, a decrease of \$35 million compared to the same period in 2016. The decrease in the provision was primarily related to the decrease in “Income (loss) before income taxes,” and a decrease in our effective tax rate.

LIQUIDITY AND CAPITAL RESOURCES

Cash, Cash Equivalents and Current Marketable Investment Securities

We consider all liquid investments purchased within 90 days of their maturity to be cash equivalents. See Note 6 in the Notes to our Condensed Consolidated Financial Statements for further information regarding our marketable investment securities. As of March 31, 2017, our cash, cash equivalents and current marketable investment securities totaled \$6.803 billion compared to \$5.360 billion as of December 31, 2016, an increase of \$1.443 billion. This increase in cash, cash equivalents and current marketable investment securities primarily resulted from approximately \$994 million in net proceeds from the issuance of our 2 3/8% Convertible Notes due 2024 (the “Convertible Notes due 2024”) and cash generated from operating activities of \$937 million. These amounts were partially offset by capital expenditures of \$397 million (including capitalized interest related to FCC authorizations).

Cash Flow

The following discussion highlights our cash flow activities during the three months ended March 31, 2017.

Cash flows from operating activities

For the three months ended March 31, 2017, we reported “Net cash flows from operating activities” of \$937 million primarily attributable to \$742 million of net income adjusted to exclude the non-cash items for “Depreciation and amortization” expense, “Realized and unrealized losses (gains) on investments” and “Deferred tax expense (benefit).” In addition, “Net cash flows from operating activities” was impacted by the timing difference between book expense and cash payments including income taxes.

Cash flows from investing activities

For the three months ended March 31, 2017, we reported outflows from “Net cash flows from investing activities” of \$463 million primarily related to capital expenditures of \$397 million (including capitalized interest related to FCC authorizations) and a \$91 million purchase of a strategic investment, partially offset by \$20 million in net sales of marketable investment securities. The capital expenditures included \$283 million of capitalized interest related to FCC authorizations, \$78 million for new and existing Pay-TV subscriber equipment, \$1 million for new and existing Broadband subscriber equipment and \$35 million of other corporate capital expenditures.

Cash flows from financing activities

For the three months ended March 31, 2017, we reported “Net cash flows from financing activities” of \$984 million primarily related to approximately \$994 million in net proceeds from the issuance of the Convertible Notes due 2024.

Free Cash Flow

We define free cash flow as “Net cash flows from operating activities” less “Purchases of property and equipment,” and “Capitalized interest related to FCC authorizations,” as shown on our Condensed Consolidated Statements of Cash Flows. We believe free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions and for certain other activities. Free cash flow is not a measure determined in accordance with GAAP and should not be considered a substitute for “Operating income,” “Net income,” “Net cash flows from operating activities” or any other measure determined in accordance with GAAP. Since free cash flow includes investments in operating assets, we believe this non-GAAP liquidity measure is useful in addition to the most directly comparable GAAP measure “Net cash flows from operating activities.”

Free cash flow can be significantly impacted from period to period by changes in operating assets and liabilities and in “Purchases of property and equipment” as shown in the “Net cash flows from operating activities” and “Net cash flows from investing activities” sections, respectively, of our Condensed Consolidated Statements of Cash Flows included herein. Operating asset and liability balances can fluctuate significantly from period to period and there can be no assurance that free cash flow will not be negatively impacted by material changes in operating assets and liabilities in future periods, since these changes depend upon, among other things, management’s timing of payments and control of inventory levels, and cash receipts. In addition to fluctuations resulting from changes in operating assets and liabilities, free cash flow can vary significantly from period to period depending upon, among other things, subscriber growth, subscriber revenue, subscriber churn, subscriber acquisition and retention costs including amounts capitalized under our equipment lease programs, operating efficiencies, increases or decreases in purchases of property and equipment, commercialization of our wireless spectrum and other factors.

The following table reconciles free cash flow to “Net cash flows from operating activities.”

	For the Three Months Ended March 31,	
	2017	2016
	(In thousands)	
Free cash flow	\$ 539,271	\$ 541,476
Add back:		
Purchases of property and equipment (including capitalized interest related to FCC authorizations)	397,496	386,560
Net cash flows from operating activities	<u>\$ 936,767</u>	<u>\$ 928,036</u>

Operational Liquidity

We make general investments in property such as satellites, set-top boxes, information technology and facilities that support our overall business. 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 assurances 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 Pay-TV churn rate and how successful we are at retaining our current Pay-TV subscribers. As we lose Pay-TV 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 subscriber-related margins. To the extent our “Subscriber-related expenses” grow faster than our “Subscriber-related revenue,” the amount of cash flow that is generated per existing subscriber is reduced. 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. Finally, our future cash flow is impacted by the rate at which we make general investments and any cash flow from financing activities.

Our subscriber-specific investments to acquire new subscribers have a significant impact on our cash flow. While fewer subscribers will likely translate into lower ongoing cash flow in the long-term, cash flow is actually aided, in the short-term, by the reduction in subscriber-specific investment spending. As a result, a slow-down in our business due to external or internal factors does not introduce the same level of short-term liquidity risk as it might in other industries.

Subscriber Base

We lost approximately 143,000 net Pay-TV subscribers during the three months ended March 31, 2017, compared to the loss of approximately 23,000 net Pay-TV subscribers during the same period in 2016. The increase in net Pay-TV subscriber losses during the three months ended March 31, 2017 compared to the same period in 2016 primarily resulted from lower gross new Pay-TV subscriber activations and a higher Pay-TV churn rate. See “Results of Operations” above for further information.

Subscriber Acquisition and Retention Costs

We incur significant upfront costs to acquire subscribers, including advertising, independent third-party retailer incentives, equipment subsidies, installation services, and/or new customer promotions. While we attempt to recoup these upfront costs over the lives of their subscription, there can be no assurance that we will be successful in achieving that objective. With respect to our DISH branded pay-TV service, we employ business rules such as minimum credit requirements for prospective customers and contractual commitments to receive service for a minimum term. We strive to provide outstanding customer service, to increase the likelihood of customers keeping their Pay-TV services over longer periods of time. Subscriber acquisition costs for Sling branded pay-TV subscribers are significantly lower than those for DISH branded pay-TV subscribers, and therefore, as Sling branded pay-TV subscriber activations increase, it will have a positive impact on subscriber acquisition costs. Our subscriber acquisition costs may vary significantly from period to period.

We incur significant costs to retain our existing DISH branded pay-TV customers, mostly by upgrading their equipment to HD and DVR receivers and by providing retention credits. As with our subscriber acquisition costs, our retention upgrade spending includes the cost of equipment and installation services. In certain circumstances, we also offer programming at no additional charge and/or promotional pricing for limited periods to existing customers in exchange for a contractual commitment to receive service for a minimum term. A component of our retention efforts includes the installation of equipment for customers who move. Our subscriber retention costs may vary significantly from period to period.

Seasonality

Historically, the first half of the year generally produces fewer gross new Pay-TV subscriber activations than the second half of the year, as is typical in the pay-TV industry. In addition, the first and fourth quarters generally produce a lower churn rate than the second and third quarters. However, we cannot provide assurance that this will continue in the future.

Satellites

Operation of our DISH branded pay-TV service requires that we have adequate satellite transmission capacity for the programming that we offer. Moreover, current competitive conditions require that we continue to expand our offering of new programming. While we generally have had in-orbit satellite capacity sufficient to transmit our existing channels and some backup capacity to recover the transmission of certain critical programming, our backup capacity is limited. In the event of a failure or loss of any of our owned or leased satellites, we may need to acquire or lease additional satellite capacity or relocate one of our other satellites and use it as a replacement for the failed or lost satellite. Such a failure could result in a prolonged loss of critical programming or a significant delay in our plans to expand programming as necessary to remain competitive and cause us to expend a significant portion of our cash to acquire or lease additional satellite capacity.

Security Systems

Increases in theft of our signal or our competitors' signals could, in addition to reducing gross new subscriber activations, also cause subscriber churn to increase. We use Security Access Devices in our DBS receiver systems to control access to authorized programming content. Our signal encryption has been compromised in the past and may be compromised in the future even though we continue to respond with significant investment in security measures, such as Security Access Device replacement programs and updates in security software, that are intended to make signal theft more difficult. It has been our prior experience that security measures may only be effective for short periods of time or not at all and that we remain susceptible to additional signal theft. We expect that future replacements of Security Access Devices may be necessary to keep our system secure. We cannot ensure that we will be successful in reducing or controlling theft of our programming content and we may incur additional costs in the future if our system's security is compromised.

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. Should we fail to comply with these covenants, all or a portion of the debt under the senior notes and our other long-term debt could become immediately payable. The senior notes also provide that the debt may be required to be prepaid if certain change-in-control events occur. In addition, the Convertible Notes due 2026 and the Convertible Notes due 2024 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 due 2026 and their Convertible Notes due 2024. 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.

Other

We are also vulnerable to fraud, particularly in the acquisition of new subscribers. While we are addressing the impact of subscriber fraud through a number of actions, there can be no assurance that we will not continue to experience fraud, which could impact our subscriber growth and churn. Economic weakness may create greater incentive for signal theft, piracy and subscriber fraud, which could lead to higher subscriber churn and reduced revenue.

Obligations and Future Capital Requirements

We expect to fund our future working capital, capital expenditures and debt service requirements from cash generated from operations, existing cash, cash equivalents and marketable investment securities balances, and cash generated through raising additional capital. The amount of capital required to fund our future working capital and capital expenditure needs varies, depending on, among other things, the rate at which we acquire new subscribers and the cost of subscriber acquisition and retention, including capitalized costs associated with our new and existing subscriber equipment lease programs. The majority of our capital expenditures for 2017, with the exception of the commercialization of our existing wireless spectrum licenses and purchase of additional wireless spectrum licenses discussed below, are expected to be driven by the costs associated with subscriber premises equipment and capital expenditures for our satellite-related obligations. These expenditures are necessary to operate and maintain our Pay-TV services. Consequently, we consider them to be non-discretionary. The amount of capital required will also depend on the levels of investment necessary to support potential strategic initiatives that may arise from time to time. Our capital expenditures vary depending on 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 Pay-TV subscriber base has been declining and 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. In the event that our Pay-TV subscriber base continues to decline, it could have a material adverse long-term effect on our cash flow. These factors, including a reduction in our available future cash flows, could require that we raise additional capital in the future.

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 acceptable terms. These developments may have a significant effect on our cost of financing and our liquidity position.

Wireless

DISH Network Spectrum

We have invested over \$5.0 billion since 2008 to acquire certain wireless spectrum licenses and related assets. We will need to make significant additional investments or partner with others to, among other things, commercialize, build-out, and integrate these licenses and related assets, and any additional acquired licenses and related assets; and comply with regulations applicable to such licenses. Depending on the nature and scope of such commercialization, build-out, integration efforts, and regulatory compliance, any such investments or partnerships could vary significantly. In addition, as we consider our options for the commercialization of our wireless spectrum, we may incur significant additional expenses and may have to make significant investments related to, among other things, research and development, wireless testing and wireless network infrastructure. We may also determine that additional wireless spectrum licenses may be required to commercialize our wireless business and to compete with other wireless service providers.

Auction 1000. Auction 1000 began on March 29, 2016 and concluded on March 30, 2017. On April 13, 2017, the FCC announced that ParkerB.com, a wholly-owned subsidiary of DISH Network, was the winning bidder for certain 600 MHz Licenses with aggregate winning bids totaling approximately \$6.2 billion. On April 27, 2017, ParkerB.com filed an application with the FCC to acquire the 600 MHz Licenses and the FCC's prohibition on certain communications related to Auction 1000 expired. On July 1, 2016, we paid \$1.5 billion to the FCC as a deposit for Auction 1000. The remaining balance of our winning bids of approximately \$4.7 billion is due May 11, 2017. We expect to pay the remaining balance from existing cash and marketable investment securities balances. Issuance of the 600 MHz Licenses to ParkerB.com depends, among other things, upon the FCC's review and approval of the application filed by ParkerB.com. Objections to the application filed by ParkerB.com must be submitted to the FCC within ten days following the release by the FCC of the public notice listing the applications that have been found by the FCC to be acceptable for filing. We cannot predict the timing or the outcome of the FCC's review of the application filed by ParkerB.com.

See Note 10 "*Commitments and Contingencies — DISH Network Spectrum*" in the Notes to our Condensed Consolidated Financial Statements for further information.

DISH Network Non-Controlling Investments in the Northstar Entities and the SNR Entities Related to AWS-3 Wireless Spectrum Licenses. Through our wholly-owned subsidiaries American II and American III, we have made over \$10.0 billion in certain non-controlling investments in Northstar Spectrum, the parent company of Northstar Wireless, and in SNR HoldCo, the parent company of SNR Wireless, respectively. On October 27, 2015, the FCC granted certain AWS-3 Licenses to Northstar Wireless and to SNR Wireless, respectively, which are recorded in “FCC authorizations” on our Condensed Consolidated Balance Sheets. Under the applicable accounting guidance in ASC 810, Northstar Spectrum and SNR HoldCo are considered variable interest entities and, based on the characteristics of the structure of these entities and in accordance with the applicable accounting guidance, we have consolidated these entities into our financial statements beginning in the fourth quarter 2014. See Note 2 in the Notes to our Condensed Consolidated Financial Statements for further information. The AWS-3 Licenses are subject to certain interim and final build-out requirements. We may need to make significant additional loans to the Northstar Entities and to the SNR Entities, or they may need to partner with others, so that the Northstar Entities and the SNR Entities may commercialize, build-out and integrate these AWS-3 Licenses, comply with regulations applicable to such AWS-3 Licenses, and make any potential payments related to the re-auction of AWS-3 licenses retained by the FCC. Depending upon the nature and scope of such commercialization, build-out, integration efforts, regulatory compliance, and potential re-auction payments, any such loans or partnerships could vary significantly. See Note 10 “*Commitments and Contingencies —DISH Network Non-Controlling Investments in the Northstar Entities and the SNR Entities Related to AWS-3 Wireless Spectrum Licenses*” in the Notes to our Condensed Consolidated Financial Statements for further information.

We may need to raise significant additional capital in the future to fund the efforts described above, which may not be available on acceptable terms or at all. There can be no assurance that we, the Northstar Entities and/or the SNR Entities will be able to develop and implement business models that will realize a return on these wireless spectrum licenses or that we, the Northstar Entities and/or the SNR Entities will be able to profitably deploy the assets represented by these wireless spectrum licenses, which may affect the carrying amount of these assets and our future financial condition or results of operations. See Note 10 “*Commitments and Contingencies*” in the Notes to our Condensed Consolidated Financial Statements for further information.

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.

Debt Maturity

Our 4 5/8% Senior Notes with an aggregate principal balance of \$900 million mature on July 15, 2017. We expect to fund this obligation from cash and marketable investment securities balances at that time. But, depending on market conditions, we may refinance this obligation in whole or in part.

Off-Balance Sheet Arrangements

Other than the “Guarantees” disclosed in Note 10 in the Notes to our Condensed Consolidated Financial Statements, we generally do not engage in off-balance sheet financing activities.

New Accounting Pronouncements

Revenue from Contracts with Customers. On May 28, 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2014-09 *Revenue from Contracts with Customers* (“ASU 2014-09”), and has modified the standard thereafter. On July 9, 2015, the FASB approved a one year deferral on the effective date for implementation of this standard, which changed the effective date for us to January 1, 2018. This converged standard on revenue recognition was issued jointly with the International Accounting Standards Board to create common revenue recognition guidance for GAAP and International Financial Reporting Standards. ASU 2014-09 provides a framework for revenue recognition that replaces most existing GAAP revenue recognition guidance when it becomes effective. ASU 2014-09 allows for either a full retrospective or modified retrospective adoption. We are evaluating the effect that ASU 2014-09 will have on our Condensed Consolidated Financial Statements and related disclosures. We have not yet selected an adoption method. While we have not determined the effect of the standard on our ongoing financial reporting, we believe that the standard will, among other things, change the allocation and timing of when revenue is recognized for those customers who have a contractual commitment to receive service for a minimum term, including time-limited discounts or free service periods. Under current accounting rules, we recognize revenue net of discounts during the promotional periods and do not recognize any revenue during free service periods. Under ASU 2014-09, revenue recognition will be accelerated for these contracts as the impact of discounts or free service periods that are considered performance obligations will be recognized uniformly over the total contractual period. In addition, the standard will require that incremental costs to obtain a customer, which represent a significant portion of our non-advertising subscriber acquisition costs, be deferred and recognized over the expected customer life, whereas our current policy is to expense these costs as incurred. As the new standard will impact revenue and cost recognition for a significant number of our contracts, as well as our business processes and information technology systems, our evaluation of the effect of the new standard is ongoing. We are currently in the process of identifying and implementing changes to our systems, processes, and internal controls to meet the requirements of the standard. The ultimate impact of adopting ASU 2014-09 for both revenue recognition and costs to obtain and fulfill contracts will depend on the promotions and offers in place during the period leading up to and after the adoption of ASU 2014-09.

Recognition and Measurement of Financial Assets and Financial Liabilities. On January 5, 2016, the FASB issued ASU 2016-01 *Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”), which amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. This amendment requires all equity investments to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under equity method of accounting or those that result in consolidation of the investee). This standard will be effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We are evaluating the impact the adoption of ASU 2016-01 will have on our Condensed Consolidated Financial Statements.

Leases. On February 25, 2016, the FASB issued ASU 2016-02 *Leases* (“ASU 2016-02”), which relates to the accounting of leasing transactions. This standard requires a lessee to record on the balance sheet the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. In addition, this standard requires both lessees and lessors to disclose certain key information about lease transactions. This standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are evaluating the impact the adoption of ASU 2016-02 will have on our Condensed Consolidated Financial Statements.

Financial Instruments – Credit Losses. On June 16, 2016, the FASB issued ASU 2016-13 *Financial Instruments – Credit Losses, Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), which changes the way entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net earnings. This standard will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. We are evaluating the impact the adoption of ASU 2016-13 will have on our Condensed Consolidated Financial Statements and related disclosures.

Statement of Cash Flows - Update. On August 26, 2016, the FASB issued 2016-15 *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (“ASU 2016-15”). This update consists of eight provisions that provide guidance on the classification of certain cash receipts and cash payments. If practicable, this update should be applied using a retrospective transition method to each period presented. For the provisions that are impracticable to apply retrospectively, those provisions may be applied prospectively as of the earliest date practicable. This update will become effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. We are evaluating the impact the adoption of ASU 2016-15 will have on our Condensed Consolidated Financial Statements.

Statement of Cash Flows: Restricted Cash. On November 17, 2016, the FASB issued ASU 2016-18 *Restricted Cash* (“ASU 2016-18”), which addresses the diversity where changes in restricted cash are classified on the cash flow statement. ASU 2016-18 requires that changes in restricted cash and cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts on the statement of cash flows. This standard will be effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. We expect that the adoption of ASU 2016-18 will have an immaterial impact on our Condensed Consolidated Financial Statements and related disclosures.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk during the three months ended March 31, 2017. For additional information, see Item 7A. Quantitative and Qualitative Disclosures About Market Risk in Part II of our Annual Report on Form 10-K for the year ended December 31, 2016.

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 10 “*Commitments and 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, 2016 includes a detailed discussion of our risk factors.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS***Issuer Purchases of Equity Securities***

The following table provides information regarding repurchases of our Class A common stock from January 1, 2017 through March 31, 2017:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Programs (1)
(In thousands, except share data)				
January 1, 2017 - January 31, 2017	—	\$ —	—	\$ 1,000,000
February 1, 2017 - February 28, 2017	—	\$ —	—	\$ 1,000,000
March 1, 2017 - March 31, 2017	—	\$ —	—	\$ 1,000,000
Total	—	\$ —	—	\$ 1,000,000

(1) On November 2, 2016, our Board of Directors authorized stock repurchases of up to \$1.0 billion of our outstanding Class A common stock through and including December 31, 2017. Purchases under our repurchase program may be made through open market purchases, privately negotiated transactions, or Rule 10b5-1 trading plans, subject to market conditions and other factors. We may elect not to purchase the maximum amount of shares allowable under this program and we may also enter into additional share repurchase programs authorized by our Board of Directors.

