UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2017.**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _______________ TO ________________.**

Commission File Number: 333-31929

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

Colorado (State or other jurisdiction of incorporation or organization)	**84-1328967** (I.R.S. Employer Identification No.)
9601 South Meridian Boulevard **Englewood, Colorado** (Address of principal executive offices)	**80112** (Zip code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐
	Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 9, 2017, the registrant's outstanding common stock consisted of 1,015 shares of common stock, $0.01 par value.

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

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

PART I — FINANCIAL INFORMATION

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Unless otherwise required by the context, in this report, the words “DISH DBS,” the “Company,” “we,” “our” and “us” refer to DISH DBS Corporation and its subsidiaries, “DISH Network” refers to DISH Network Corporation, our parent company, and its subsidiaries, including us, and “EchoStar” refers to EchoStar Corporation 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 our operational performance and customer satisfaction were to deteriorate, our gross new subscriber activations and our subscriber churn may be negatively impacted, which could in turn adversely affect our revenue.

- 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 and our subscriber churn may be negatively impacted.

- 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 and DISH Network’s 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

- Our parent, DISH Network, has made substantial investments to acquire certain wireless spectrum licenses and other related assets. In addition, DISH Network has made substantial non-controlling investments in the Northstar Entities and the SNR Entities related to AWS-3 wireless spectrum licenses.

- Our parent, DISH Network, faces certain risks related to its non-controlling investments in the Northstar Entities and the SNR Entities.

- To the extent that our parent, DISH Network, commercializes its wireless spectrum licenses, it 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.

- Our parent, DISH Network, is controlled by one principal stockholder who is also our Chairman and Chief Executive Officer.

Legal and Regulatory Risks

- The rulings in the Do Not Call litigation requiring us to pay up to an aggregate amount of $341 million and imposing certain injunctive relief against us, if upheld, would have a material adverse effect on our cash, cash equivalents and marketable investment securities balances and our business operations.

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

Item 1. FINANCIAL STATEMENTS

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

	As of	
	June 30, 2017	December 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,174,555	$ 777,578
Marketable investment securities	3,521	3,833
Trade accounts receivable, net of allowance for doubtful accounts of $19,571 and $17,440, respectively	704,892	740,856
Inventory	373,659	422,323
Other current assets	109,862	112,745
Total current assets	2,366,489	2,057,335
Noncurrent Assets:		
Restricted cash, cash equivalents and marketable investment securities	81,433	82,360
Property and equipment, net	1,724,857	1,890,368
FCC authorizations	635,794	635,794
Other investment securities	119,750	33,248
Other noncurrent assets, net	232,138	243,112
Total noncurrent assets	2,793,972	2,884,882
Total assets	$ 5,160,461	$ 4,942,217
Liabilities and Stockholder's Equity (Deficit)		
Current Liabilities:		
Trade accounts payable	$ 294,890	$ 504,562
Deferred revenue and other	723,780	751,397
Accrued programming	1,583,346	1,542,036
Accrued interest	257,850	265,224
Other accrued expenses (Note 8)	766,607	459,239
Current portion of long-term debt and capital lease obligations	2,137,909	938,832
Total current liabilities	5,764,382	4,461,290
Long-Term Obligations, Net of Current Portion:		
Long-term debt and capital lease obligations, net of current portion	12,061,139	13,274,536
Deferred tax liabilities	755,482	776,903
Long-term deferred revenue and other long-term liabilities	218,494	221,638
Total long-term obligations, net of current portion	13,035,115	14,273,077
Total liabilities	18,799,497	18,734,367
Commitments and Contingencies (Note 8)		
Stockholder's Equity (Deficit):		
Common stock, $.01 par value, 1,000,000 shares authorized, 1,015 shares issued and outstanding	—	—
Additional paid-in capital	1,102,098	1,097,607
Accumulated other comprehensive income (loss)	731	(117)
Accumulated earnings (deficit)	(14,745,514)	(14,891,573)
Total DISH DBS stockholder's equity (deficit)	(13,642,685)	(13,794,083)
Noncontrolling interests	3,649	1,933
Total stockholder's equity (deficit)	(13,639,036)	(13,792,150)
Total liabilities and stockholder's equity (deficit)	$ 5,160,461	$ 4,942,217