Item 6. EXHIBITS

(a) *Exhibits.*

- 4.1□ Indenture, relating to the 2 3/8% Convertible Notes due 2024, dated as of March 17, 2017, by and between DISH Network Corporation and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of DISH Network Corporation filed March 20, 2017, Commission File No. 0-26176).
- 10.1* Share Exchange Agreement, dated as of January 31, 2017, by and among DISH Network Corporation, DISH Network L.L.C., DISH Operating L.L.C., EchoStar Corporation, EchoStar Broadcasting Holding Parent L.L.C., EchoStar Broadcasting Holding Corporation, EchoStar Technologies Holding Corporation and EchoStar Technologies L.L.C.**
- 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 March 31, 2017, filed on May 1, 2017, formatted in eXtensible Business Reporting Language (“XBRL”): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Cash Flows and (iv) related notes to these financial statements.

□ Incorporated by reference.

* Filed herewith.

** Certain portions of the exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment.

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/ Charles W. Ergen

Charles W. Ergen
Chairman and Chief Executive Officer
(Duly Authorized Officer)

By: /s/ Steven E. Swain

Steven E. Swain
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Paul W. Orban

Paul W. Orban
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Date: May 1, 2017

SHARE EXCHANGE AGREEMENT

by and among

DISH NETWORK CORPORATION,

DISH NETWORK L.L.C.,

DISH OPERATING L.L.C.,

EHOSTAR CORPORATION,

EHOSTAR BROADCASTING HOLDING PARENT L.L.C.,

EHOSTAR BROADCASTING HOLDING CORPORATION,

EHOSTAR TECHNOLOGIES HOLDING CORPORATION

and

EHOSTAR TECHNOLOGIES L.L.C.

Dated as of January 31, 2017

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*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

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SHARE EXCHANGE AGREEMENT

This SHARE EXCHANGE AGREEMENT (this "Agreement"), dated as of January 31, 2017, is made by and among DISH Network Corporation, a Nevada corporation ("DISH"), DISH Network L.L.C., a Colorado limited liability company and an indirect wholly owned subsidiary of DISH ("DNLLC"), DISH Operating L.L.C., a Colorado limited liability company and a direct wholly owned Subsidiary of DNLLC ("DOLLC"), EchoStar Corporation, a Nevada corporation ("EchoStar"), EchoStar Broadcasting Holding Parent L.L.C. ("EB Holdco"), a Colorado limited liability company and a direct wholly owned Subsidiary of Hughes Satellite Systems Corporation, a Colorado corporation and a direct Subsidiary of EchoStar ("HSSC"), EchoStar Broadcasting Holding Corporation, a Colorado corporation and a direct wholly owned Subsidiary of EB Holdco ("EB Splitco"), EchoStar Technologies Holding Corporation, a Colorado corporation and a direct wholly owned Subsidiary of EchoStar ("ET Splitco"), and EchoStar Technologies L.L.C., a Texas limited liability company and a direct wholly owned Subsidiary of EchoStar ("ETLLC") (all such parties, collectively, the "Parties" and each, a "Party").

WITNESSETH:

WHEREAS, EchoStar directly owns 1,000 shares of common stock, par value \$0.001 per share, of ET Splitco (such stock, "ET Splitco Common Stock," and all such shares, the "ET Splitco Shares"), which represent all of the issued and outstanding shares of ET Splitco Common Stock;

WHEREAS, HSSC directly owns all of the issued and outstanding membership interests in EB Holdco, a newly formed limited liability company, and EB Holdco directly owns 1,000 shares of common stock, par value \$0.001 per share, of EB Splitco (such stock, "EB Splitco Common Stock," and all such shares, the "EB Splitco Shares"), which shares represent all of the issued and outstanding shares of EB Splitco, a newly formed corporation;

WHEREAS, DOLLC directly owns 81.128 shares of Hughes Retail Preferred Tracking Stock, par value \$0.001 per share, of HSSC (such stock, the "HSSC Tracking Stock," and all such shares, the "HSSC Tracking Shares"), which represent all of the issued and outstanding shares of HSSC Tracking Stock;

WHEREAS, DNLLC directly owns 6,290,499 shares of Hughes Retail Preferred Tracking Stock, par value \$0.001 per share, of EchoStar (such stock, "EchoStar Tracking Stock," and all such shares, the "EchoStar Tracking Shares"), which represent all of the issued and outstanding shares of EchoStar Tracking Stock;

WHEREAS, the Parties desire to enter into a series of transactions pursuant to which, among other things, DNLLC will, upon the terms and subject to the conditions set forth in this Agreement, directly or indirectly acquire all of the shares of ET Splitco Common Stock and all of the shares of EB Splitco Common Stock;

WHEREAS, prior to the Closing, the Parties intend for the EchoStar Parties to undertake certain restructuring transactions pursuant to which, among other things, (i) the EB

*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

Business shall be transferred to EB Splitco, (ii) the ET Business shall be transferred to ETLLC and (iii) ETLLC shall be transferred to ET Splitco;

WHEREAS, at the Closing, upon the terms and subject to the conditions set forth in this Agreement, EchoStar shall transfer all of the ET Splitco Shares to DNLLC in exchange for all of the EchoStar Tracking Shares;

WHEREAS, at the Closing, upon the terms and subject to the conditions set forth in this Agreement, EB Holdco shall transfer all of the EB Splitco Shares to DOLLC in exchange for all of the HSSC Tracking Shares;

WHEREAS, the Parties desire to enter into certain other transactions pursuant to this Agreement and the other Transaction Documents; and

WHEREAS, the Parties desire to make certain representations, warranties, covenants and agreements in connection with such transactions.

NOW, THEREFORE, in consideration of the premises, covenants and agreements contained herein and in the other Transaction Documents and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

ECHOSTAR PRE-CLOSING RESTRUCTURING; TRANSFERRED ASSETS AND RETAINED ASSETS

Section 1.1 The EchoStar Pre-Closing Restructuring. Prior to the Closing, the EchoStar Parties shall implement the Pre-Closing Restructuring consistent with the terms set forth in this Agreement. The Parties hereto acknowledge that the Pre-Closing Restructuring is intended to result in (i) EB Splitco, directly or indirectly, operating the EB Business, owning the EB Transferred Assets and assuming the EB Assumed Liabilities as set forth in this Article I, (ii) ET Splitco, directly or indirectly, operating the ET Business, owning the ET Transferred Assets and assuming the ET Assumed Liabilities, (iii) EB Splitco not, directly or indirectly, owning the EB Retained Assets and not, directly or indirectly, assuming the EB Excluded Liabilities and (iv) ET Splitco not, directly or indirectly, owning the ET Retained Assets and not, directly or indirectly, assuming the ET Excluded Liabilities, in each case, as set forth in this Article I. As promptly as practicable after the Pre-Closing Restructuring is complete and subject to the conditions set forth in Article V, the Parties hereto shall take, or cause to be taken, all actions that are necessary or appropriate to effectuate the Closing.

Section 1.2 Implementation. The Pre-Closing Restructuring shall be completed in accordance with the agreed general principles, objectives and other provisions set forth in this Article I and shall be implemented in the following manner:

(a) through the completion of the transactions generally described on Schedule 1.2; and

(b) through the allocation of the Assets and Liabilities as set forth in this Article I.

Section 1.3 Transactions to be Effected Prior to the Closing. In furtherance of consummating the Closing Transactions, the EchoStar Parties agree to take the following actions prior to the Closing in accordance with the steps generally set forth on Schedule 1.2 (together, the “Pre-Closing Restructuring”):

(a) Except as expressly contemplated by Section 1.4(e), EchoStar shall, and shall cause its applicable Subsidiaries to, cause the EB Transferred Assets to be contributed, assigned, transferred, conveyed and delivered, directly or indirectly, to EB Splitco or, when contemplated by Schedule 1.2, one of its Subsidiaries and EB Splitco or, when contemplated by Schedule 1.2, one of its Subsidiaries shall accept from EchoStar and its Subsidiaries, all of EchoStar’s and its Subsidiaries’ rights, title and interest in and to all the EB Transferred Assets, which will result in EB Splitco owning, directly or indirectly, the EB Business;

(b) EB Splitco shall accept, assume and agree to faithfully perform, discharge and fulfill all of the EB Assumed Liabilities in accordance with their respective terms. EB Splitco shall be responsible for all of the EB Assumed Liabilities and its obligations under this Section 1.3(b) shall not be subject to offset or reduction, whether by reason of any actual or alleged breach of any representation, warranty or covenant contained in any Transaction Document or any other agreement or document delivered in connection therewith or any right to indemnification hereunder or otherwise;

(c) Except as expressly contemplated by Section 1.4(e), EchoStar shall, and shall cause its applicable Subsidiaries to, cause the ET Transferred Assets to be contributed, assigned, transferred, conveyed and delivered, directly or indirectly, to ET Splitco or, when contemplated by Schedule 1.2, one of its Subsidiaries and ET Splitco or, when contemplated by Schedule 1.2, one of its Subsidiaries shall accept from EchoStar and its Subsidiaries, all of EchoStar’s and its Subsidiaries’ rights, title and interest in and to all the ET Transferred Assets, which will result in ET Splitco owning, directly or indirectly, the ET Business; and

(d) ET Splitco shall accept, assume and agree to faithfully perform, discharge and fulfill all of the ET Assumed Liabilities in accordance with their respective terms. ET Splitco shall be responsible for all of the ET Assumed Liabilities and its obligations under this Section 1.3(d) shall not be subject to offset or reduction, whether by reason of any actual or alleged breach of any representation, warranty or covenant contained in any Transaction Document or any other agreement or document delivered in connection therewith or any right to indemnification hereunder or otherwise.

(a) For purposes of this Agreement, “EB Transferred Assets” shall mean, without duplication, those Assets used, contemplated for use or held for use, in each case, primarily in the ownership, operation or conduct of the EB Business as currently owned, operated and conducted or relating primarily to the EB Business as currently owned, operated or conducted, and shall include the following even if the following would otherwise be considered an EB Retained Asset:

(i) the outstanding capital stock, units or other equity interests of the entities listed on Schedule 1.4(a)(i) and the Assets owned by such entities as of the Closing Date;

(ii) all Assets properly reflected on the EB Group Financial Statements, excluding Assets disposed of by EchoStar or any other Subsidiary or entity controlled by EchoStar subsequent to the date of the EB Group Financial Statements;

(iii) all Assets that have been written off, expensed or fully depreciated by EchoStar or any Subsidiary or entity controlled by EchoStar that, had they not been written off, expensed or fully depreciated, would have been reflected on the EB Group Financial Statements in accordance with GAAP;

(iv) all Assets acquired by EchoStar or any Subsidiary or entity controlled by EchoStar after the date of the EB Group Financial Statements and that would be reflected on the balance sheet of EB Splitco as of the Closing Date, if such balance sheet were prepared in accordance with GAAP;

(v) ***

(vi) the Assets set forth on Schedule 1.4(a)(vi); and

(vii) those Assets not used, contemplated for use or held for use, in each case, primarily in the ownership, operation or conduct of the EB Business or not relating primarily to the EB Business as currently owned, operated or conducted that are as listed on Schedule 1.4(a)(vii) as Assets to be transferred to, or retained by, EB Splitco;

provided, that any and all other Assets owned or held immediately prior to the Closing Date by EchoStar or any other member of the EchoStar Group that do not constitute EB Transferred Assets based on the foregoing shall constitute “EB Transferred Assets” to the extent that DISH and EchoStar agree in good faith that the Assets would have been deemed “EB Transferred Assets” if the Parties hereto had given specific consideration to such Asset as of the date hereof. No Asset shall be deemed to be an EB Transferred Asset solely as a result of the proviso in this Section 1.4(a) if (i) such Asset is within the category or type of Asset expressly covered by the subject matter of a Transaction Document or (ii) a claim with respect thereto is not made by the DISH Parties on or prior to the second anniversary of the Closing Date.

Notwithstanding anything to the contrary contained in this Section 1.4 or elsewhere in this Agreement, the EB Transferred Assets shall not in any event include the EB Retained Assets referred to in Section 1.4(b) below.

(b) The DISH Parties expressly understand and agree that all Assets of EchoStar or any other member of the EchoStar Group that are not EB Transferred Assets shall, unless any such Asset constitutes an ET Transferred Asset, remain the exclusive property of EchoStar or the relevant member of the EchoStar Group (subject to the Intellectual Property and Technology License Agreement) on and after the Closing (the “EB Retained Assets”), and shall include the following even if the following would otherwise be considered an EB Transferred Asset:

(i) any Asset expressly identified on Schedule 1.4(b)(i);

(ii) all cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements, except as otherwise set forth on Schedule 1.4(a)(vi);

(iii) all books, records, files and papers, whether in hard copy or electronic format, to the extent prepared in connection with this Agreement, any Transaction Document or the transactions contemplated hereby and thereby, and all minute books and corporate records of the EchoStar Group other than minutes and corporate records of the EB Group;

(iv) all rights of any member of the EchoStar Group arising under this Agreement or any Transaction Document;

(v) all Assets sold or otherwise disposed of during the period from the date hereof until the Closing Date in accordance with Section 4.2;

(vi) the personnel records (including all human resources and other records) of the EchoStar Group relating to employees of the EchoStar Group (other than the personnel records relating to the Transferred Employees);

(vii) ***

(viii) any and all other Assets that are expressly contemplated by this Agreement or any Transaction Document (or the Schedules hereto or thereto) as Assets to be retained by EchoStar or any other member of the EchoStar Group; and

(ix) except for any Assets identified in Schedule 1.4(e) as EB Transferred Assets, all Assets owned by HSSC or any of its Subsidiaries (other than the EB Group).

(c) For purposes of this Agreement, “ET Transferred Assets” shall mean, without duplication, those Assets used, contemplated for use or held for use, in each case, primarily

in the ownership, operation or conduct of the ET Business as currently owned, operated and conducted or relating primarily to the ET Business as currently owned, operated or conducted, and shall include the following even if the following would otherwise be considered an ET Retained Asset:

(i) the outstanding capital stock, units or other equity interests of the entities listed on Schedule 1.4(c)(i) and the Assets owned by such entities as of the Closing Date;

(ii) all Assets properly reflected on the ET Group Financial Statements, excluding Assets disposed of by EchoStar or any other Subsidiary or entity controlled by EchoStar subsequent to the date of the ET Group Financial Statements;

(iii) all Assets that have been written off, expensed or fully depreciated by EchoStar or any Subsidiary or entity controlled by EchoStar that, had they not been written off, expensed or fully depreciated, would have been reflected on the ET Group Financial Statements in accordance with GAAP;

(iv) all Assets acquired by EchoStar or any Subsidiary or entity controlled by EchoStar after the date of the ET Group Financial Statements and that would be reflected on the balance sheet of ETLIC as of the Closing Date, if such balance sheet were prepared in accordance with GAAP;

(v) ***

(vi) the Assets set forth on Schedule 1.4(c)(vi); and

(vii) those Assets not used, contemplated for use or held for use, in each case, primarily in the ownership, operation or conduct of the ET Business or not relating primarily to the ET Business as currently owned, operated or conducted that are listed on Schedule 1.4(c)(vii) as Assets to be transferred to, or retained by, ETLIC;

provided, that any and all other Assets owned or held immediately prior to the Closing Date by EchoStar or any other member of the EchoStar Group that do not constitute ET Transferred Assets based on the foregoing shall constitute "ET Transferred Assets" to the extent that DISH and EchoStar agree in good faith that the Assets would have been deemed "ET Transferred Assets" if the Parties hereto had given specific consideration to such Asset as of the date hereof. No Asset shall be deemed to be an ET Transferred Asset solely as a result of the proviso in this Section 1.4(c) if (i) such Asset is within the category or type of Asset expressly covered by the subject matter of a Transaction Document or (ii) a claim with respect thereto is not made by the DISH Parties on or prior to the second anniversary of the Closing Date.

Notwithstanding anything to the contrary contained in this Section 1.4 or elsewhere in this Agreement, the ET Transferred Assets shall not in any event include the ET Retained Assets referred to in Section 1.4(d) below.

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*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

(d) The DISH Parties expressly understand and agree that all Assets of EchoStar or any other member of the EchoStar Group that are not ET Transferred Assets shall, unless any such Asset constitutes an EB Transferred Asset, remain the exclusive property of EchoStar or the relevant member of the EchoStar Group (subject to the Intellectual Property and Technology License Agreement) on and after the Closing (the “ET Retained Assets”), and shall include the following even if the following would otherwise be considered an ET Transferred Asset:

- (i) any Asset expressly identified on Schedule 1.4(d)(i);
- (ii) all cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements except as otherwise set forth on Schedule 1.4(c)(vi);
- (iii) all books, records, files and papers, whether in hard copy or electronic format, prepared in connection with this Agreement, any Transaction Document or the transactions contemplated hereby and thereby, and all minute books and corporate records of the EchoStar Group other than minutes and corporate records of the ET Group;
- (iv) all rights of any member of the EchoStar Group arising under this Agreement or any Transaction Document;
- (v) all Assets sold or otherwise disposed of during the period from the date hereof until the Closing Date in accordance with Section 4.2;
- (vi) the personnel records (including all human resources and other records) of the EchoStar Group relating to employees of the EchoStar Group (other than the personnel records relating to the Transferred Employees);
- (vii) ***
- (viii) any and all other Assets that are expressly contemplated by this Agreement or any Transaction Document (or the Schedules hereto or thereto) as Assets to be retained by EchoStar or any other member of the EchoStar Group; and
- (ix) except for any Assets identified in Schedule 1.4(e) as ET Transferred Assets, all Assets owned by HSSC or any of its Subsidiaries (other than the EB Group).

(e) Notwithstanding the foregoing, each EchoStar Party shall execute instruments of conveyance transferring each EB Transferred Asset and each ET Transferred Asset set forth on Schedule 1.4(e), effective as of the Closing (the “Asset Conveyance Instruments”), to one or more Affiliates of DISH as designated by DISH. Each EB Transferred Asset and each ET Transferred Asset set forth on Schedule 1.4(e) is in the name of such Affiliate of EchoStar for reasons germane to the EB Business or ET Business, as applicable, but is held by such Affiliate of EchoStar, and following the Closing will be held by such Affiliate of DISH, for the use and benefit,

insofar as commercially reasonable, legally permitted and possible, of EB Splitco or ET Splitco, as applicable. ***

Section 1.5 Liabilities.

(a) For the purposes of this Agreement, “EB Assumed Liabilities” shall mean (without duplication) any and all Liabilities to the extent primarily arising from or resulting from the operation of the EB Business as currently conducted or the ownership of the EB Transferred Assets, including the following:

- (i) the EB EMA Assumed Liabilities;
- (ii) any and all Environmental Liabilities to the extent primarily arising from or resulting from the operation of the EB Business, or the ownership of the EB Transferred Assets;
- (iii) any and all indemnification obligations under, or claims for breaches of, Contracts that constitute EB Transferred Assets;
- (iv) ***
- (v) any and all Liabilities primarily arising from or resulting from the EB Transferred Assets or the EB Business arising out of or in connection with acts or omissions occurring prior to, on or after the Closing Date; and
- (vi) any other Liability which is expressly identified on Schedule 1.5(a)(vi).

Notwithstanding anything to the contrary contained in this Section 1.5 or elsewhere in this Agreement, the EB Assumed Liabilities shall not in any event include the EB Excluded Liabilities referred to in Section 1.5(b) below.

- (b) For the purposes of this Agreement, “EB Excluded Liabilities” shall mean:
- (i) any and all Indebtedness of the EchoStar Group, the EB Group or the ET Group as of the Closing Date;
 - (ii) the EB EMA Excluded Liabilities;
 - (iii) any and all Liabilities of members of the EchoStar Group arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby, including, without limitation, fees and expenses of counsel, accountants, consultants, advisers and others;
 - (iv) ***

(v) any and all Liabilities to the extent primarily arising from or resulting from the matters set forth on Schedule 1.5(b)(v). (subject to any limitations set forth therein); and

(vi) any and all Liabilities to the extent relating to, arising out of or resulting from any EB Retained Assets.

(c) For the purposes of this Agreement, “ET Assumed Liabilities” shall mean (without duplication) any and all Liabilities to the extent primarily arising from or resulting from the operation of the ET Business as currently conducted or the ownership of the ET Transferred Assets, including the following:

(i) the ET EMA Assumed Liabilities;

(ii) any and all Environmental Liabilities to the extent primarily arising from or resulting from the operation of the ET Business, or the ownership of the ET Transferred Assets;

(iii) any and all indemnification obligations under, or claims for breaches of, Contracts that constitute EB Transferred Assets;

(iv) ***

(v) any and all Liabilities for any third party claim relating to, or arising out of, the use, application, malfunction, defect, design, operation, performance or suitability of any product of the ET Business manufactured, sold or distributed prior to, on or after the Closing Date;

(vi) any and all Liabilities primarily arising from or resulting from the ET Transferred Assets or the ET Business arising out of or in connection with acts or omissions occurring prior to, on or after the Closing Date; and

(vii) any other Liability which is expressly identified on Schedule 1.5(c)(vii).

Notwithstanding anything to the contrary contained in this Section 1.5 or elsewhere in this Agreement, the ET Assumed Liabilities shall not in any event include the ET Excluded Liabilities referred to in Section 1.5(d) below.

(d) For the purposes of this Agreement, “ET Excluded Liabilities” shall mean:

(i) any and all Indebtedness of the EchoStar Group, the EB Group or the ET Group as of the Closing Date;

(ii) the ET EMA Excluded Liabilities;

(iii) any and all Liabilities of members of the EchoStar Group arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby, including, without limitation, fees and expenses of counsel, accountants, consultants, advisers and others;

(iv) ***

(v) any and all Liabilities to the extent primarily arising from or resulting from the matters set forth on Schedule 1.5(d)(v) (subject to any limitations set forth therein); and

(vi) any and all Liabilities to the extent relating to, arising out of or resulting from any ET Retained Assets.

Section 1.6 Assumed and Excluded Liabilities. From and after the Closing, DISH shall, or shall cause its Subsidiaries, as applicable, to be responsible for the EB Assumed Liabilities and the ET Assumed Liabilities regardless of when or where such Liabilities (or the acts or omissions relating thereto) arose or arise, regardless of when or where such Liabilities are asserted or determined and regardless of whether arising or related to or asserted or determined prior to, on or after the Closing Date. EchoStar shall, or shall cause its Subsidiaries, as applicable, to be responsible for the EB Excluded Liabilities and the ET Excluded Liabilities regardless of when or where such Liabilities (or the acts or omissions relating thereto) arose or arise, regardless of when or where such Liabilities are asserted or determined and regardless of whether arising or related to or asserted or determined prior to, on or after the Closing Date.

Section 1.7 ***

Section 1.8 ***_

ARTICLE II

THE CLOSING TRANSACTIONS; CLOSING

Section 2.1 Closing Date. The closing of the Closing Transactions (the “Closing”) shall take place at the offices of DISH Network Corporation, 9601 South Meridian Boulevard, Englewood, Colorado 80112 (or at such other place as the parties may designate in writing), at 11:59 p.m. Colorado time on the date that is three (3) Business Days after the satisfaction or waiver of all of the conditions set forth in Article V (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at such time), but no earlier than February 28, 2017, unless another time, date or place is agreed to in writing by the Parties. The date on which the Closing actually occurs is referred to hereinafter as the “Closing Date.”

Section 2.2 The Closing Transactions. Upon the terms and subject to the conditions set forth in this Agreement, and in reliance on the representations, warranties and covenants made or given in this Agreement and the other Transaction Documents, the Parties hereby agree that, on the Closing Date, the following transactions (the "Closing Transactions") shall occur:

(a) EB Holdco shall assign, transfer, convey and deliver to DOLLC all of the EB Splitco Shares, free and clear of all Liens, and, in exchange for such assignment, transfer, conveyance and delivery, DOLLC shall assign, transfer, convey and deliver to EB Holdco all of the HSSC Tracking Shares, free and clear of all Liens; and

(b) EchoStar shall assign, transfer, convey and deliver to DNLLC all of the ET Splitco Shares, free and clear of all Liens, and, in exchange for such assignment, transfer, conveyance and delivery, DNLLC shall assign, transfer, convey and deliver to EchoStar all of the EchoStar Tracking Shares, free and clear of all Liens.

Section 2.3 Closing Deliverables. At the Closing, the following deliveries shall be made in the following manner:

(a) EB Holdco shall deliver to DOLLC certificates representing the EB Splitco Shares, duly endorsed in blank for transfer (or accompanied by a stock power duly endorsed in blank for transfer), with any required transfer stamps affixed thereto;

(b) DOLLC shall deliver to EB Holdco certificates representing the HSSC Tracking Shares, duly endorsed in blank for transfer (or accompanied by a stock power duly endorsed in blank for transfer), with any required transfer stamps affixed thereto;

(c) EchoStar shall deliver to DNLLC certificates representing the ET Splitco Shares, duly endorsed in blank for transfer (or accompanied by a stock power duly endorsed in blank for transfer), with any required transfer stamps affixed thereto;

(d) DNLLC shall deliver to EchoStar certificates representing the EchoStar Tracking Shares, duly endorsed in blank for transfer (or accompanied by a stock power duly endorsed in blank for transfer), with any required transfer stamps affixed thereto;

(e) each Party shall cause to be delivered, to each of the other Parties thereto, each Transaction Document (other than this Agreement) to which such Party is a party thereto, duly executed on behalf of such Party;

(f) EchoStar and its Subsidiaries shall deliver, or cause to be delivered, resignation letters from (x) all members of the board of directors (or board of managers or similar governing body) of ET Splitco, EB Splitco and each other member of the EB Group and the ET Group and (y) the officers of ET Splitco, EB Splitco and each other member of the EB Group and

the ET Group as of the Closing (other than any such members or officers identified by DNLLC in writing to EchoStar);

(g) EchoStar shall deliver, or cause to be delivered, the Asset Conveyance Instruments to the designee(s) of the DISH Parties;

(h) the DISH Parties shall receive a tax opinion from Sullivan & Cromwell LLP, counsel to the DISH Parties, dated the Closing Date, in the form described in the Tax Matters Agreement;

(i) the EchoStar Parties shall receive a tax opinion from White & Case LLP, counsel to the EchoStar Parties, dated the Closing Date, in the form described in the Tax Matters Agreement;

(j) the EchoStar Parties shall receive a legal opinion from Sullivan & Cromwell LLP, counsel to the DISH Parties, dated the Closing Date, in a form mutually acceptable to the Parties; and

(k) the DISH Parties shall receive a legal opinion from White & Case LLP, counsel to the EchoStar Parties, dated the Closing Date, in a form mutually acceptable to the Parties.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the EchoStar Parties. Except as set forth in the EchoStar Reports filed with the SEC *** and prior to the date of this Agreement (excluding, in each case, any disclosures set forth in any risk factor section or in any other section to the extent they are forward-looking statements or cautionary, predictive or forward-looking in nature) or in the corresponding sections of the disclosure letter delivered to the DISH Parties by EchoStar prior to entering into this Agreement (the "EchoStar Disclosure Letter") (it being agreed that disclosure of any item in any section or subsection of the EchoStar Disclosure Letter shall be deemed disclosure with respect to any section of this Agreement or any other section or subsection of the EchoStar Disclosure Letter to which the relevance of such disclosure is reasonably apparent on its face and that the mere inclusion of an item in such EchoStar Disclosure Letter as an exception to a representation or warranty shall not be deemed an admission that such item represents a material exception or material fact, event or circumstance or that such item has had, would have or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect), EchoStar represents and warrants to the DISH Parties, as of the date of this Agreement and as of the Closing Date, that:

(a) Organization and Good Standing. Each EchoStar Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has the

full power and authority to enter into each Transaction Document to which it is a party and to perform its obligations thereunder. Each entity set forth on Schedule 1.4(a)(i) and Schedule 1.4(c)(i), and each member of the EB Group and the ET Group (collectively, the “Significant EchoStar Subsidiaries”), is duly organized, validly existing and, if applicable, in good standing under the laws of its jurisdiction of organization. Each of the EchoStar Parties and the Significant EchoStar Subsidiaries (A) has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted and (B) is duly qualified or licensed and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, except where the failure to be so qualified or licensed has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Authorization and Execution of Transaction Documents. Each EchoStar Party has taken all necessary corporate action to authorize the execution, delivery and performance of its obligations under this Agreement and to consummate the Closing Transactions and, as of the Closing, each EchoStar Party shall have taken all necessary corporate action to authorize the execution, delivery and performance of its obligations under each of the other Transaction Documents to which it is, or shall be, a party and to consummate the Pre-Closing Restructuring. No other corporate proceedings on the part of any EchoStar Party is necessary to approve this Agreement or to consummate the Closing Transactions and, as of the Closing, no other corporate proceedings on the part of any EchoStar Party will be necessary to approve any other Transaction Document to which it is a party or to consummate the Pre-Closing Restructuring. As of the date of this Agreement, the board of directors of EchoStar has approved this Agreement, the other Transaction Documents to which it is a party, the Pre-Closing Restructuring and the Closing Transactions. As of the date of this Agreement, the board of directors of ET Splitco has approved this Agreement, the other Transaction Documents to which it is a party, the Pre-Closing Restructuring and the Closing Transactions. As of the date of this Agreement, EchoStar, in its capacity as the sole manager of EB Holdco, has approved this Agreement, the other Transaction Documents to which EB Holdco is a party and the Closing Transactions. As of the date of this Agreement, the board of directors of EB Splitco has approved this Agreement, the other Transaction Documents to which it is a party, the Pre-Closing Restructuring and the Closing Transactions. No vote or consent of the holders of any class or series of capital stock of any EchoStar Party or any of the Significant EchoStar Subsidiaries is necessary to approve this Agreement, the other Transaction Documents, the Pre-Closing Restructuring or the Closing Transactions. This Agreement has been duly executed and delivered by each EchoStar Party, and each other Transaction Document to which each EchoStar Party is a party, when delivered by it in accordance herewith, shall have been duly executed and delivered by such EchoStar Party.

(c) Enforceability of Transaction Documents. Assuming that this Agreement and each of the Transaction Documents to which any EchoStar Party is a party is the valid and binding obligation of each DISH Party or other counterpart thereto, this Agreement constitutes, and the other Transaction Documents shall at Closing constitute, the valid, legal and binding obligation of each EchoStar Party that is party to each such agreement, enforceable against each

such EchoStar Party in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(d) Non-Contravention. The execution and delivery by any EchoStar Party of each of the Transaction Documents to which it is a party and the consummation of the Closing Transactions by it pursuant thereto will not: (x) conflict with any requirement of its Corporate Documents; (y) assuming compliance with the matters referred to in Section 3.1(e) (*Consents*) of this Agreement, result in a violation or breach of any Applicable Law by which it is bound or to which any of its properties is subject; or (z) with or without notice, lapse of time or both, result in a breach or violation of, a termination (or right of termination) or default under, the creation or acceleration of any obligations under or the creation of a Lien on any of the assets of such EchoStar Party or any of its Subsidiaries pursuant to any Contract binding upon such EchoStar Party or any of its Subsidiaries or result in any change in the rights or obligations of any party under any Contract binding upon such EchoStar Party or any of its Subsidiaries, except, in the case of clauses (y) and (z), as has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(e) Consents. No consent, license, approval or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required by or of any EchoStar Party in connection with the execution, delivery, performance, validity or enforceability of any Transaction Document to which any EchoStar Party is a party or the consummation of the Closing Transactions, except (i) any such consent, license, approval, authorization, filing, notice or act that has been obtained, made or taken, (ii) any such consent, license, approval, authorization, filing, notice or act as set forth on Schedule 3.1(e), (iii) the Required Governmental Applications and the Required Governmental Notices, and (iv) where the failure to obtain such consent, license, approval or authorization or make such filing or take such act has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(f) Capital Structure.

(i) The authorized capital stock of EB Splitco consists of 1,000 shares of EB Splitco Common Stock, of which 1,000 shares are issued and outstanding. All 1,000 shares of EB Splitco Common Stock are, and prior to the Closing will be, owned by EB Holdco, and there are no other equity interests authorized, issued or outstanding in EB Splitco. There are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate EB Splitco to issue or sell any shares of capital stock or other securities of EB Splitco or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of EB Splitco, and no securities or obligations evidencing such rights are authorized, issued or outstanding. All of the EB Splitco Shares have been duly

authorized and are validly issued, fully paid and nonassessable. EB Splitco does not have outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the stockholders of EB Splitco on any matter. Immediately following the Closing, DOLLC will have good and valid title to the EB Splitco Shares, free and clear of any Liens (other than Liens arising under applicable securities laws and Liens resulting from any action of DISH, DOLLC or any of their Affiliates).

(ii) The authorized capital stock of ET Splitco consists of 1,000 shares of ET Splitco Common Stock, of which 1,000 shares are issued and outstanding. All 1,000 shares of ET Splitco Common Stock are, and prior to the Closing will be, owned by EchoStar, and there are no other equity interests authorized, issued or outstanding in ET Splitco. There are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate ET Splitco to issue or sell any shares of capital stock or other securities of ET Splitco or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of ET Splitco, and no securities or obligations evidencing such rights are authorized, issued or outstanding. All of the ET Splitco Shares have been duly authorized and are validly issued, fully paid and nonassessable. ET Splitco does not have outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the stockholders of ET Splitco on any matter. Immediately following the Closing, DNLLC will have good and valid title to the ET Splitco Shares, free and clear of any Liens (other than Liens arising under applicable securities laws and Liens resulting from any action of DISH, DNLLC or any of their Affiliates).

(iii) Schedule 3.1(f)(iii) sets forth (i) each member of the EB Group (other than EB Splitco) and each other member of the ET Group (other than ET Splitco), as well as the ownership interest of each Person or Persons in each such member and (ii) each share of capital stock, equity interest or other direct or indirect ownership interest held by any member of the EB Group or the ET Group in any other Person, in each case, from and after giving effect to the Pre-Closing Restructuring until the Closing. There are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, commitments or rights of any kind that obligate any member of the EB Group or the ET Group to issue or sell any shares of capital stock or other securities of EB Splitco or ET Splitco or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any securities of any member of the EB Group or the ET Group, and no securities or obligations evidencing such rights are authorized, issued or outstanding. All of the equity interests of each member of the EB Group and the ET Group have been duly authorized and are validly issued, fully paid and nonassessable. No member of the EB Group or the ET Group has outstanding any bonds, debentures, notes

or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the stockholders of any such member on any matter.

(iv) Schedule 3.1(f)(iv) sets forth a true and complete list of (A) all Indebtedness and (B) each Contract (1) that is a letter of credit, performance bond, banker's acceptance, corporate guarantee or other similar agreement or credit transaction issued and outstanding in connection with the EB Business or the ET Business, in each case, that would be an EB Assumed Liability or ET Assumed Liability, with, in each case, an indication of any amounts drawn thereunder or (2) in respect of any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which are required to be classified and accounted for under GAAP as capital leases in connection with the EB Business or the ET Business, with, in the case of each of (1) and (2), the value ascribed to such letter of credit, performance bond, banker's acceptance, corporate guarantee or capital lease in the EB Group Financial Statements or the ET Group Financial Statements, as applicable.

(g) Reports; Financial Statements.

(i) EchoStar has filed or furnished, as applicable, on a timely basis all forms, statements, reports and documents required to be filed or furnished by it with the SEC pursuant to the Exchange Act or the Securities Act *** (such forms, statements, reports and documents filed or furnished *** and those filed or furnished subsequent to the date of this Agreement, including any amendments thereto, the "EchoStar Reports"). Each of the EchoStar Reports, at the time of its filing or being furnished (or, if amended prior to the date of this Agreement, as of the date of such amendment) complied as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act.

(ii) Each of the consolidated balance sheets included in or incorporated by reference into the EchoStar Reports (including the related notes and schedules), fairly presents the consolidated financial position of EchoStar and its consolidated Subsidiaries as of the dates thereof and each of the consolidated statements of operations and comprehensive income (loss), changes in stockholders' or shareholder's equity and cash flows included in or incorporated by reference into the EchoStar Reports (including any related notes and schedules), fairly presents the results of operations and cash flows of EchoStar and its consolidated Subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to normal year-end adjustments and lack of footnote disclosure), in each case in accordance with GAAP consistently applied during the periods involved, except as may be noted therein or may be permitted by the SEC under the Exchange Act.

(iii) ***

(iv) ***

(v) There are no obligations or liabilities of EchoStar or any of its Subsidiaries primarily arising from or resulting from the operation of the EB Business or the ET Business or the ownership of the EB Transferred Assets or the ET Transferred Assets, whether or not accrued, contingent or otherwise and whether or not required to be disclosed or any other facts or circumstances which could reasonably be expected to result in any claims against, or obligations or liabilities of, the EB Business or the ET Business, except for (x) obligations or liabilities set forth in the EB Group Financial Statements or the ET Group Financial Statements, (y) future executory liabilities arising under any EB Business Contract or ET Business Contract (other than as a result of breach of contract, tort, infringement or violation of Applicable Law) or (z) those that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(vi) ***

(vii) ***

(h) Absence of Certain Changes. ***, EchoStar and each of its Subsidiaries have conducted the EB Business and the ET Business only in accordance with the Ordinary Course of Business, and there has not been, with respect to the EB Business or the ET Business or any EB Transferred Asset or ET Transferred Asset:

(i) any event, action, change, occurrence, condition or effect which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; or

(ii) any action taken by EchoStar or any of its Subsidiaries that, if taken during the period from the date of this Agreement through the Closing Date, would constitute a violation or breach of or would otherwise require consent under Section 4.2.

(i) Compliance with Laws.

(i) EchoStar and each of its Subsidiaries is in and has, ***, been in compliance in all material respects with Applicable Laws (including the Communications Act but excluding Environmental Laws) and Permits, in each case, to the extent applicable to the EB Business or the ET Business. Neither EchoStar nor any of its Subsidiaries has received any notice or confirmation of any material noncompliance with any such Applicable Laws or any such Permits applicable to the EB Business or the ET Business that has not been cured as of the date of this Agreement.

(ii) EchoStar and its Subsidiaries have, and following the Pre-Closing Restructuring, appropriate members of the EB Group or the ET Group shall have, all material Permits necessary to own, operate and conduct the EB Business and the ET

Business as currently conducted. All such material Permits are valid, in force and in good standing. There is no default on the part of EchoStar or any of its Subsidiaries, *** any other party, under any such Permit. Schedule 3.1(i)(ii) sets forth a correct and complete list of each Permit held by EchoStar and its Subsidiaries material to the EB Business or the ET Business. No notices from a Governmental Authority have been received by EchoStar or any of its Subsidiaries with respect to any material (i) actual or alleged violation of, or failure to comply with, any term or requirement of any such Permit or (ii) threatened or pending sanction, revocation, withdrawal, termination, rescission, suspension, cancellation, modification, corrective action or limitation of, or with respect to, any such Permit.

(iii) ***, neither the EchoStar Parties nor any of their Subsidiaries, nor, ***, any director, officer, employee, agent or representative of the EchoStar Parties or of any of their Subsidiaries, has taken any action in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value directly, or indirectly through an intermediary, to any “government official” (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) in order to influence official action which would result in a violation by such persons of the FCPA, the UK Bribery Act of 2010 or any other Applicable Law that prohibits corruption, bribery or any of the foregoing actions (collectively, the “Anti-Corruption Laws”) in connection with the operation of the EB Business or the ET Business or ownership of the EB Transferred Assets or the EB Transferred Assets. The EchoStar Parties and their Subsidiaries have conducted the EB Business and the ET Business in compliance with all Anti-Corruption Laws in all material respects and maintain and will continue to maintain policies and, procedures that are designed to provide reasonable assurance of compliance with such laws.

(iv) Neither EchoStar nor any of its Subsidiaries, nor, *** any of their directors, officers, employees, agents or representatives of the EchoStar Parties or any of their Subsidiaries is or is 50% or more owned or controlled by one or more Persons that are: (A) the subject of any sanctions administered by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union, or other relevant sanctions authority (collectively, “Sanctions”), or (B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Crimea region of Ukraine, Cuba, Iran, North Korea, Sudan and Syria).

(v) ***, neither EchoStar nor any of its Subsidiaries has engaged in, directly or indirectly, any dealings or transactions with any Person relating to the EB Business or the ET Business, or in any country or territory that, at the time of the dealing or transaction, is or was the subject of Sanctions, except as otherwise authorized pursuant to Sanctions.

(vi) ***, EchoStar and its Subsidiaries have been in compliance in all material respects with, and have not been given written notice of any material violation of, any applicable Sanctions or export controls laws.