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

DISH DBS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	For the Three Months Ended June 30, 2017	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
Revenue:				
Subscriber-related revenue	$ 3,512,900	$ 3,709,799	$ 7,049,362	$ 7,370,465
Equipment sales and other revenue	30,912	37,497	65,409	89,463
Total revenue	3,543,812	3,747,296	7,114,771	7,459,928
Costs and Expenses (exclusive of depreciation shown separately below - Note 6):				
Subscriber-related expenses	2,183,057	2,178,685	4,360,987	4,339,041
Satellite and transmission expenses	179,059	173,751	369,721	340,147
Cost of sales - equipment and other	24,050	29,666	50,109	69,931
Subscriber acquisition costs:				
Cost of sales - subscriber promotion subsidies	22,211	35,120	42,484	86,934
Other subscriber acquisition costs	131,501	169,845	265,558	347,937
Subscriber acquisition advertising	117,907	125,880	243,754	248,555
Total subscriber acquisition costs	271,619	330,845	551,796	683,426
General and administrative expenses	179,298	176,277	304,608	368,176
Litigation expense (Note 8)	295,695	—	295,695	—
Depreciation and amortization (Note 6)	191,314	218,929	373,342	425,122
Total costs and expenses	3,324,092	3,108,153	6,306,258	6,225,843
Operating income (loss)	219,720	639,143	808,513	1,234,085
Other Income (Expense):				
Interest income	3,409	4,036	5,696	4,383
Interest expense, net of amounts capitalized	(221,943)	(191,789)	(443,234)	(383,165)
Other, net	2,477	(570)	3,425	31,675
Total other income (expense)	(216,057)	(188,323)	(434,113)	(347,107)
Income (loss) before income taxes	3,663	450,820	374,400	886,978
Income tax (provision) benefit, net	(97,120)	(172,106)	(226,899)	(335,776)
Net income (loss)	(93,457)	278,714	147,501	551,202
Less: Net income (loss) attributable to noncontrolling interests, net of tax	2,199	1,682	1,442	1,335
Net income (loss) attributable to DISH DBS	$ (95,656)	$ 277,032	$ 146,059	$ 549,867
Comprehensive Income (Loss):				
Net income (loss)	$ (93,457)	$ 278,714	$ 147,501	$ 551,202
Other comprehensive income (loss):				
Foreign currency translation adjustments	639	—	846	—
Unrealized holding gains (losses) on available-for-sale securities	(22)	111	(65)	(19,606)
Deferred income tax (expense) benefit, net	51	253	67	7,690
Total other comprehensive income (loss), net of tax	668	364	848	(11,916)
Comprehensive income (loss)	(92,789)	279,078	148,349	539,286
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of tax	2,199	1,682	1,442	1,335
Comprehensive income (loss) attributable to DISH DBS	$ (94,988)	$ 277,396	$ 146,907	$ 537,951

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

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

	For the Six Months Ended June 30,	
	2017	2016
Cash Flows From Operating Activities:		
Net income (loss)	$ 147,501	$ 551,202
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	373,342	425,122
Realized and unrealized losses (gains) on investments	(1,803)	(32,322)
Non-cash, stock-based compensation	11,863	3,745
Deferred tax expense (benefit)	(22,854)	(48,496)
Other, net	12,797	49,790
Changes in current assets and current liabilities, net	194,876	32,336
Net cash flows from operating activities	715,722	981,377
Cash Flows From Investing Activities:		
(Purchases) Sales and maturities of marketable investment securities, net	247	135,367
Purchases of property and equipment	(210,030)	(264,777)
Purchases of strategic investments	(90,381)	—
Other, net	7,569	7,858
Net cash flows from investing activities	(292,595)	(121,552)
Cash Flows From Financing Activities:		
Proceeds from issuance of senior notes	—	2,000,000
Dividend to DISH Orbital Corporation	—	(1,500,000)
Redemption and repurchases of senior notes	—	(1,500,000)
Payments made to parent of transferred businesses	(7,098)	(48,342)
Repayment of long-term debt and capital lease obligations	(19,052)	(19,823)
Other, net	—	(7,548)
Net cash flows from financing activities	(26,150)	(1,075,713)
Net increase (decrease) in cash and cash equivalents	396,977	(215,888)
Cash and cash equivalents, beginning of period	777,578	420,752
Cash and cash equivalents, end of period	$ 1,174,555	$ 204,864

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

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

1. Organization and Business Activities

Principal Business

DISH DBS Corporation (which together with its subsidiaries is referred to as "DISH DBS," the "Company," "we," "us" and/or "our" unless otherwise required by the context) is a holding company and an indirect, wholly-owned subsidiary of DISH Network Corporation ("DISH Network"). DISH DBS was formed under Colorado law in January 1996 and its common stock is held by DISH Orbital Corporation ("DOC"), a direct subsidiary of DISH Network.
Our subsidiaries operate one primary business segment.