(vii) The EchoStar Parties and each of their Subsidiaries have instituted policies and procedures reasonably designed to ensure the compliance in all material respects of the EchoStar Parties and each of their Subsidiaries with all Sanctions and Anti-Money Laundering Laws in connection with the operation of the EB Business or the ET Business or ownership of the EB Transferred Assets or the ET Transferred Assets.

(j) Litigation and Other Proceedings. There is no pending or, ***, threatened in writing, claim, action, suit, investigation or proceeding relating to or affecting the operation of the EB Business or the ET Business or the ownership of the EB Transferred Assets or the ET Transferred Assets against EchoStar or any of its Subsidiaries, nor is EchoStar or any of its Subsidiaries, or any of their respective properties, subject to any order, injunction, judgment or decree by or before any Governmental Authority concerning the EB Business or the ET Business or the ownership of the EB Transferred Assets or the ET Transferred Assets, except for claims, actions, suits, investigations, proceedings, orders, injunctions, judgments or decrees relating to or affecting the EB Business or the ET Business which have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. There is no action, suit, investigation or proceeding pending or, ***, threatened against EchoStar or any of its Subsidiaries related to the EB Business or the ET Business, or any of their respective properties, including with respect to the release of Hazardous Substances, except for matters that have not, individually or in the aggregate, resulted in, and would not reasonably be expected to result in (i) any criminal liability of any of the Subsidiaries related to the EB Business or the ET Business or any director, officer or employee of any of the Subsidiaries related to the EB Business or the ET Business or (ii) a Material Adverse Effect.

(k) Intellectual Property.

(i) Schedule 3.1(k)(i) sets forth a true and complete list of all Registered Intellectual Property owned or purported to be owned by the EchoStar Parties and included in the EB Transferred Assets and the ET Transferred Assets (“Separated Registered IP Assets”), indicating for each Registered item the registration or application number, registration or application date and the applicable filing jurisdiction (or in the case of an Internet domain name, the applicable domain name registrar). There are no inventorship challenges, opposition or nullity proceedings or interferences declared or commenced with respect to any Patents included in the Separated Registered IP Assets or, ***, threatened.

(ii) EchoStar or one of its Subsidiaries owns solely and exclusively the Intellectual Property owned or purported to be owned by the EchoStar Parties and included in the EB Transferred Assets and the ET Transferred Assets (the “Separated IP Assets”), free and clear of all Liens other than Permitted Liens.

(iii) Together with the Intellectual Property licensed under the Intellectual Property and Technology License Agreement, and the Amended Professional Services Agreement and Transition Services Agreement(s), if any, and any other Contract, arrangement or understanding remaining in effect following the Closing Date between DISH and its Subsidiaries, on the one hand, and EchoStar and its Subsidiaries, on the other hand, the EB Transferred Assets, the ET Transferred Assets, and other Intellectual Property possessed by the EB Group or the ET Group constitute, in all material respects, all the Intellectual Property that is used, contemplated for use or held for use in the ownership, operation and conduct of the EB Business or the ET Business, respectively, as currently owned, operated and conducted.

(iv) The Separated IP Assets are subsisting, and ***, the issued or granted Separated Registered IP Assets included therein are valid and enforceable. The Separated IP Assets are not subject to any outstanding order, judgment, decree or agreement adversely affecting the EchoStar Parties' use or contemplated use of such Intellectual Property or its or their rights to such Intellectual Property. ***

(v) ***, the conduct of the EB Business and the ET Business as currently conducted does not infringe, misappropriate or otherwise violate, and has not infringed, misappropriated or otherwise violated during ***, any Intellectual Property of any third party. ***

(vi) The EchoStar Parties have taken reasonable measures to protect the confidentiality and value of the Trade Secrets included in the Separated IP Assets.

(vii) The IT Assets included in the EB Transferred Assets or the ET Transferred Assets (the "Separated IT Assets") (A) operate and perform in all material respects in accordance with their documentation and functional specifications, (B) have not materially malfunctioned or failed within *** in a manner that has had a material impact on the EB Business or the ET Business, and (C) are free from material bugs or other defects, and do not contain any Malicious Code. ***, no Person has gained unauthorized access to the Separated IT Assets during ***. Each of EchoStar and its Subsidiaries has implemented reasonable backup and disaster recovery technology processes for the Separated IT Assets.

(viii) EchoStar and each of its Subsidiaries has complied in all material respects with all Applicable Laws and contractual and fiduciary obligations relating to the collection, storage, use, transfer and any other processing of any Personally Identifiable Information collected by or used in the EB Business and the ET Business. EchoStar and each of its Subsidiaries has at all times taken all steps reasonably necessary (including implementing and monitoring compliance with adequate measures with respect to technical and physical security) to ensure that all such Personally Identifiable Information is protected against loss and against unauthorized access, use, modification or disclosure, and

there has been no unauthorized access to or misuse of such Personally Identifiable Information.

(ix) Neither EchoStar nor any of its Subsidiaries has incorporated Technology subject to an Open Source License into, or combined, linked, or distributed any such Technology with, any products or services of the EB Business or the ET Business, in any manner that creates, or purports to create, obligations for the EchoStar Parties, with respect to any part of such products or services that is not (a) Technology owned by a third party subject to an Open Source License or (b) Technology which is intentionally distributed and licensed to third parties by the EchoStar Parties under an Open Source License; provided that the foregoing representations do not apply with respect to the conduct (including any failure to act as instructed) of, and EchoStar makes no representations with respect to, distributors and retailers of the products or services of the EB Business or the ET Business. None of the EchoStar Parties is, in any material respect, in violation or breach of any Open Source License.

(l) Material Contracts.

(i) Each Material Contract is valid and binding on EchoStar and each of its Subsidiaries party thereto and, ***, any other party thereto, and is in full force and effect, except for such failures to be valid and binding or to be in full force and effect which has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Except as which has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, there is no default under any Material Contract by EchoStar or any of its Subsidiaries party thereto or bound thereby and no event has occurred that with the lapse of time or the giving of notice or both would constitute a default thereunder by EchoStar or any of its Subsidiaries party thereto or bound thereby or, ***, any other party thereto.

(ii) Schedule 3.1(l)(ii) sets forth a true and correct list of each Material Contract, and a copy of each Material Contract has been made available to the DISH Parties.

(m) Employee Benefits and Labor.

(i) Each Benefit Plan has been established, operated and administered in compliance in all material respects with its terms and Applicable Law, including ERISA and the Code, and there are no pending or, ***, threatened claims (other than routine claims for benefits) or proceedings by a Governmental Authority by, on behalf of or against any Benefit Plan or any trust related thereto which could reasonably be expected to result in any material liability which would be an EB Assumed Liability or ET Assumed Liability. ***, with respect to any Benefit Plan that is an “employee benefit plan” within the meaning of Section 3(3) of ERISA, none of the EchoStar Parties nor any of their Subsidiaries has engaged in any breach of fiduciary responsibility or any “prohibited transaction” (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) in connection with

which the EchoStar Party or Subsidiary reasonably could be subject to either a material civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a material tax imposed pursuant to Section 4975 or 4976 of the Code.

(ii) As of the date hereof, none of the Transferred Employees are covered by any collective bargaining agreement or other agreement with a labor union or like organization, and, ***, there are no activities or proceedings by any individual or group of individuals, including representatives of any labor organizations or labor unions, to organize any such employees.

(n) Environmental Matters. Except as set forth on Schedule 3.1(n), (a) the ET Business and the EB Business have each been conducted, ***, in compliance in all material respects with all applicable Environmental Laws, (b) neither EchoStar nor any of its Subsidiaries is conducting or is required to conduct any investigation, remediation or other action pursuant to the requirements of any Environmental Law at any Transferred Site contaminated with any Hazardous Substance or property formerly owned or operated by EchoStar or any of its Subsidiaries (including soils, groundwater, surface water, buildings or other structures at such properties) contaminated with any Hazardous Substance, (c) neither EchoStar nor any of its Subsidiaries is subject to remedial action Liability under applicable Environmental Law for any Hazardous Substance disposal or contamination on any third party property that received Hazardous Substances, (d) neither EchoStar nor any of its Subsidiaries has received any written notice, demand, letter, claim or request for information alleging that EchoStar or any of its Subsidiaries is in violation of or subject to liability under any Environmental Law, (e) neither EchoStar nor any of its Subsidiaries is subject to any written order, decree or injunction with any Governmental Authority relating to any Environmental Liability or relating to Hazardous Substances, in each case of clauses (a) through (e), to the extent primarily relating to the operation of the EB Business or the ET Business or the ownership of the EB Transferred Assets or the ET Transferred Assets and (f) *** there are no other circumstances or conditions involving the EB Business, the ET Business or the ownership of the EB Transferred Assets or the ET Transferred Assets that would reasonably be expected to result in any material claim, Liability, investigation, cost or restriction on the ownership, use or transfer of any property pursuant to any Environmental Law.

(o) Products Liability. ***, there have been no claims made, pending or, ***, threatened against EchoStar or any of its Subsidiaries or to which EchoStar or any of its Subsidiaries was a party, for product Liability or similar claims by any third party (whether based on contract or tort and whether relating to personal injury, including death, property damage or economic loss), in each case arising from: (i) products sold or services rendered by the EB Business or the ET Business; or (ii) the development, sale, distribution, or installation by EchoStar or any of its Subsidiaries of any products to the extent primarily related to the EB Business or the ET Business. ***, all products sold and services rendered by either the EB Business or the ET Business complied with all applicable warranties related to such product or service. No Governmental Authority regulating the design, manufacture, production, marketing, distribution,

sale or advertising of any of the products of the EB Business or the ET Business has requested, ***, that any such product be modified, removed from the market, removed from installation of any product or recalled, or that substantial new product testing be undertaken as a condition to the continued development, production, selling, distribution or use of any such product.

(p) Assets.

(i) Except for any Assets identified in Schedule 1.4(e) as an EB Transferred Asset or an ET Transferred Asset and except for properties, interests, Assets, services and rights that are the subject of Consents as set forth on Schedule 3.1(e) and which may not be delivered as of the Closing Date, EB Splitco and ET Splitco each have in all material respects access to and use of, or will have access to and use of as of the Closing Date, all EB Transferred Assets and ET Transferred Assets including (A) good and marketable fee simple title to, or a valid and binding leasehold interest in, the real property they own or lease that are included in the EB Transferred Assets or the ET Transferred Assets and (B) good title to the personal tangible property they own or lease that are included in the EB Transferred Assets or the ET Transferred Assets, in each case free and clear of all Liens, except Permitted Liens.

(ii) Except for Intellectual Property, which is addressed in Section 3.1(k)(iii), immediately following the Closing the EB Transferred Assets and the ET Transferred Assets, together with the Assets or services for which provision for access thereto is otherwise made in this Agreement, in the Transaction Documents (taking into account each such Asset only to the extent to which such access is so provided to the EB Group or the ET Group following the Closing) or in any other Contract, arrangement or understanding between DISH and its Subsidiaries, on the one hand, and EchoStar and its Subsidiaries, on the other hand, remaining in effect following the Closing Date, including those Assets already possessed by a member of the EB Group or the ET Group, constitute all the Assets necessary to conduct the EB Business and the ET Business in the same manner as which the EB Business and the ET Business are being conducted or contemplated to be conducted on the date hereof by EchoStar and its Subsidiaries in all material respects.

(iii) Except as would not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect, (A) the tangible EB Transferred Assets and the ET Transferred Assets are in good condition, reasonable wear and tear excepted, and (B) the plants, buildings, structures and other improvements included in the EB Transferred Assets and ET Transferred Assets are structurally sound, free of defects and with no material alterations or repairs required thereto under Applicable Law or insurance company requirements, have access to public roads or valid easements for such ingress and egress and have access to water supply, storm and sanitary sewer facilities, telephone, gas and electrical connections, fire protection and drainage and other similar systems and facilities, in each case as necessary to permit the use of such plants, buildings and structures in the operation of the EB Business and the ET Business as conducted on the date hereof.

(iv) ***, neither EchoStar nor any of its Subsidiaries has: (A) experienced any material interruption in the provision of services to customers at the Data Centers or (B) experienced any material security breaches at any of the Data Centers.

(v) Except for any Assets identified in Schedule 1.4(e) as an EB Transferred Asset or an ET Transferred Asset, neither HSSC nor any of its Subsidiaries (other than the EB Group) own any EB Transferred Assets or ET Transferred Assets (disregarding Section 1.4(b)(ix) and Section 1.4(d)(ix) for purposes of this Section 3.1(p)(v)).

(q) Real Properties.

(i) Schedule 3.1(q)(i) sets forth a list of all leases, subleases, licenses and occupancy agreements in respect of the Leased Sites (the "Transferred Real Property Leases").

(ii) EchoStar and its Subsidiaries have good and valid leasehold estate in and the right to quiet enjoyment of the Leased Sites pursuant to a legal, valid and binding lease in full force and effect and enforceable in all material respects in accordance with its terms upon EchoStar, its Subsidiaries and, ***, each other Person that is a party to such lease. With respect to each of the Transferred Real Property Leases: (A) such Transferred Real Property Lease is legal, valid, binding, enforceable and in full force and effect; (B) neither EchoStar, its Subsidiaries nor, ***, any other party to such Transferred Real Property Lease is in breach or default thereunder, and no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default thereunder; (C) no security deposit or portion thereof deposited with respect to such Transferred Real Property Lease has been applied in respect of a breach or default under such Transferred Real Property Lease which has not been redeposited in full; (D) neither EchoStar nor any of its Subsidiaries owes, nor will owe in the future, any brokerage commissions or finder's fees with respect to such Transferred Real Property Lease; (E) ***, the counterparty to such Transferred Real Property Lease has not subleased, licensed or otherwise granted any Person (other than EchoStar or its Subsidiaries) the right to use or occupy the premises demised thereunder or any portion thereof; (F) ***, the counterparty has not collaterally assigned or granted any other security interest in such Transferred Real Property Lease; and (G) ***, there are no Liens on the estate or interest created by such Transferred Real Property Lease, other than Permitted Liens.

(iii) EchoStar or any of its Subsidiaries has good and marketable fee simple title to all Owned Sites and such title is not subject to any Liens, other than Permitted Liens. Except as set forth on Schedule 3.1(q)(iii), there are no options, rights of first offer or rights of first refusal to purchase any Owned Site or any material portion thereof.

(iv) No Transferred Site is subject to any Order to be sold or is being condemned, expropriated or otherwise taken by any public authority with or without

payment of compensation therefor nor, ***, has any condemnation, expropriation or taking been proposed, and there is no pending or, ***, threatened legislation introduced to change any zoning classification of any Transferred Site.

(v) As of the date of this Agreement, there are no pending property insurance claims with respect to any interest of EchoStar or any of its Subsidiaries in any Transferred Site or any portion thereof. As of the date of this Agreement, the EchoStar Parties have not received any written notice from any insurance company or any board of fire underwriters (or any entity exercising similar functions) with respect to any Transferred Site or any portion thereof (A) requesting the EchoStar Parties to perform any repairs, alterations, improvements or other work for such Transferred Site which the EchoStar Parties have not completed in full or (B) notifying the EchoStar Parties of any defects or inadequacies in such Transferred Site, or other conditions, which would materially and adversely affect the insurability of such Transferred Site or the premiums for the insurance thereof.

(vi) The use and operation of the Transferred Sites in the conduct or operations of the EB Business or the ET Business do not violate any material contractual covenant, condition, restriction, easement, license, right of way or agreement. No Transferred Site or any buildings, structures, facilities, fixtures or other improvements thereon or the use thereof contravenes or violates any building, zoning, administrative, occupational safety and health or other Applicable Law in any material respect.

(vii) Except for the EB Business Contracts, the ET Business Contracts and the Contracts set forth on Schedule 3.1(q)(vii), neither EchoStar nor any of its Subsidiaries has entered into any lease, sublease, license or other occupancy agreement to occupy space of any of the Transferred Sites where EchoStar or any of its Subsidiaries is the lessor or sublessor or is otherwise similarly situated.

(viii) ***, no Transferred Site has suffered any material damage, destruction or other casualty loss, whether or not covered by insurance.

(ix) There is no Indebtedness secured over, relating to or listed on the title record for, any Transferred Site, other than Permitted Liens.

(r) Related Party Transactions. Schedule 3.1(r) contains an accurate and complete list of all material (A) loans, leases and other written and executed Contracts between EchoStar or any of its Subsidiaries (other than any member of the EB Group or the ET Group) or the directors, officers or employees of such entities (or Affiliates of any such directors, officers or employees), or any immediate family members of the foregoing that are natural persons (each of the foregoing, together with each other Person to the extent such Person is acting for the benefit for the foregoing, a "EchoStar Related Party"), on the one hand, and any member of the EB Group or the ET Group, on the other hand, (B) written and executed Contracts between an EchoStar Related Party and a third-party vendor for the benefit of any member of the EB Group or the ET

Group, (C) written and executed Contracts between any member of the EB Group or the ET Group and a third-party vendor for the benefit of any EchoStar Related Party and (D) any other written and executed EB Business Contract or written and executed ET Business Contract to which an EchoStar Related Party is a party.

(s) Investment Company Act. Neither EchoStar nor HSSC is, or will become after giving effect to the Closing Transactions, an “investment company” required to be registered under the Investment Company Act of 1940, as amended.

(t) Takeover Statutes. No “fair price,” “moratorium,” “control share acquisition” or other similar anti-takeover statute or regulation (each, a “Takeover Statute”) or any anti-takeover provision in EchoStar’s or any of the Significant EchoStar Subsidiaries’ Corporate Documents applies to this Agreement, the Transaction Documents, the Pre-Closing Restructuring or the Closing Transactions.

(u) No Brokers. Except for *** no agent, broker, investment banker, Person or firm is or will be entitled to any broker’s or finder’s fee or any other commission or similar fee payable by EchoStar or any of its Subsidiaries directly or indirectly in connection with the Closing Transactions.

Section 3.2 Representations and Warranties of the DISH

Parties. Each DISH Party represents and warrants to EchoStar, as of the date of this Agreement and as of the Closing Date, that:

(a) Organization; Good Standing; Qualification. Each DISH Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has the full power and authority to enter into each Transaction Document to which it is a party and to perform its obligations thereunder, and (A) has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted and (B) is duly qualified or licensed and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not reasonably be expected to prevent, materially delay or materially impair the performance by such DISH Party of its obligations under this Agreement or any other Transaction Document to which it is a party or the consummation of the Closing Transactions.

(b) Authorization and Execution of Transaction Documents. Each DISH Party has taken all necessary corporate action to authorize the execution, delivery and performance of its obligations under each of the Transaction Documents to which it is a Party and to consummate the Closing Transactions. This Agreement has been duly executed and delivered by each DISH Party, and each other Transaction Document to which it is a Party, when delivered by it in accordance herewith, shall have been duly executed and delivered by such DISH Party.

(c) Enforceability of Transaction Documents. Assuming that this Agreement and each of the Transaction Documents to which any DISH Party is a party is the valid and binding obligation of each of the EchoStar Parties thereto, this Agreement constitutes, and each other Transaction Document shall at Closing constitute, the valid, legal and binding obligation of such DISH Party, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(d) Non-Contravention. The execution and delivery by any DISH Party of each of the Transaction Documents to which it is a party and the consummation of the Closing Transactions by it pursuant thereto will not: (i) conflict with any requirement of its Corporate Documents; (ii) assuming compliance with the matters referred to in Section 3.2(e). (*Consents*) of this Agreement, result in a violation or breach of any Applicable Law by which it is bound or to which any of its properties is subject; or (iii) with or without notice, lapse of time or both, result in a breach or violation of, a termination (or right of termination) or default under, the creation or acceleration of any obligations under or the creation of a Lien on any of the assets of such DISH Party or its Subsidiaries pursuant to any Contract binding upon such DISH Party or its Subsidiaries or result in any change in the rights or obligations of any party under any Contract binding upon such DISH Party or its Subsidiaries, except, in the case of clauses (ii) and (iii), as would not reasonably be expected to prevent, materially delay or materially impair the performance by such DISH Party of its obligations under this Agreement or any other Transaction Document to which it is a party or the consummation of the Closing Transactions.

(e) Consents. No consent, license, approval or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required by or of such DISH Party in connection with the execution, delivery, performance, validity or enforceability of any Transaction Document to which such DISH Party is a party or the consummation of the Closing Transactions, except (i) for any such consent, license, approval, authorization, filing, notice or act that has been obtained, made or taken, and (ii) where the failure to obtain such consent, license, approval or authorization or make such filing or take such act would not reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impair the performance by such DISH Party of its obligations under this Agreement or any other Transaction Document to which it or any of its Affiliates is a party or the consummation of the Closing Transactions.

(f) Ownership and Transfer of Tracking Stock.

(i) All of the HSSC Tracking Shares are, and prior to the Closing will be, owned by DOLLC. Immediately following the Closing, EB Holdco will have good and valid title to the HSSC Tracking Shares, free and clear of any Liens (other than Liens resulting from any action of EchoStar or any of its Subsidiaries).

(ii) All of the EchoStar Tracking Shares are, and prior to the Closing will be, owned by DNLLC. Immediately following the Closing, EchoStar will have good and valid title to the EchoStar Tracking Shares, free and clear of any Liens (other than Liens resulting from any action of EchoStar or any of its Subsidiaries).

(g) Litigation and Other Proceedings. Except as would not reasonably be expected to prevent, materially delay or materially impair the performance by such DISH Party of its obligations under this Agreement or any other Transaction Document to which it is a party or the consummation of the Closing Transactions, as of the date of this Agreement, (i) there is no action, suit, investigation or proceeding pending or, ***, threatened in writing against such DISH Party or any of its Subsidiaries or any of their respective properties by or before any Governmental Authority and (ii) none of the DISH Parties or any of their respective Subsidiaries nor any of their respective properties is or are subject to any judgment, order, injunction, rule or decree of any Governmental Authority, in each case of clauses (i) and (ii), (1) that are reasonably likely to prohibit or restrain the ability of the DISH Parties to enter into this Agreement or any other Transaction Document or consummate the Closing Transactions, or (2) challenging or seeking to make illegal or otherwise restrain, enjoin or prohibit the consummation of the Closing Transactions. There is no action, suit, investigation or proceeding pending or, ***, threatened in writing against any of the DISH Parties or any of their respective Subsidiaries or any of their respective properties relating to the Closing Transactions, in each case, except for matters that have not resulted in, and would not reasonably be expected to result in, any criminal liability of any of the DISH Parties or any of their respective Subsidiaries or any director, officer or employee of any of the DISH Parties.

(h) No Brokers. No agent, broker, investment banker, Person or firm is or will be entitled to any broker's or finder's fee or any other commission or similar fee payable by DISH, the DISH Parties or any of their Subsidiaries directly or indirectly in connection with the Closing Transactions.

(i) ***

ARTICLE IV

COVENANTS

Section 4.1 Access to Information.

(a) Prior to the Closing, each of the DISH Parties and their Affiliates shall be entitled, through their officers, employees and representatives (including their legal advisors and accountants), to make such investigation of the properties, businesses and operations to the extent related to the EB Business or the ET Business and such examination of the books and records to the extent related to the EB Business or the ET Business as it reasonably requests and to make extracts and copies of such books and records, including access to customary supporting information, data and documentation utilized in or necessary for the preparation of the financial

information described in Schedule 5.2(e). Any such investigation and examination shall be conducted under reasonable circumstances and shall be subject to any restrictions under Applicable Law. The EchoStar Parties shall cause the officers, employees, consultants, agents, accountants, attorneys and other representatives of the EB Business or the ET Business, respectively, to cooperate with the DISH Parties and their representatives in connection with such investigation and examination, and the DISH Parties and their representatives shall cooperate with the respective representatives of the EB Business or the ET Business and shall use their reasonable efforts to minimize any disruption to the business.

(b) Following the Closing, the DISH Parties will give the EchoStar Parties reasonable access during the DISH Parties' regular business hours upon reasonable advance notice and subject to restrictions under Applicable Law to books and records transferred to the DISH Parties to the extent necessary for the preparation of financial statements or regulatory filings of the EchoStar Parties or their Affiliates in respect of periods ending on or prior to Closing, or in connection with any Legal Proceedings. The EchoStar Parties shall be entitled, at their sole cost and expense, to make copies of the books and records to which they are entitled to access pursuant to this Section 4.1(b).

(c) Following the Closing, the EchoStar Parties will give, or cause to be given, the DISH Parties and their Affiliates reasonable access during the EchoStar Parties' regular business hours upon reasonable advance notice and subject to restrictions under Applicable Law to their respective books and records to the extent relating to the EB Business or the ET Business to the extent necessary for the preparation of financial statements or regulatory filings of DISH, members of the EB Group or ET Group in respect of periods ending on or prior to Closing, in connection with any Legal Proceedings, or to the extent reasonably necessary or advisable to operate the EB Business or the ET Business after the Closing. DISH, the DISH Parties and their Affiliates shall be entitled, at their sole cost and expense, to make copies of the books and records to which they are entitled to access pursuant to this Section 4.1(c).

(d) ***

Section 4.2 Conduct of the Business Pending the Closing.

(a) Prior to the Closing, except (I) as permitted by Schedule 4.2, (II) as required by Applicable Law, (III) as otherwise expressly required or expressly contemplated by this Agreement or any other Transaction Document, (IV) with the prior written consent of DNLLC (such consent not to be unreasonably withheld, conditioned or delayed), or (V) to the extent expressly contemplated by the Pre-Closing Restructuring, EchoStar shall, and shall cause its Subsidiaries to, (i) conduct the EB Business and the ET Business only in the Ordinary Course of Business; and (ii) use its commercially reasonable efforts to (A) preserve the present business operations of, Assets primarily related to, and organization and goodwill of, in each case, the EB Business and the ET Business, (B) preserve the present relationships with customers, licensors, vendors, distributors and suppliers to the extent primarily related to the EB Business and the ET

Business and other third parties having a business relationship with the EB Business and the ET Business, (C) preserve the EB Business and the ET Business and their respective business organization intact and retain the respective Permits to the extent related to the EB Business and the ET Business and (D) keep available the services of the employees of the EB Business and the ET Business, in the case of (A) through (D), in all material respects.

(b) Without limiting the generality of Section 4.2(a), and in furtherance of Section 4.2(a), except (I) as expressly permitted by Schedule 4.2, (II) as otherwise expressly required or contemplated by this Agreement or any other Transaction Document, (III) with the prior written consent of DNLLC (such consent not to be unreasonably withheld, conditioned or delayed), (IV) as required by Applicable Law, or (V) to the extent contemplated by the Pre-Closing Restructuring, each EchoStar Party shall not, and shall cause each of their Subsidiaries not to:

(i) incur, assume or guarantee any Indebtedness that will, at the Closing, constitute EB Assumed Liabilities or ET Assumed Liabilities;

(ii) make any loan, advance or capital contribution to or investment in any Person that would constitute EB Transferred Assets or ET Transferred Assets;

(iii) change any method of accounting or accounting practice, in each case, which materially affects or relates to the EB Business or the ET Business, except for any such changes required by Applicable Law or under GAAP;

(iv) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of the EB Splitco Shares or any of the ET Splitco Shares or enter into any agreement with respect to the voting of the EB Splitco Shares or the ET Splitco Shares;

(v) transfer, issue, encumber, sell or dispose of any equity or membership interests in, or other securities of, the EB Group or the ET Group or grant options, warrants, calls or other rights to purchase or otherwise acquire equity or membership interests in, or other securities of, the EB Group or the ET Group;

(vi) effect any recapitalization, reclassification or like change in the capitalization of the EB Group or the ET Group;

(vii) amend or propose any change to the Corporate Documents of any member of the EB Group or any member of the ET Group;

(viii) other than as required by Applicable Law, any existing Benefit Plan or Material Contract or any of the Transaction Documents (including the Employee Matters Agreement), (A) increase the annual level of compensation of any Transferred Employee or consultant primarily related to the EB Business or the ET Business, except for (1) increases in annual salary, wage rate or base compensation in the Ordinary Course of

Business and after prior consultation with DISH and (2) the payment of annual bonuses to Transferred Employees for completed periods, (B) grant or increase any bonus or incentive opportunity or other direct or indirect compensation to any Transferred Employee other than in the Ordinary Course of Business, (C) establish, adopt or amend or otherwise materially increase the coverage or benefits available under any (or create any new) Benefit Plan, (D) take any action to accelerate the vesting or payment, or fund or in any other way to secure the payment, of compensation or benefits under any Benefit Plan with respect to any Transferred Employee, to the extent not already provided in any such Benefit Plan for Transferred Employees, (E) materially change any actuarial or other assumptions used to calculate funding obligations with respect to any Benefit Plan or to change the manner in which contributions to such plans are made or the basis on which such contributions are determined, except as may be required by GAAP, (F) establish, adopt, amend or terminate any employment, deferred compensation, severance, consulting, non-competition or similar agreement to which any Transferred Employee is a party, or (G) become a party to, establish, adopt, amend, commence participation in or terminate any collective bargaining agreement or other agreement with a labor union, works council or similar organization, in each case, with respect to any Transferred Employee;

(ix) subject to any Lien (other than any Permitted Lien), any EB Transferred Assets or ET Transferred Assets;

(x) except for acquisitions and sales of parts and inventory in the Ordinary Course of Business, (A) acquire any properties or assets that would constitute EB Transferred Assets or ET Transferred Assets with a value or purchase price in the aggregate *** or (B) sell, assign, license, transfer, convey, lease, let lapse, abandon or otherwise dispose of any of the properties or Assets that would otherwise constitute EB Transferred Assets or ET Transferred Assets with a value or purchase price in the aggregate ***;

(xi) cancel or compromise any material debt or claim or waive or release any material right related to the EB Business or the ET Business;

(xii) enter into any commitment for capital expenditures primarily related to the EB Business or the ET Business *** for any individual commitment and *** for all commitments in the aggregate;

(xiii) permit any member of the EB Group or any member of the ET Group to enter into any merger or consolidation with any Person;

(xiv) except in the Ordinary Course of Business, enter into, renew, terminate, modify in any material respect or waive any material right under or with respect to, a Contract that is, or would be if entered into after the date hereof, a Material Contract;

(xv) transfer, sell, license, encumber, divest, abandon, cancel, fail to renew, permit to lapse or fail to defend any challenge (other than a frivolous challenge), or

otherwise dispose of rights to any Separated IP Assets, except for granting non-exclusive licenses to the Separated IP Assets in the Ordinary Course of Business and the abandonment or failure to renew any item included within the Separated IP Assets where such decision was made prior to the date of this Agreement or otherwise in the Ordinary Course of Business;

(xvi) except (A) in the Ordinary Course of Business with respect to immaterial proceedings or (B) with respect to any EB Excluded Liability or ET Excluded Liability (so long as any such settlement does not admit any wrongdoing by, or place any restrictions on, the EB Business or the ET Business), initiate or settle any Legal Proceedings related to the EB Business or the ET Business;

(xvii) (A) make or rescind any material Tax election or change any material Tax accounting method, (B) agree to a waiver or an extension of a statute of limitations with respect to the assessment or determination of Taxes, or (C) compromise or settle any material Tax dispute, in each case, related to and which materially affects the EB Business or the ET Business;

(xviii) fail to (A) maintain inventory at levels (by device type) in the Ordinary Course of Business, (B) maintain and continue regular purchase order activity in the Ordinary Course of Business or (C) conduct capital expenditures in the Ordinary Course of Business and consistent with the capital expenditure plan for the EB Business and the ET Business;

(xix) engage in any practice which would have the effect of (A) postponing payments payable in connection with the operation or conduct of the EB Business' and the ET Business' operations (including prepayments) or (B) accelerating collections of accounts receivable or other payments owed to the EB Business or the ET Business; or

(xx) agree, authorize or consent to do any of the foregoing.

Section 4.3 Third Party Consents; Government Actions and Authorizations.

(a) Cooperation. Subject to the terms and conditions set forth in this Agreement, the DISH Parties and the EchoStar Parties shall cooperate with each other and use (and shall cause their respective Subsidiaries to use) their respective commercially reasonable efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under this Agreement and Applicable Law to consummate and make effective the Closing Transactions or any other agreement contemplated hereby as soon as practicable, including preparing and filing as promptly as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all consents, registrations, approvals, and Permits necessary or advisable to be obtained from any third party and/or any Governmental Authority in order to consummate the Closing Transactions or any of the other transactions contemplated by this Agreement. Subject to

Applicable Law relating to the exchange of information, the DISH Parties and the EchoStar Parties shall consult with one another and jointly direct all matters with any Governmental Authority consistent with its obligations hereunder; provided, that the Parties shall have the right to review in advance and, to the extent practicable, each will consult with the other on and consider in good faith the views of the other in connection with, all of the information relating to the DISH Parties or the EchoStar Parties, as the case may be, and any of their respective Subsidiaries, that appears in any filing made with, written materials submitted to, or oral conversations had with, any third party and/or any Governmental Authority in connection with the Closing Transactions or any other agreement contemplated hereby. In exercising the foregoing rights, each of the DISH Parties and the EchoStar Parties shall act reasonably and as promptly as practicable.

(b) Information. The DISH Parties and the EchoStar Parties each shall, upon request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers and stockholders and such other matters as may reasonably be necessary or advisable in connection with any statement, filing, notice or application made by or on behalf of the DISH Parties, the EchoStar Parties or any of their respective Subsidiaries to any third party and/or any Governmental Authority in connection with the Closing Transactions or any other agreement contemplated hereby.

(c) Status. Subject to Applicable Law and as required by any Governmental Authority, the DISH Parties and the EchoStar Parties each shall keep the other apprised of the status of matters relating to completion of the Closing Transactions or any other agreement contemplated hereby, including promptly furnishing the other with copies of notices or other communications received by the EchoStar Parties or the DISH Parties, as the case may be, or any of their Subsidiaries, from any third party and/or any Governmental Authority with respect to the Closing Transactions or any other agreement contemplated hereby. Each of EchoStar and DISH shall give prompt notice to the other upon learning of any change, fact or condition that is reasonably expected to result in a Material Adverse Effect or of any failure of any condition to any of the Parties' obligations to effect the Closing Transactions. Neither the DISH Parties nor the EchoStar Parties shall permit any of their officers or any other representatives or agents to participate in any substantive meeting with any Governmental Authority in respect of any filing, investigation or other inquiry relating to the Closing Transactions or any other agreement contemplated hereby unless it consults with the EchoStar Parties or the DISH Parties, as the case may be, in advance and, to the extent permitted by such Governmental Authority, gives the other Party the opportunity to attend and participate thereat.

(d) Without limiting the generality of Section 4.3(a), the DISH Parties and the EchoStar Parties shall make (and shall cause their respective Subsidiaries to make) the governmental application filings set forth in Schedule 4.3(d)(i) (the "Required Governmental Applications") and the governmental notices set forth in Schedule 4.3(d)(ii) (the "Required Governmental Notices").

(e) The Parties shall use their respective commercially reasonable efforts to ensure that EchoStar and/or its Affiliates can fulfill their responsibilities as an FCC licensee for the radio service authorizations to be retained by EchoStar but that relate to the EB Business, including without limitation ensuring compliance with all applicable communications laws and FCC rules, orders and policies.

Section 4.4 Further Assurances.

(a) Each of the DISH Parties and the EchoStar Parties agree to (1) take all actions necessary or appropriate to consummate the Closing Transactions, (2) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the Closing Transactions, and (3) from and after the Closing, take such actions and execute such documents as are reasonably necessary to make effective and carry out the intent of the Closing Transactions.

(b) Neither the DISH Parties nor the EchoStar Parties shall be obligated, in connection with this Section 4.4, to expend money other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, unless reimbursed by the EchoStar Parties or the DISH Parties, as the case may be.

(c) From the date of this Agreement until the Closing Date, EchoStar and DISH shall cooperate in good faith to identify any and all additional services (i) related to the operation of the EB Business and the ET Business that are not included in the EB Transferred Assets or the ET Transferred Assets and that are reasonably necessary or advisable to operate the EB Business or the ET Business following the Closing and (ii) related to the operation of the EB Business and the ET Business included in the EB Transferred Assets or the ET Transferred Assets and that are reasonably necessary or advisable for the EB Business or the ET Business to provide to the EchoStar Group following the Closing. EchoStar and DISH shall cooperate in good faith to add the provision by the EchoStar Group or DISH and its applicable Subsidiaries, as applicable, of any services identified pursuant to this Section 4.4(c) that either DISH or EchoStar, as applicable, reasonably requests to the scope of services provided under the Professional Services Agreement, dated August 4, 2009, between EchoStar and DISH (as amended to include such additional services, the "Amended Professional Services Agreement"), or if the parties mutually agree in writing, to another transition services agreement between DISH or any of its Subsidiaries (including any member of the EB Group or the ET Group) and one or more members of the EchoStar Group (the "Transition Services Agreement" or "Transition Services Agreements," as the case may be), and such services shall be provided in the manner customarily used by DISH and its Subsidiaries and the EchoStar Group to provide services to each other in the past. Notwithstanding the foregoing, neither the EchoStar Group nor DISH or any of its Subsidiaries shall be obligated to provide any service the provision of which would violate Applicable Law or any Contract to which any such party is a member; provided that in the event that any service contemplated by this Section 4.4(c) is not provided due to this sentence, members of the EchoStar Group and DISH and its applicable Subsidiaries, as applicable, shall take such

other actions as may reasonably be requested by the other party in order to place such party, insofar as legally permitted and reasonably possible, in the same position as if such service had been provided to such party.

(d) ***

(e) From the date of this Agreement through the Closing Date (or, with respect to each Potential Transferred Employee, the date that is the earlier of (i) such Potential Transferred Employee's Transfer Date and (ii) ***) and subject to any applicable legal restrictions, prior to making any material communications to the EB Employees, ET Employees or Potential Transferred Employees pertaining to compensation or benefit matters that are affected by the transactions contemplated by this Agreement and not in the Ordinary Course of Business, DISH and EchoStar each shall provide the other with a copy of the intended communication and such other Party shall have a reasonable period of time (to the extent practicable) to review and comment on the communication.

Section 4.5 EchoStar Credit Support Obligations. DISH shall use its commercially reasonable efforts to cause the EchoStar Parties and their respective Affiliates to be relieved reasonably promptly following the Closing of all EB Assumed Liabilities and ET Assumed Liabilities arising out of the letters of credit, performance bonds, banker's acceptance, corporate guarantees and other similar items issued and outstanding in connection with the EB Business or the ET Business that constitute EB Assumed Liabilities or ET Assumed Liabilities and are set forth on Schedule 4.5 (together, the "EchoStar Credit Support Obligations"). DISH agrees to continue to use its commercially reasonable efforts after the Closing to relieve the EchoStar Parties and their respective Affiliates of all such EchoStar Credit Support Obligations. ***

Section 4.6 Confidentiality.

(a) The terms of the Confidentiality Agreement, dated as of December 22, 2016, between DISH and EchoStar (the "Confidentiality Agreement"), shall continue in full force and effect until the Closing, at which time the Confidentiality Agreement shall terminate. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms.

(b) Each of the EchoStar Parties hereby agrees with DISH that such Party will not, and that such Party will cause its Affiliates, directors, officers, employees, agents and representatives not to, at any time on or after the Closing Date, directly or indirectly, without the prior written consent of DISH, disclose or use any confidential or proprietary information involving or relating to any of the EB Business or the ET Business (collectively, the "DISH Confidential Information"), and each of the DISH Parties hereby agrees with EchoStar that such Party will not, and that such Party will cause its Affiliates, directors, officers, employees, agents and representatives not to, at any time on or after the Closing Date, directly or indirectly, without the prior written consent of EchoStar, disclose or use any confidential or proprietary information

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*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

involving or relating to any of the Tracking Stock or the Hughes Retail Group (collectively, the “EchoStar Confidential Information,” and, together with the DISH Confidential Information, the “Confidential Information”); provided, however, that Confidential Information will not include any information generally available to, or known by, the public (other than as a result of disclosure in violation hereof); provided, further, that the provisions of this Section 4.6(b) will not prohibit any retention of copies of records or disclosure (i) required by Applicable Law so long as, to the extent practicable, reasonable prior notice is given of such disclosure and a reasonable opportunity is afforded to contest the same or (ii) in connection with the enforcement of any right or remedy relating to this Agreement or any other Transaction Document. ***

Section 4.7 Preservation of Records. The EchoStar Parties and the DISH Parties agree that each of them (i) shall preserve and keep the records held by them or their Affiliates relating to the EB Business and the ET Business for a period of *** from the Closing Date (or such longer period as required by Applicable Law), other than records (x) in the case of the EchoStar Parties, that are actually delivered to DISH pursuant to Section 4.10, (y) and in the case of the DISH Parties, a copy of which is retained by the EchoStar Parties and (ii) shall make such records and personnel available to the other as may reasonably be required by such party in connection with, among other things, any insurance claims by, Legal Proceedings against or governmental investigations of the EchoStar Parties or the DISH Parties or any of their Affiliates or in order to enable the EchoStar Parties and the DISH Parties to comply with their respective obligations under this Agreement and each other agreement, document or instrument contemplated hereby or thereby. In the event any of the EchoStar Parties or any of the DISH Parties wishes to destroy such records after that time, such Party shall first give *** prior written notice to, in the case of any EchoStar Party, DNLLC, and in the case of any DISH Party, EchoStar, and DNLLC or EchoStar, respectively, shall have the right at its option and expense, upon prior written notice given to such Party within that *** period, to take possession of the records within *** days after the date of such notice.

Section 4.8 Publicity. None of the Parties shall issue any press release or public announcement concerning this Agreement or the Closing Transactions without obtaining the prior written approval of the other applicable Parties hereto, which approval will not be unreasonably withheld, conditioned or delayed, unless, in the sole judgment of DISH or EchoStar, as applicable, disclosure is otherwise required by Applicable Law or by the applicable rules of any stock exchange on which DISH or EchoStar lists securities, provided, that, to the extent permitted by Applicable Law, the Party intending to make such release shall use its commercially reasonable efforts consistent with such Applicable Law to consult with the other Parties with respect to the timing and content thereof.

Section 4.9 Intercompany Arrangements; ***.

(a) Except as set forth on Schedule 4.9(a), as such schedule may be supplemented by the mutual written agreement of the parties between the date of this Agreement and the Closing Date, EchoStar shall procure that as of the Closing there shall be no outstanding

material Liabilities, obligations, Contracts or agreements between or among any member of the EchoStar Group, on the one hand, and any member of the EB Group or the ET Group, on the other hand.

(b) The provisions of Section 4.9(a) shall not apply to this Agreement, any other Transaction Document and each other Contract or amendment expressly contemplated by this Agreement or other Transaction Document to be entered into or continued by any of the Parties or any of their respective Affiliates.

(c) ***

(d) ***

Section 4.10 Books and Records. As soon as practicable following the Closing Date, the EchoStar Parties shall deliver, or cause to be delivered, to DNLLC originals or copies of all books, records, files and papers, whether in hard copy or computer format, primarily relating to the EB Group and the ET Group and its assets, properties and operations.

Section 4.11 Notice of Developments. Prior to the Closing, the EchoStar Parties shall notify DNLLC in writing reasonably promptly after becoming aware of (a) any event, circumstance, fact or occurrence arising subsequent to the date of this Agreement which would result in any material breach of any representation, warranty or covenant of the EchoStar Parties in this Agreement or which could have the effect of making any representation or warranty of the EchoStar Parties in this Agreement untrue or incorrect in any material respect, (b) any other material development affecting the assets, liabilities, business, properties, financial condition, results of operation or employee relations of the EB Group or the ET Group and (c) any action or investigation in which any EchoStar Party is a party and which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or which relates to the Pre-Closing Restructuring or the Closing Transactions. Prior to the Closing, the DISH Parties shall promptly notify EchoStar in writing upon becoming aware of (i) any event, circumstance, fact or occurrence arising subsequent to the date of this Agreement which would result in any material breach of any representation, warranty or covenant of the DISH Parties in this Agreement or which could have the effect of making any representation or warranty of the DISH Parties in this Agreement untrue or incorrect in any material respect and (ii) any action or investigation in which any DISH Party is a party and which has or would reasonably be expected to prevent, materially delay or materially impair the performance by such DISH Party of its obligations under this Agreement or any other Transaction Document to which it is a party or the consummation of the Closing Transactions.

Section 4.12 Completion of the Pre-Closing Restructuring. The EchoStar Parties shall keep the DISH Parties reasonably apprised as to the status of the completion of the Pre-Closing Restructuring and shall provide the DISH Parties with copies of proposed drafts of all documents effecting the Pre-Closing Restructuring as promptly as practicable. EchoStar shall consider in good faith all reasonable comments thereto proposed by the DISH Parties, and the prior

written consent of DISH to the form and contents of each document shall be required prior to completing the Pre-Closing Restructuring (such consent not to be unreasonably withheld, conditioned or delayed).

Section 4.13 Transfer of ET Splitco Common Stock, EB Splitco Common Stock, and Tracking Stock. Except for the Pre-Closing Restructuring and the Closing Transactions, (i) no EchoStar Party shall transfer, issue, encumber, sell, assign or otherwise dispose of any ET Splitco Shares or the EB Splitco Shares, and (ii) no DISH Party shall transfer, issue, encumber, sell, assign or otherwise dispose of any of the HSSC Tracking Shares or the EchoStar Tracking Shares.

Section 4.14 Tax Matters. Notwithstanding anything to the contrary in this Agreement, except as provided in Section 4.2(b), (i) all Tax matters, including the preservation of Tax records and access to Tax information, and any Liability for Taxes shall be handled exclusively in accordance with the provisions of the Tax Matters Agreement, and (ii) the representations and warranties in respect of Taxes contained in the Tax Matters Agreement are the exclusive representations or warranties in respect of Taxes in any Transaction Document. For the avoidance of doubt, no Party may recover Losses under both this Agreement and the Tax Matters Agreement for the same indemnification claim.

Section 4.15 Environmental Reports. EchoStar shall, prior to the Closing Date, deliver to the DISH Parties copies of all material environmental reports in its possession from the last *** relating to the EB Business, the ET Business or the ownership of the EB Transferred Assets or the ET Transferred Assets, and shall use its commercially reasonable efforts to diligently search for any other such material environmental reports *** and shall deliver to the DISH Parties any such reports that are located prior to the Closing Date.

ARTICLE V

CONDITIONS TO CLOSING

Section 5.1 Mutual Conditions to Closing. The respective obligations of each Party hereto to consummate the Closing Transactions is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived in whole or in part by all of the Parties hereto to the extent permitted by Applicable Law):

- (a) the Required Governmental Applications shall have been granted;
- (b) there shall not be pending any Action or proceeding by any Governmental Authority (i) challenging or seeking to make illegal or otherwise, directly or indirectly, restrain, enjoin or prohibit the consummation of the Closing Transactions, or (ii) directly involving the EB Group, the ET Group or the DISH Parties or any of their Affiliates that would reasonably be expected to materially impair the DISH Parties' ability to (A) own or operate the EB Business or the ET Business and conduct the businesses as currently conducted, or (B) vote, transfer, receive

dividends or otherwise exercise full ownership rights and control with respect to the ET Splitco Shares or the EB Splitco Shares;

(c) no court or other Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Applicable Law (whether temporary, preliminary or permanent) or Order that is in effect and restrains, enjoins or otherwise prohibits consummation of the Pre-Closing Restructuring, the Closing Transactions or any other agreements or other transactions contemplated by this Agreement; and

(d) the Pre-Closing Restructuring shall have been completed in accordance with Article I and Section 4.12.

Section 5.2 Conditions Precedent to Obligations of the DISH Parties. The obligations of the DISH Parties to consummate the Closing Transactions are further subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by the DISH Parties in whole or in part to the extent permitted by Applicable Law):

(a) (i) the representations and warranties of the EchoStar Parties set forth in this Agreement that are qualified by reference to Material Adverse Effect shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date); (ii) the representations and warranties of the EchoStar Parties set forth in this Agreement that are not qualified by reference to Material Adverse Effect shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), provided, however, that notwithstanding anything herein to the contrary, the condition set forth in this Section 5.2(a)(ii) shall be deemed to have been satisfied even if any representations and warranties of the EchoStar Parties (***) which must be true and correct subject only to de minimis exceptions) are not so true and correct unless the failure of such representations and warranties of the EchoStar Parties to be so true and correct, individually or in the aggregate, has had or is reasonably likely to have a Material Adverse Effect; and (iii) DNLLC shall have received at the Closing a certificate signed on behalf of the EchoStar Parties by an executive officer of EchoStar to the effect that such executive officer has read this Section 5.2(a) and the conditions set forth in this Section 5.2(a) have been satisfied;

(b) each of the EchoStar Parties shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and DNLLC shall have received a certificate signed on behalf of the EchoStar Parties by an executive officer of EchoStar to such effect;

(c) since the date of this Agreement, there shall not have occurred any event, change, occurrence, condition or effect which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(d) all outstanding Indebtedness of ET Splitco and EB Splitco and their respective Subsidiaries shall have been repaid in full; and

(e) the DISH Parties shall have received the financial information set forth on Schedule 5.2(e) in a form reasonably satisfactory to the DISH Parties;

(f) the DISH Parties shall have received each of the deliveries set forth in Section 2.3 required to be delivered to any of the DISH Parties.

Section 5.3 Conditions Precedent to Obligations of the EchoStar Parties. The obligations of the EchoStar Parties to consummate the Closing Transactions are further subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions (any or all of which may be waived by the EchoStar Parties in whole or in part to the extent permitted by Applicable Law):

(a) (i) the representations and warranties of the DISH Parties set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date and ***, and (ii) EchoStar shall have received at the Closing a certificate signed on behalf of the DISH Parties by an executive officer of DNLLC to the effect that such executive officer has read this Section 5.3(a), and the conditions set forth in this Section 5.3(a) have been satisfied;

(b) each of the DISH Parties shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and EchoStar shall have received a certificate signed on behalf of the DISH Parties by an executive officer of DNLLC to such effect;

(c) EchoStar shall have received each of the deliveries set forth in Section 2.3 required to be delivered to it or to any of the EchoStar Parties; and

(d) ***

ARTICLE VI

INDEMNIFICATION

Section 6.1 Indemnification Obligations of EchoStar. Subject to the limitations set forth in this Article VI, EchoStar shall indemnify DISH, DNLLC, DOLLC and each of their

respective Affiliates, officers, directors, employees, representatives and agents (the “DISH Indemnified Persons”) against and hold them harmless from any and all damages, losses, charges, liabilities, claims, demands, actions, suits, proceedings, payments, judgments, settlements, assessments, deficiencies, taxes, interest, penalties, diminution in value and costs and expenses but excluding punitive, exemplary and special damages (unless a third party is entitled to such damages pursuant to a third party claim (a “Third Party Claim”) and such damages are actually paid to such third party) (collectively, “Losses”) imposed on, sustained, incurred or suffered by, or asserted against, any of the DISH Indemnified Persons, whether in respect of Third Party Claims, claims between the Parties, or otherwise, relating to, arising out of or resulting from (a) any breach of any of the representations or warranties of any EchoStar Party contained in this Agreement, (b) any breach or nonperformance of any covenant or agreement made by any EchoStar Party contained in this Agreement or the Employee Matters Agreement, (c) any of the EB Excluded Liabilities, or (d) any of the ET Excluded Liabilities; ***.

Section 6.2 Indemnification Obligations of DISH. Subject to the limitations set forth in this Article VI, the DISH Parties shall indemnify EchoStar and its Affiliates and its and their officers, directors, employees, representatives and agents (the “EchoStar Indemnified Persons”) against and hold them harmless from any and all Losses imposed on, sustained, incurred or suffered by, or asserted against, any of the EchoStar Indemnified Persons, whether in respect of Third Party Claims, claims between the Parties, or otherwise, relating to, arising out of or resulting from (a) any breach of any of the representations or warranties of any DISH Party contained in this Agreement, (b) any breach or nonperformance of any covenant or agreement made by any DISH Party contained in this Agreement or the Employee Matters Agreement, (c) any of the EB Assumed Liabilities or (d) any of the ET Assumed Liabilities; ***.

Section 6.3 Limitations on Indemnity. No Party shall be required to make any payment with respect to its indemnification obligations in respect of a breach of any representation or warranty other than a breach of any Fundamental Representation under this Article VI unless (A) the aggregate Losses arising from an individual breach of any representation or warranty exceed *** (it being stated for the avoidance of doubt that the Losses arising from any potential indemnification claims that arise out of or involve or relate to similar facts or are based on related or similar occurrences, events or circumstances will be aggregated and treated as a single breach for purposes of this clause (A) of this Section 6.3) and (B) until such time as the obligations to the DISH Indemnified Persons, on the one hand, or the EchoStar Indemnified Persons, on the other hand, excluding Losses for which indemnification is not available as a result of the application of the de minimis threshold contained in clause (A) above, exceed *** in the aggregate (the “Deductible”); provided, that once such Losses exceed the Deductible, the indemnifying party shall be responsible for all amounts in excess thereof; provided, further, that in no event shall the aggregate indemnification actually paid by the EchoStar Parties, on the one hand, or the DISH Parties, on the other hand, pursuant to Section 6.1 or Section 6.2, as the case may be, in respect of a breach of any of the representations or warranties (other than a breach of any of the Fundamental Representations) exceed ***. Notwithstanding the foregoing, in no event shall (x) the aggregate indemnification actually paid by the EchoStar Parties pursuant to Section 6.1, taken together with

all other indemnification actually paid by the EchoStar Parties pursuant to Section 6.1, or (y) the aggregate indemnification actually paid by the DISH Parties pursuant to Section 6.2, taken together with all other indemnification actually paid by the DISH Parties pursuant to Section 6.2, in the case of each of (x) and (y), in respect of breaches of any representations or warranties, exceed ***. Payments by an EchoStar Party or a DISH Party pursuant to Section 6.1 or Section 6.2 in respect of any Loss shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by the EchoStar Indemnified Persons or the DISH Indemnified Persons, as applicable, in respect of any such claim. The EchoStar Indemnified Persons or the DISH Indemnified Persons, as applicable, shall take, and cause its Affiliates to take, all commercially reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss; provided, that nothing herein shall require any EchoStar Indemnified Person or DISH Indemnified Person to file any claim under any insurance policy. ***

Section 6.4 Method of Asserting Claims. All claims for indemnification by any DISH Indemnified Person or EchoStar Indemnified Person (each, an “Indemnified Party”) shall be asserted and resolved as set forth in this Section 6.4. Any Indemnified Party seeking indemnity pursuant to Section 6.1 or Section 6.2 shall notify in writing the Party from whom indemnification is sought (the “Indemnifying Party”) of such demand for indemnification. The Indemnifying Party shall have *** from the personal delivery or mailing of such notice (the “Notice Period”) to notify the Indemnified Party whether or not it desires to defend the Indemnified Party against such claim or demand with respect to a claim or demand based on a Third Party Claim. In the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that, with respect to a Third Party Claim, it desires to defend the Indemnified Party against such Third Party Claim, the Indemnifying Party shall have the right to defend the Indemnified Party at the Indemnifying Party’s sole cost and expense and with counsel (plus local counsel if appropriate) reasonably satisfactory to the Indemnified Party. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, compromise or consent to entry of any judgment or enter into any settlement agreement with respect to any action or proceeding in respect of which indemnification is sought under Section 6.1 or Section 6.2 (whether or not the Indemnified Party is an actual or potential party thereto), unless such compromise, consent or settlement involves only the payment of money damages for which the Indemnifying Party will indemnify the Indemnified Party hereunder. If the right to assume and control the defense is exercised, the Indemnified Party shall have the right to participate in, but not control, such defense at its own expense and the Indemnifying Party’s indemnity obligations shall be deemed not to include attorneys’ fees and litigation expenses incurred in such participation by the Indemnified Party after the assumption of the defense by the Indemnifying Party in accordance with the terms of this Agreement; provided, however, that the Indemnified Parties collectively shall be entitled to employ one firm or separate counsel (plus local counsel if appropriate) to represent the Indemnified Parties if, in the opinion of counsel to each Indemnified Party seeking to employ such separate counsel, a conflict of interest between such Indemnified Party or Parties and the Indemnifying

Party exists in respect of such claim and in each such event, the fees, costs and expenses of one such firm or separate counsel (plus one local counsel per jurisdiction if appropriate) shall be paid in full by the Indemnifying Party. If the Indemnifying Party has not elected to assume the defense of a Third Party Claim within the Notice Period, the Indemnified Party may defend and settle the claim for the account and cost of the Indemnifying Party; provided, that the Indemnified Party will not settle the Third Party Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld. The Indemnified Party shall cooperate with the Indemnifying Party and, subject to obtaining proper assurances of confidentiality and privilege, shall make available to the Indemnifying Party all pertinent information under the control of the Indemnified Party.

Section 6.5 *** Survival.

(a) ***

(b) The representations and warranties of the Parties contained in this Agreement shall survive the Closing for the period set forth in this Section 6.5(b). All representations and warranties contained in this Agreement and all claims with respect thereto shall terminate on ***, it being understood that in the event that notice of any claim for indemnification under this Article VI has been given pursuant to Section 6.4 within the applicable survival period, the representations and warranties that are the subject of such indemnification claim (and the right to pursue such claim) shall survive with respect to such claim until such time as such claim is finally resolved. Any claim for a breach of a representation or warranty must be delivered prior to the expiration of the applicable survival term set forth in this Section 6.5(b). It is the intention of the Parties that the survival periods and termination date set forth in this Section 6.5(b) supersede a statute of limitation applicable to such representations and warranties or claim with respect thereof other than in the case of fraud. No Indemnified Party shall be required to show reliance on any representation, warranty, certificate or other agreement in order for such Indemnified Party to be entitled to indemnification, compensation or reimbursement hereunder.

ARTICLE VII

TERMINATION

Section 7.1 Termination of Agreement. This Agreement may be terminated prior to the Closing as follows:

(a) by mutual written consent of DISH and EchoStar;

(b) by either DISH or EchoStar, by giving written notice of such termination to the other Party, if (i) the Closing shall not have occurred on or prior to the close of business on March 31, 2017 (the "Termination Date"), or (ii) any of the conditions set forth in Section 5.1 (Mutual Conditions to Closing) shall have become incapable of satisfaction, provided, that the

right to terminate this Agreement pursuant to this Section 7.1(b), shall not be available to any Party that has breached in any material respect its obligations under this Agreement in any manner that shall have proximately caused or resulted in the failure of a condition to the consummation of the Closing Transactions;

(c) by EchoStar if there has been a breach of any representation, warranty, covenant or agreement made by any of the DISH Parties in this Agreement, or any such representation and warranty shall have become untrue after the date hereof, such that Section 5.3(a) (*Representations and Warranties of the DISH Parties*) or Section 5.3(b) (*Performance of Obligations and Agreements by the DISH Parties*) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within the earlier of (i) thirty (30) days after written notice thereof is given by EchoStar to DISH and (ii) the Termination Date; or

(d) by DISH if there has been a material breach of any representation, warranty, covenant or agreement made by any of the EchoStar Parties in this Agreement, or any such representation and warranty shall have become untrue after the date hereof, such that Section 5.2(a) (*Representations and Warranties of the EchoStar Parties*) or Section 5.2(b) (*Performance of Obligations and Agreements by the EchoStar Parties*) would not be satisfied and such breach or condition is not curable or, if curable, is not cured within the earlier of (i) thirty (30) days after written notice thereof is given by DISH to EchoStar and (ii) the Termination Date.

Section 7.2 Procedure Upon Termination. In the event of termination by DISH or EchoStar, or both, pursuant to Section 7.1, written notice thereof shall forthwith be given to the other Party, and this Agreement shall terminate, and each of the Pre-Closing Restructuring and Closing Transactions shall be abandoned, without further action by DISH or EchoStar.

Section 7.3 Effect of Termination.

(a) In the event that this Agreement is validly terminated in accordance with Sections 7.1 and 7.2, then each of the Parties shall be relieved of their duties and obligations arising under this Agreement after the date of such termination and such termination shall be without liability to the other Parties, and each exhibit hereto and each Transaction Document shall be deemed null and void *ab initio*; provided, that the obligations of the Parties set forth in this Section 7.3, Section 4.6 (*Confidentiality*), Section 4.8 (*Publicity*) and Article VIII (*Miscellaneous*) hereof shall survive any such termination and shall be enforceable hereunder.

(b) Nothing in this Section 7.3 shall relieve any of the Parties of any liability for a material breach of any of its covenants or agreements or material breach of its representations and warranties contained in this Agreement or any Transaction Document executed prior to or on the date hereof prior to the date of termination. The damages recoverable by the non-breaching Party shall include all attorneys' fees reasonably incurred by such Party in connection with the Closing Transactions.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Notices. All notices required or permitted to be given hereunder shall be in writing and shall be sent by facsimile transmission, or by first class certified mail, postage prepaid, or by overnight courier service, charges prepaid, to the Party to be notified, addressed to such Party at the address set forth below, or sent by facsimile to the fax number set forth below, or such other address(es) or fax number(s) as such Party may have substituted by written notice to the other Parties. The sending of such notice with confirmation of receipt thereof (in the case of facsimile transmission) or receipt of such notice (in the case of delivery by mail or by overnight courier service) shall constitute the giving thereof.

If to EchoStar, EB Holdco, or prior to the Closing, to EB Splitco, ET Splitco or ETLLC:

EchoStar Corporation
100 Inverness Terrace East
Englewood, Colorado
Attention: Chief Financial Officer
Fax number: ***

with a required copy (which shall not itself constitute proper notice) to:

EchoStar Corporation
100 Inverness Terrace East
Englewood, Colorado
Attention: General Counsel
Fax number: ***

If to any DISH Party, or, following the Closing, to EB Splitco, ET Splitco or ETLLC:

DISH Network L.L.C.
9601 South Meridian Blvd.
Englewood, Colorado 80112
Attention: Executive Vice President, Corporate Development
Fax number: ***

with a required copy (which shall not itself constitute proper notice) to:

DISH Network L.L.C.
9601 South Meridian Blvd.
Englewood, Colorado 80112

or to such other address or facsimile number as the addressee may have specified in a notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered.

Section 8.2 Amendment; Waiver.

(a) This Agreement shall not be amended or modified except by written instrument duly executed by each of the Parties.

(b) No waiver of any term or provision of this Agreement shall be effective unless in writing, signed by the Party against whom enforcement of the same is sought. The grant of a waiver in one instance does not constitute a continuing waiver in any other instances. No failure by any Party to exercise, and no delay by any Party in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof.

Section 8.3 Counterparts; Signatures. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties. Each Party acknowledges that it and the other Parties may execute this Agreement by facsimile, stamp or pdf signature. Each Party expressly adopts and confirms each such facsimile, stamp or pdf signature made in its respective name as if it were a manual signature, agrees that it will not assert that any such signature is not adequate to bind such Party to the same extent as if it were signed manually and agrees that at the reasonable request of the other Parties at any time it will as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof).

Section 8.4 Assignment and Binding Effect. No Party may assign, delegate or otherwise transfer this Agreement or any of its rights or obligations hereunder, by operation of law or otherwise, without the prior written consent of the other Parties, and any such attempted assignment, delegation or transfer shall be void. Subject to the preceding sentence, this Agreement will be binding upon and inure to the benefit of the Parties and their respective successors, permitted transferees and permitted assigns.

Section 8.5 Entire Agreement. This Agreement, the other Transaction Documents, the Confidentiality Agreement and the Schedules and Exhibits hereto and thereto constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all previous agreements, negotiations, discussions, understandings, writings, commitments and conversations between the Parties with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein or therein.

Section 8.6 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby or thereby, as the case may be, is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties. In the event the Parties are not able to agree, such provision shall be construed by limiting and reducing it so that such provision is valid, legal, and fully enforceable while preserving to the greatest extent permissible the original intent of the Parties; the remaining terms and conditions of this Agreement shall not be affected by such alteration.

Section 8.7 Headings. The heading references herein and the table of contents hereof are for convenience purposes only, and shall not be deemed to limit or affect any of the provisions hereof.

Section 8.8 No Third Party Beneficiaries. Except as provided in Section 6.4 of this Agreement, (a) the provisions of this Agreement and the other Transaction Documents are solely for the benefit of the Parties and their respective successors and permitted assigns and are not intended to confer upon any Person, except the Parties and their respective successors and permitted assigns, any rights or remedies hereunder and (b) there are no third party beneficiaries of this Agreement or the other Transaction Documents, and this Agreement and the other Transaction Documents shall not provide any third party with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 8.9 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW THEREOF.

Section 8.10 Expenses. Except as otherwise expressly provided in the Transaction Documents, each Party shall bear its own costs and expenses in connection with the preparation, negotiation and execution, amendment or modification of this Agreement and the other Transaction Documents and the consummation of the Closing Transactions.

Section 8.11 Dispute Resolution.

(a) Agreement to Resolve Disputes. Except as otherwise specifically provided in this Agreement or in another Transaction Document, the procedures for discussion, negotiation and dispute resolution set forth in this Section 8.11 shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with this Agreement or the Closing Transactions (including all actions taken

in furtherance of the Closing Transactions on or prior to the date hereof). Each Party agrees that the procedures set forth in this Section 8.11 shall be the sole and exclusive remedy in connection with any dispute, controversy or claim relating to any of the foregoing matters and irrevocably waives any right to commence any action or proceeding in or before any Governmental Authority, except as otherwise required by Applicable Law.

(b) Dispute Resolution; Mediation.

(i) Any Party may commence the dispute resolution process of this Section 8.11(b) by giving the applicable Party written notice (a “Dispute Notice”) of any controversy, claim or dispute of whatever nature arising out of or relating to this Agreement or the breach, termination, enforceability or validity thereof (a “Dispute”) which has not been resolved in the normal course of business. The Parties shall attempt in good faith to resolve any Dispute by negotiation between executives of each Party (“Senior Party Representatives”) who have authority to settle the Dispute and who are at a higher level of management than the persons who have direct responsibility for the administration of this Agreement. *** after delivery of the Dispute Notice, the receiving Party shall submit to the delivering Party a written response (the “Response”). The Dispute Notice and the Response shall include (A) a statement setting forth the position of the Party giving such notice and a summary of arguments supporting such position and (B) the name and title of such Party’s Senior Party Representative and any other persons who will accompany the Senior Party Representative at the meeting at which the Parties will attempt to settle the Dispute. *** after the delivery of the Dispute Notice, the Senior Party Representatives of the applicable Parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the Dispute. The Parties shall cooperate in good faith with respect to any reasonable requests for exchanges of information regarding the Dispute or a Response thereto.

(ii) If the Dispute has not been resolved *** after delivery of the Dispute Notice, or if the Parties fail to meet *** after delivery of the Dispute Notice as hereinabove provided, the Parties shall make a good faith attempt to settle the Dispute by mediation pursuant to the provisions of this Section 8.11(b) before resorting to arbitration contemplated by Section 8.11(c) or any other dispute resolution procedure that may be agreed by the Parties.

(iii) All negotiations, conferences and discussions pursuant to this Section 8.11(b) shall be confidential and shall be treated as compromise and settlement negotiations. Nothing said or disclosed, nor any document produced, in the course of such negotiations, conferences and discussions that is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration.

(iv) Unless the Parties agree otherwise, the mediation shall be conducted in accordance with the CPR Institute for Dispute Resolution Model Procedure for Mediation of Business Disputes in effect on the date of this Agreement by a mediator mutually selected by the Parties.

(v) *** after the mediator has been selected as provided above, the Parties and their respective attorneys shall meet with the mediator for one mediation session, it being agreed that each Party representative attending such mediation session shall be a Senior Party Representative with authority to settle the Dispute. If the Dispute cannot be settled at such mediation session or at any mutually agreed continuation thereof, the DISH Parties or the EchoStar Parties, as the case may be, may give the other and the mediator a written notice declaring the mediation process at an end.

(vi) Costs of the mediation shall be borne equally by the Parties involved in the matter, except that each Party shall be responsible for its own expenses.

(c) Arbitration.

(i) Subject to Section 8.11(c)(ii), if the Dispute has not been resolved by the dispute resolution process described in Section 8.11(b), the Parties agree that any such Dispute shall be settled by binding arbitration before the American Arbitration Association (“AAA”) in Denver, Colorado pursuant to the Commercial Rules of the AAA. Any arbitrator(s) selected to resolve the Dispute shall be bound exclusively by the laws of the State of New York without regard to its choice of law rules. Any decisions of award of the arbitrator(s) will be final and binding upon the Parties and may be entered as a judgment by the Parties. Any rights to appeal or review such award by any court or tribunal are hereby waived to the extent permitted by Applicable Law.

(ii) Any Dispute regarding the following is not required to be negotiated or mediated prior to seeking relief from an arbitrator: (i) breach of any obligation of confidentiality; and (ii) any other claim where interim relief from the arbitrator is sought to prevent serious and irreparable injury to one of the Parties. However, the Parties to the Dispute shall make a good faith effort to negotiate and mediate such Dispute, according to the above procedures, while such arbitration is pending.

(iii) Costs of the arbitration shall be borne equally by the Parties involved in the matter, except that each Party shall be responsible for its own expenses.

(d) Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties will continue to honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of this Section 8.11 with respect to all matters not subject to such Dispute.

Section 8.12 Limited Liability. Notwithstanding any other provision of this Agreement, no individual who is a stockholder, director, employee, officer, agent or representative of DISH or EchoStar or any of their Affiliates, in its capacity as such, shall have any liability in respect of or relating to the covenants or obligations of such Party under this Agreement and, to the fullest extent legally permissible, each of DISH and EchoStar, for itself and its respective stockholders, directors, employees, officers and Affiliates, waives and agrees not to seek to assert or enforce any such liability that any such Person otherwise might have pursuant to Applicable Law.

ARTICLE IX

DEFINITIONS

Section 9.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 9.1:

“Action” means any demand, action, suit, counter suit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“Affiliate” means, with respect to any Person, another Person directly or indirectly controlling, controlled by, or under common control with that Person; it being understood that for purposes of the Transaction Documents (except as provided in Section 6.1 (*Indemnification Obligations of EchoStar*) of this Agreement), none of DISH, the DISH Parties or any other Subsidiaries of DISH will be considered an Affiliate of any EchoStar Party or any other Subsidiaries of EchoStar, and (except as provided in Section 6.2 (*Indemnification Obligations of DISH*) of this Agreement) none of the EchoStar Parties or any other Subsidiaries of EchoStar will be considered an Affiliate of DISH, any DISH Party or any other Subsidiaries of DISH.

“Anti-Money Laundering Laws” means all applicable anti-money laundering laws, rules and regulations, including the Bank Secrecy Act, as amended by the USA PATRIOT Act.

“Applicable Law” means any applicable federal, state, local or foreign law, rule, regulation, ordinance, code, directive, order, writ, injunction, decree, judgment, award, determination, direction or demand, authorization or treaty of any Governmental Authority and any relevant final administrative or judicial precedent interpreting or applying the foregoing.

“Assets” means assets, properties and rights (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following:

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*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

- (i) all accounting and other books, records, systems and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form or medium;
- (ii) all IT Assets, fixtures, machinery, equipment, furniture, office equipment, motor vehicles and other transportation equipment, special and general tools, prototypes and models and other tangible personal property, wherever located that are owned or leased by the Person, together with any express or implied warranty by the manufacturers, sellers or lessors of any item or component part thereof;
- (iii) all inventories, wherever located, including all finished goods, (whether or not held at any location or facility or in transit), work in process, raw materials, spare parts and all other materials and supplies to be used or consumed in the production of finished goods;
- (iv) all interests in any land and improvements and all appurtenances thereto;
- (v) all interests in any capital stock or other equity interests of any Subsidiary or any other Person; all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person; all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person; and all other investments in securities of any Person;
- (vi) all license agreements, leases of personal property, including satellites, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other contracts, agreements or commitments;
- (vii) all deposits, escrow accounts and prepaid expenses, letters of credit and performance and surety bonds, claims for refunds and rights of set-off in respect thereof;
- (viii) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals, and materials and analyses whether prepared by Affiliates, by consultants or other third parties;
- (ix) all Intellectual Property;
- (x) all licenses, covenants not to sue and other rights to any third party Intellectual Property;
- (xi) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product literature, artwork, design, development and manufacturing files, vendor and customer drawings, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(xii) all trade accounts and notes receivable and other rights to payment from customers and (a) all security for such accounts or rights to payment, including all trade accounts receivable representing amounts receivable in respect of goods shipped or products sold or otherwise disposed of or services rendered to customers, (b) all other accounts and notes receivable and all security for such accounts or notes and (c) any claim, remedy or other right relating to any of the foregoing;

(xiii) all rights under contracts or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

(xiv) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution, including insurance proceeds; and

(xv) all Permits.

“Benefit Plan” means any benefit or compensation plan, program, policy, practice, agreement, contract, arrangement or other obligation, whether or not in writing and whether or not funded, in each case, which covers (and only to the extent of such coverage) any Transferred Employee. Benefit Plans include, but are not limited to, ERISA Plans, employment, consulting, retirement, severance, termination or change in control agreements, deferred compensation, equity-based, incentive, bonus, supplemental retirement, profit sharing, insurance, medical, welfare, fringe or other benefits or remuneration of any kind.

“Business Day” means any day other than a Saturday, a Sunday, a legal holiday in New York, New York, or any other day on which commercial banks in that location are authorized by Applicable Law or governmental decree to close.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Communications Act” means the Communications Act of 1934 and the Telecommunications Act of 1996, in each case as amended from time to time, and all rules and regulations promulgated thereunder.

“Consents” means any consents, waivers, approvals, or notification requirements, including those in connection with the Required Governmental Applications.

“Contract” means any agreement, lease, license, contract, note, bond, mortgage, indenture or other instrument or obligation, in each case whether written or oral.

“Control” and its correlative meanings “controlling” and “controlled” means the possession, direct or indirect, or the power to direct or cause the direction of, the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Corporate Documents” means, with respect to any entity, such entity’s articles or certificate of incorporation, by-laws, memorandum and articles of association, limited liability company agreement or partnership agreement, as applicable, and any other organizational documents of such entity.

“Data Centers” means, collectively, the data centers situated on the Owned Sites and the Leased Sites.

“DISH Parties” means DISH, DNLLC and DOLLC.

“EB Business” means (i) EchoStar’s business of providing online video delivery and satellite video delivery for broadcasters and pay-TV operators, including satellite uplinking/downlinking, transmission services, signal processing, conditional access management, and other services, primarily to DISH Network and Dish Mexico, principally located in Cheyenne, Wyoming and Gilbert, Arizona and (ii) the business operations, revenues, billings and operating activities primarily related to clause (i) above.

“EB Business Contracts” means the written Contracts to which EchoStar or any member of the EchoStar Group is a party or by which it or any of the EB Transferred Assets is bound which constitute Contracts that are: (i) used, contemplated for use or held for use, in each case, primarily in the ownership, operation or conduct of the EB Business as currently owned, operated and conducted or relating primarily to the EB Business as currently owned, operated or conducted or (ii) otherwise expressly contemplated pursuant to this Agreement or any of the Transaction Documents to be assigned to EB Splitco or any member of the EB Group.

“EB EMA Assumed Liabilities” means the employee-related Liabilities with respect to the EB Business (or the ownership of the EB Transferred Assets) to be assumed by DISH and DNLLC pursuant to the Employee Matters Agreement.

“EB EMA Excluded Liabilities” means the employee-related Liabilities with respect to the EB Business to be retained by EchoStar pursuant to the Employee Matters Agreement.

“EB Employee” shall have the meaning ascribed to it in the Employee Matters Agreement.

“EB Group” means EB Splitco and each Subsidiary of EB Splitco immediately after the consummation of the Pre-Closing Restructuring.

“EchoStar Group” means EchoStar and each Subsidiary of EchoStar immediately after the consummation of the Pre-Closing Restructuring (other than any member of the EB Group or the ET Group).

“EchoStar Parties” means EchoStar, EB Holdco, EB Splitco, ET Splitco and ETLIC.

“Employee Matters Agreement” means the Employee Matters Agreement substantially in the form attached hereto as Exhibit B.

“Environmental Law” means any federal, state, local or foreign statute, law, regulation, order, decree, Permit or requirement of any relevant Governmental Authority relating to: (A) the protection, investigation or restoration of the environment, health (to the extent health relates to exposure to Hazardous Substances), safety (to the extent safety relates to exposure to Hazardous Substances), or natural resources; (B) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance; or (C) indoor air, employee exposure to Hazardous Substances, wetlands, pollution, contamination or any injury or threat of injury to persons or property relating to any Hazardous Substance.

“Environmental Liabilities” means all Liabilities under (1) any applicable Environmental Law or (2) any applicable Contract relating to environmental matters (including all removal, remediation or cleanup costs, investigatory costs, governmental response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any product take back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations, in each case, related to such Liabilities described in (1) and (2) above) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Plan” means any “employee benefit plan” within the meaning of Section 3(3) of ERISA.

“ET Business” means the business segment of EchoStar that (i) designs, develops and distributes secure end-to-end video technology solutions including digital set-top boxes and related products and technology, primarily for satellite TV service providers and telecommunication companies, (ii) provides TV Anywhere technology through Slingbox® units directly to consumers via retail outlets and online, as well as to the pay-TV operator market, (iii) includes Move Networks, an over-the-top, Streaming Video on Demand platform business, which includes Assets acquired from Sling TV Holding L.L.C. (formerly DISH Digital Holding

L.L.C.) and primarily provides support services to DISH Network's Sling TV™ operations and (iv) the business operations, revenues, billings and operating activities primarily related to clauses (i) through (iii) above.

“ET Business Contracts” means the written Contracts to which EchoStar or any member of the EchoStar Group is a party or by which it or any of the ET Transferred Assets is bound which constitute Contracts that are: (i) used, contemplated for use or held for use, in each case, primarily in the ownership, operation or conduct of the ET Business as currently owned, operated and conducted or relating primarily to the ET Business as currently owned, operated or conducted or (ii) otherwise expressly contemplated pursuant to this Agreement or any of the Transaction Documents to be assigned to ET Splitco or any member of the ET Group.

“ET EMA Assumed Liabilities” means the employee-related Liabilities with respect to the ET Business (or the ownership of the ET Transferred Assets) to be assumed by DISH and DNLLC pursuant to the Employee Matters Agreement.

“ET EMA Excluded Liabilities” means the employee-related Liabilities with respect to the ET Business to be retained by EchoStar pursuant to the Employee Matters Agreement.

“ET Employee” shall have the meaning ascribed to it in the Employee Matters Agreement.

“ET Group” means ET Splitco and each Subsidiary of ET Splitco immediately after the consummation of the Pre-Closing Restructuring.

“Exchange Act” means the United States Securities Exchange Act of 1934, or any successor federal statute, and the rules and regulations promulgated thereunder, all as amended, and as the same may be in effect from time to time.

“FCC” means the United States Federal Communications Commission or any bureau or subdivision thereof acting under delegated authority.

“FCPA” means the Foreign Corrupt Practices Act of 1977, as amended.

“GAAP” means generally accepted accounting principles in the United States.

“Governmental Authority” means any federal, state, local, municipal, foreign or other governmental or quasi-governmental authority or self-regulatory organization of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers) or exercising, or entitled to exercise, any administrative, executive, judicial, legislative, enforcement, regulatory or taxing authority or power.

“Hazardous Substance” means any substance that is: (A) listed, classified or regulated pursuant to any Environmental Law; and (B) any petroleum product or by-product, asbestos-containing material, lead-containing paint or plumbing, polychlorinated biphenyls, toxic mold, radioactive material or radon.

“Hughes Retail Group” means the residential retail satellite broadband business of EchoStar’s Hughes segment, including certain operations, assets and liabilities attributed to such business.

“Indebtedness” of any Person means, without duplication, (i) the principal of and, accreted value and accrued and unpaid interest in respect of (A) all Liabilities of such Person for money borrowed, whether current or funded, secured or unsecured, and (B) all Liabilities evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all Liabilities of such Person in respect of mandatorily redeemable or purchasable capital stock or securities convertible into capital stock; (iii) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable and other accrued current Liabilities); (iv) all Liabilities for the reimbursement of any obligor under any drawn letter of credit or performance bond that is subject to an actual demand, or other similar agreement or credit transaction securing obligations of a type described in clauses (i) through (iii) above to the extent of the obligation secured; (v) all obligations of the type referred to in clauses (i) through (iv) of any Persons the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise; and (vi) all obligations of the type referred to in clauses (i) through (iv) above of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

“Intellectual Property” means all intellectual property or proprietary rights arising from or in respect of the following in any jurisdiction in the world: (i) all patents and utility models of any kind, patent applications, including provisional applications, statutory invention registrations and invention disclosures, and all related continuations, continuation-in-part, divisions, reissues, re-examinations, substitutions, and extensions thereof (collectively, “Patents”); (ii) all trademarks, service marks, trade names, service names, brand names, trade dress, logos,

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*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

Internet domain names, uniform resource locators, and corporate names, in each case whether or not Registered, and together with the common law rights and goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof; (iii) copyrights in and to published and unpublished works of authorship, in each case whether or not Registered or sought to be Registered, together with all common law rights and moral rights therein, and any applications and registrations therefor, including extensions, renewals, restorations, derivatives, and reversions; (iv) rights in trade secrets and other legally recognized rights in and to confidential information, proprietary information, inventions, discoveries, and know-how (collectively, “Trade Secrets”); (v) mask work rights; (vi) any of the foregoing rights in Technology; and (vi) other similar types of proprietary or intellectual property rights recognized under Applicable Law.

“Intellectual Property and Technology License Agreement” means the Intellectual Property and Technology License Agreement substantially in the form attached hereto as Exhibit A.

“IT Assets” means computers, Software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, and all other information technology equipment, and all associated documentation.

“Leased Sites” means the leased real property primarily related to the EB Business or the ET Business listed on Schedule 9.1 (and any rights associated therewith), including any fixtures attached to such real property and all structures, facilities and improvements located thereon, or attached or appurtenant thereto with respect to which EchoStar or any of its Subsidiaries has a leasehold interest.

“Legal Proceeding” means any judicial, administrative or arbitral action, suit, proceeding (public or private) or investigation by or before a Governmental Authority.

“Liability” means, with respect to any Person, any and all losses, claims, charges, debts, demands, actions, causes of action, suits, damages, obligations, payments, costs and expenses, sums of money, accounts, reckonings, bonds, specialties, indemnities and similar obligations, exoneration covenants, Contracts, controversies, doings, omissions, variances, guarantees, make whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, joint or several, whenever arising, and including those arising under any Applicable Law, Action, threatened or contemplated Action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys’ fees and any and all costs and expenses, whatsoever reasonably incurred in investigating, preparing or defending against any such Actions or threatened or contemplated Actions) or order of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any Contract, in each case, whether or not recorded or reflected or otherwise disclosed or required to be recorded or reflected or otherwise disclosed, on the books and records or financial statements of any Person.

“Lien” means any mortgage, pledge, hypothecation, security interest, lien, license, covenant not to sue, charge, option, assignment or encumbrance of any kind or any arrangement to provide priority or preference, including any easement, right-of-way, restriction (whether on voting, sale, transfer, disposition, use or otherwise), right, lease and other encumbrance on title to real or personal property (whether or not of record), whether voluntary or imposed by Applicable Law, and any agreement to give any of the foregoing.

“Malicious Code” means any “back door,” “drop dead device,” “time bomb,” “Trojan horse,” “virus,” “worm,” “spyware” (as such terms are commonly understood in the software industry) or any other code designed to have any of the following functions: (i) disrupting, disabling or harming the operation of, or providing unauthorized access to, a computer system or network or other device on which such code is stored or installed or (ii) compromising the privacy or data security of a user or damaging or destroying any data or file, in each case, without authorization and without the applicable user’s consent; provided, that “Malicious Code” excludes code that enables or provides security, support, and maintenance functionality.

“Material Adverse Effect” means (a) any event, change, occurrence, condition or effect that would reasonably be likely to have a material adverse effect on the business, financial condition, assets, properties or results of operations of (1) EchoStar and its Subsidiaries taken as a whole, (2) the EB Business and EB Transferred Assets taken as a whole, or (3) the ET Business and ET Transferred Assets taken as a whole or (b) any event, change, occurrence, condition or effect that would reasonably be likely to prevent, materially delay or materially impair the consummation of the Pre-Closing Restructuring or the Closing Transactions, except, in the case of clause (a), any such event, change, occurrence, condition or effect to the extent resulting from, arising out of or relating to:

(i) general changes or developments in any of the industries in which EchoStar or its Subsidiaries operate;

(ii) changes in global, national or regional political conditions (including the outbreak or escalation of war (whether or not declared) or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial markets;

(iii) ***

(iv) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates;

(v) ***

(vi) ***

(vii) any action expressly required or expressly permitted by this Agreement or any other Transaction Document (other than the Pre-Closing Restructuring or the obligations set forth in Section 4.2(a) (*Conduct of the Business Pending Closing*));

(viii) any changes in Applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof;

(ix) *** or

(x) any natural or man-made disaster or acts of God;

provided, further, however that, with respect to clauses (i), (ii), (iv), (viii) and (x) such change, event, circumstance or development does not disproportionately adversely affect EchoStar and its Subsidiaries compared to other companies operating in the industries in which EchoStar and its Subsidiaries operate.

“Material Contract” means any EB Business Contract or ET Business Contract:

(i) that is with any Governmental Authority, except for Contracts entered into in the Ordinary Course of Business;

(ii) involving future payments, performance or services or delivery of goods or materials to or by EchoStar or any of its Subsidiaries of any amount or value reasonably expected to exceed *** in any future ***;

(iii) for the sale of any Assets other than in the Ordinary Course of Business;

(iv) relating to any acquisition to be made by EchoStar or any of its Subsidiaries of any operating business or the capital stock of any other Person;

(v) relating to the incurrence of any material Indebtedness, or the making of any material loans by any member of the EchoStar Group;

(vi) providing for severance, retention, change in control or other similar payments by any of EchoStar or any of its Subsidiaries;

(vii) relating to the engagement, retention or employment of any Person as a consultant, contractor or in a similar role and providing for annual or annualized payments in excess of ***;

(viii) that purport to bind DISH or any of its Affiliates (other than EB Group or the ET Group) after the Closing Date or that would give rise to any rights or obligations of any member of the EB Group or the ET Group or any third party by virtue of the identity of DISH or any of its Affiliates as the acquiror of the ET Splitco Shares or the EB Splitco Shares;

(ix) relating to any lease of real or personal property involving future payments to or by EchoStar or any of its Subsidiaries of any amount or value reasonably expected to exceed *** in any future ***;

(x) (A) granting to EchoStar or any of its Subsidiaries a license, covenant not to sue or other right under any Intellectual Property (excluding Contracts for commercial off-the-shelf computer software that are generally available on non-discriminatory pricing terms which have an aggregate acquisition cost *** or less) or (B) granting to any third party a license, covenant not to sue or other right under any Separated IP Assets;

(xi) evidencing any agreement for indemnification, except for Contracts entered into in the Ordinary Course of Business;

(xii) evidencing any partnership, operating, joint venture, profit sharing, collaboration or other similar contract or arrangement;

(xiii) containing non-competition or exclusivity covenants, or any other covenants limiting the freedom of EchoStar or any of its Subsidiaries to compete in any line of business or in any geographic area, or to provide any product or service, or that otherwise restricts EchoStar's or any of its Subsidiaries' (or, after the Closing, DISH's or its Affiliates') ability to compete, to solicit, hire or solicit business from any Person, and any Contract that could require the disposition of any material assets or line of business (or, after the Closing, DISH or its Affiliates);

(xiv) containing a put, call, right of first refusal, right of first offer or comparable right pursuant to which EchoStar or any of its Subsidiaries could be required to purchase or sell, as applicable, any equity interests in or assets (in the case of assets, having a purchase price in excess of ***) of any Person, or a standstill or comparable agreement pursuant to which a Person has agreed not to acquire assets or securities of another Person;

(xv) containing a "most favored nation" provision or a limitation on price increases or granting any third party the exclusive right to develop, market, sell or distribute any of EchoStar's or any of its Subsidiaries products or services or to provide any products or services to EchoStar or any of its Subsidiaries, in each case only to the extent that any of the foregoing relate primarily to the ownership, operation or conduct of the EB Business or the ET Business; or

(xvi) evidencing any agreement for settlement pursuant to which any member of the EB Group or the ET Group is obligated to (A) pay any amounts after the date of this Agreement, (B) provide any injunctive relief, (C) take any action or refrain from taking any action after the date of this Agreement or (D) admit liability, fault or negligence.

"OFAC" means the United States Department of Treasury's Office of Foreign Assets Control.

“Open Source License” means any license identified as an open source license by the Open Source Initiative (www.opensource.org/) that conditions the distribution of certain Software on (i) the disclosure, licensing or distribution of any source code for any portion of such Software, or (ii) the granting to licensees of the right to make derivative works or other modifications to such Software, (iii) the licensing under terms that allow the Software or portions thereof or interfaces therefor to be reverse engineered, reverse assembled or disassembled (other than by operation of law), or (iv) redistribution of such Software at no license fee.

“Order” means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award (in each case, whether temporary, preliminary or permanent) of a Governmental Authority.

“Ordinary Course of Business” means the ordinary and usual course of normal day-to-day operations consistent with past practice.

“Owned Sites” means the owned real property primarily related to the EB Business or the ET Business listed on Schedule 9.1, including any fixtures attached to such real property and all structures, facilities and improvements located thereon, or attached or appurtenant thereto.

“Permits” means any franchise, license (including radio and similar licenses), authorization, consent, permit, certificate, waiver, approval, qualification or registration of, with or from any Governmental Authority, including the FCC.

“Permitted Liens” means (i) Liens for Taxes that are not yet due and payable, and Liens for current Taxes that are being contested in good faith by appropriate proceedings, (ii) non-exclusive licenses of Intellectual Property granted prior to the Closing and in the Ordinary Course of Business, including as set forth in the Material Contracts, (iii) Liens of landlords, lessors, carriers, warehousemen, employees, mechanics and materialmen and other like Liens arising in the Ordinary Course of Business of EchoStar and its Subsidiaries (or Liens against any landlord’s or lessor’s interest in any Leased Site that do not affect the operations of the EB Business and the ET Business), (iv) any conditions that may be shown by a current, accurate survey or physical inspection of any real property made prior to Closing, (v) easements, rights of way, restrictive covenants, encroachments, zoning, building code or planning ordinances or regulations, and other similar encumbrances affecting real property and (vi) other imperfections of title or Liens that, in the case of subclauses (ii)-(vi), individually or in the aggregate, do not, and would not reasonably be expected to, materially detract from the value or use of any of the properties or Assets of EchoStar and its Subsidiaries.

“Person” means any natural person, corporation, general partnership, limited partnership, limited liability company, joint venture, trust, proprietorship, Governmental Authority or other entity, association or organization of any nature, however and wherever organized or constituted (whether or not having a separate legal personality).

“Personally Identifiable Information” means any information that alone or in combination with other information held by EchoStar or any of its Subsidiaries can be used to specifically identify an individual person and any individually identifiable health information.

“Potential Transferred Employee” shall have the meaning ascribed to it in the Employee Matters Agreement.

“Registered” means issued by, registered with or the subject of a pending application before any Governmental Authority or Internet domain name registrar.

“SEC” means the United States Securities and Exchange Commission, or any successor agency of the federal government.

“Securities Act” means the United States Securities Act of 1933, or any successor federal statute, and the rules and regulations promulgated thereunder, all as amended, and as the same may be in effect from time to time.

“Software” means any and all (i) computer applications, programs and other software, including any and all operating software, network software, firmware, software implementations of algorithms, middleware, design software, models and methodologies, whether in source code or object code, systems and networks; (ii) Internet sites, databases and compilations, including any and all data and collections of data, whether machine readable or otherwise; (iii) screens, user interfaces, command structures, report formats, templates, menus, buttons and icons; (iv) descriptions, flow-charts, architectures, design tools, development tools, and other materials used to design, plan, organize and develop any of the foregoing; and (v) all documentation and media relating thereto.

“Subsidiary” means, with respect to any Person, any other Person more than fifty percent (50%) of the shares of the voting stock or other voting interests of which are owned or controlled, or the ability to select or elect more than fifty percent (50%) of the directors or similar managers is held, directly or indirectly, by such first Person or one or more of its Subsidiaries or by such first Person and one or more of its Subsidiaries.

“Tax” or “Taxes” shall have the meaning ascribed to it in the Tax Matters Agreement.

“Tax Matters Agreement” means the Tax Matters Agreement substantially in the form attached hereto as Exhibit C.

“Technology” means, collectively, all Software, information, designs, formulae, algorithms, procedures, methods, techniques, technical data, specifications, processes, apparatuses, improvements, and other similar materials, and all recordings, graphs, drawings,

reports, analyses, and other writings, and other tangible embodiments of the foregoing, in any form whether or not specifically listed herein.

“Tracking Stock” means, collectively, the EchoStar Tracking Stock and the HSSC Tracking Stock.

“Transaction Documents” means the following documents:

- (i) this Agreement;
- (ii) the Intellectual Property and Technology License Agreement;
- (ii) the Employee Matters Agreement;
- (iv) the Tax Matters Agreement;
- (v) the Amended Professional Services Agreement, in the form agreed to by DISH and EchoStar; and
- (vi) the Transition Services Agreement(s), in the form agreed to by DISH and EchoStar, if any.

“Transfer Date” shall have the meaning ascribed to it in the Employee Matters Agreement.

“Transferred Employees” shall have the meaning ascribed to it in the Employee Matters Agreement.

“Transferred Sites” means the Leased Sites and the Owned Sites.

Section 9.2 Terms Defined Elsewhere in This Agreement. For purposes of this Agreement, the following terms have meanings set forth in the sections indicated:

<u>Term</u>	<u>Section</u>
AAA Agreement	Section 8.11(c)(i)
Amended Professional Services Agreement	Preamble
Anti-Corruption Laws	Section 4.4(c)
***	Section 3.1(i)(iii)
***	***
Asset Conveyance Instruments	Section 1.4(e)
Closing	Section 2.1
Closing Date	Section 2.1
Closing Transactions	Section 2.2
Confidential Information	Section 4.6(b)

*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

<u>Term</u>	<u>Section</u>
Confidentiality Agreement	Section 4.6(a)
Deductible	Section 6.3
DISH	Preamble
DISH Confidential Information	Section 4.6(b)
DISH Indemnified Persons	Section 6.1
Dispute	Section 8.11(b)(i)
Dispute Notice	Section 8.11(b)(i)
DNLLC	Preamble
DOLLC	Preamble
EB Assumed Liabilities	Section 1.5(a)
EB Excluded Liabilities	Section 1.5(b)
***	***
EB Holdco	Preamble
EB Retained Assets	Section 1.4(b)
EB Splitco	Preamble
EB Splitco Common Stock	Recitals
EB Splitco Shares	Recitals
EB Transferred Assets	Section 1.4(a)
EchoStar	Preamble
EchoStar Confidential Information	Section 4.6(b)
EchoStar Credit Support Obligations	Section 4.5
EchoStar Disclosure Letter	Section 3.1
***	***
EchoStar Indemnified Persons	Section 6.2
EchoStar Related Party	Section 3.1(r)
EchoStar Reports	Section 3.1(g)(i)
EchoStar Tracking Shares	Recitals
EchoStar Tracking Stock	Recitals
ET Assumed Liabilities	Section 1.5(c)
ET Excluded Liabilities	Section 1.5(d)
***	***
ET Retained Assets	Section 1.4(d)
ET Splitco	Preamble
ET Splitco Common Stock	Recitals
ET Splitco Shares	Recitals
ET Transferred Assets	Section 1.4(c)
ETLLC	Preamble
HSSC	Preamble
HSSC Tracking Shares	Recitals
HSSC Tracking Stock	Recitals
Indemnified Party	Section 6.4

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<u>Term</u>	<u>Section</u>
Indemnifying Party	Section 6.4
Losses	Section 6.1
Notice Period	Section 6.4
Party, Parties	Preamble
Patents	Section 9.1 (in Intellectual Property definition)
Pre-Closing Restructuring	Section 1.3
Required Governmental Applications	Section 4.3(d)
Required Governmental Notices	Section 4.3(d)
Response	Section 8.11(b)(i)
Sanctions	Section 3.1(i)(iv)
Senior Party Representatives	Section 8.11(b)(i)
Separated IP Assets	Section 3.1(k)(ii)
Separated IT Assets	Section 3.1(k)(vii)
Separated Registered IP Assets	Section 3.1(k)(i)
Significant EchoStar Subsidiaries	Section 3.1(a)
Takeover Statute	Section 3.1(t)
Termination Date	Section 7.1(b)
Third Party Claim	Section 6.1
Trade Secrets	Section 9.1 (in Intellectual Property definition)
Transferred Real Property Leases	Section 3.1(q)(i)
Transition Services Agreement	Section 4.4(c)

Section 9.3 Other Definitional and Interpretive Matters. For all purposes of this Agreement, except as otherwise expressly provided:

(a) Words importing the singular number or plural number include the plural number and singular number respectively;

(b) Words importing the masculine gender include the feminine and neuter genders and vice versa;

(c) All references to a given agreement, instrument or other document are references to that agreement, instrument or other document as modified, amended, supplemented and restated from time to time (but only if such modification, amendment, supplement or restatement is permitted pursuant hereto or pursuant to such agreement, instrument or other document);

(d) Any reference to a statute includes, and is deemed to be, a reference to such statute and to the rules, regulations, ordinances, interpretations, policies and guidance made pursuant thereto, and all amendments made to such statute and other such implementing provisions and enforced from time to time, and to any statute or other implementing provisions subsequently

passed or adopted having the effect of supplementing or replacing such statute or such other implementing provisions;

(e) References herein to “primarily” shall include “primarily” as well as any other standard that reflects a majority or more of the matter addressed, including “exclusively” or any similar term.

(f) References herein to “include,” “includes” and “including” will be deemed to be followed by the phrase “without limitation;”

(g) References herein to “\$,” “USD” or “dollars” means lawful currency of the United States of America;

(h) Reference in this Agreement to “herein,” “hereby,” “hereof” or “hereunder,” or any similar formulation, will be deemed to refer to this Agreement;

(i) Unless otherwise indicated, all references to time of day refer to Eastern Standard Time or Eastern Daylight Savings Time, as in effect in New York, New York on such day. For purposes of the computation of a period of time under this Agreement, (i) the word “from” means “from and including” and the words “to” and “until” each means “to but excluding” and (ii) (A) the day of the act, event or default from which the designated period of time begins to run will be included, unless such period of time is denominated in Business Days and the day of the act, event or default is not a Business Day, in which event the period will begin on the next day that is a Business Day, and (B) the last day of the period so computed will not be included;

(j) Subject to any applicable restrictions on assignment or other transfer in a Transaction Document, any references to a Person in such Transaction Document shall be deemed to be references to such Person’s successors, permitted transferees and permitted assigns from and after the effective date of the relevant succession, transfer or assignment;

(k) The use of the term “shall,” “will” or “must” indicates a mandatory action and the use of the term “may” indicates a permissive action;

(l) In the event of any conflict between the general terms and conditions of this Agreement and the specific terms and conditions which have been mutually agreed to by the parties in a Transaction Document, the terms and conditions contained in the Transaction Document shall prevail; and

(m) The Parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

[Signature pages follow]

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*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective authorized officers, as of the date first written above.

DISH NETWORK CORPORATION

By:

Name: W. Erik Carlson
Title: President and Chief Operating
Officer

DISH NETWORK L.L.C.

By:

Name: W. Erik Carlson
Title: President and Chief Operating
Officer

DISH OPERATING L.L.C.

By:

Name: W. Erik Carlson
Title: President and Chief Operating
Officer

[Signature Page to Share Exchange Agreement]

*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

EHOSTAR CORPORATION

By:

Name: Dean A. Manson
Title: Executive Vice President, General
Counsel and Secretary

EHOSTAR TECHNOLOGIES HOLDING
CORPORATION

By:

Name: Dean A. Manson
Title: President, Secretary and
Treasurer

EHOSTAR TECHNOLOGIES L.L.C.

By:

Name: Dean A. Manson
Title: Executive Vice President, General
Counsel and Secretary

EHOSTAR BROADCASTING HOLDING PARENT
L.L.C.

By: EchoStar Corporation, as Sole Manager

By:

Name: Dean A. Manson
Title: Executive Vice President, General
Counsel and Secretary

[Signature Page to Share Exchange Agreement]

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ECHOSTAR BROADCASTING HOLDING
CORPORATION

By:

Name: Dean A. Manson
Title: President, Secretary and
Treasurer

[Signature Page to Share Exchange Agreement]

*** Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Charles W. Ergen, 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: May 1, 2017

/s/ Charles W. Ergen
Chairman and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, Steven E. Swain, 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: May 1, 2017

/s/ Steven E. Swain

Senior Vice President and Chief Financial Officer

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 March 31, 2017 (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: May 1, 2017Name: /s/ Charles W. ErgenTitle: Chairman 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.

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 March 31, 2017 (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: May 1, 2017

Name: /s/ Steven E. Swain

Title: Senior Vice President and Chief Financial 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.