Pay-TV

We offer pay-TV services under the DISH® brand and the Sling® brand (collectively "Pay-TV" services). The DISH branded pay-TV service consists of, among other things, Federal Communications Commission ("FCC") licenses authorizing us to use direct broadcast satellite ("DBS") and Fixed Satellite Service ("FSS") spectrum, our owned and leased satellites, receiver systems, broadcast operations, 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"). Our Sling domestic service has a single-stream service branded Sling Orange and a multi-stream service branded Sling Blue, which includes, among other things, the ability to stream on up to three devices simultaneously. All Sling branded pay-TV subscribers are included in our Pay-TV subscriber count. As of June 30, 2017, we had 13.332 million Pay-TV subscribers in the United States.

As a result of the completion of the Share Exchange with EchoStar, 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. See Note 2 and Note 11 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 DBS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Unaudited)

On February 28, 2017, DISH Network and EchoStar and certain of their 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 (the "HSSC Tracking Stock," and together with the EchoStar Tracking Stock, collectively, the "Tracking Stock"), that tracked the residential retail satellite broadband business of Hughes Network Systems, LLC ("HNS"). In connection with the Share Exchange, DISH Network and EchoStar and certain of their respective subsidiaries entered into certain agreements covering, among other things, tax matters, employee matters, intellectual property matters and the provision of transitional services. See Note 11 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. The primary impacts to our financial statement presentation are as follows:

- Our investments in the EchoStar Tracking Stock and HSSC Tracking Stock 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 us.
- 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 DBS on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) as if the results of the Transferred Businesses were included for the three and six months ended June 30, 2016 and for the year ended December 31, 2016, respectively:

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

	DISH DBS (as previously reported)	Adjustments Relating to the Transferred Businesses	DISH DBS (as currently reported)
		(In thousands)	
For the Three Months Ended June 30, 2016:			
Total revenue	$ 3,719,415	$ 27,881	$ 3,747,296
Net income (loss) attributable to DISH DBS	$ 263,394	$ 13,638	$ 277,032
For the Six Months Ended June 30, 2016:			
Total revenue	$ 7,391,569	$ 68,359	$ 7,459,928
Net income (loss) attributable to DISH DBS	$ 525,628	$ 24,239	$ 549,867
For the Year Ended December 31, 2016:			
Total revenue	$ 14,637,043	$ 118,896	$ 14,755,939
Net income (loss) attributable to DISH DBS	$ 916,528	$ 48,086	$ 964,614

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.

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

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

assumptions based on hypothetical transactions in the absence of market inputs. We apply the following hierarchy in determining fair value:

- Level 1, defined as observable inputs being quoted prices in active markets for identical assets;
- Level 2, defined as observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets and liabilities in active markets; and quoted prices for identical or similar instruments in markets that are not active; and
- 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 June 30, 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 4 for the fair value of our marketable investment securities.

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 7 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. Payments received from Pay-TV 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, 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.

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 $9 million and $12 million for the three months ended June 30, 2017 and 2016, respectively. Research and development costs totaled $16 million and $24 million for the six months ended June 30, 2017 and 2016, respectively.

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

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.

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

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.

3. Supplemental Data - Statements of Cash Flows

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

	For the Six Months Ended June 30,	
	2017	2016
	(In thousands)	
Cash paid for interest	$ 443,283	$ 413,342
Cash received for interest	5,696	783
Cash paid for income taxes	10,583	11,338
Cash paid for income taxes to DISH Network	242,541	329,230
Satellites and other assets financed under capital lease obligations	—	7,510

Our parent, DISH Network, provides a centralized system for the management of our cash and marketable investment securities as it does for all of its subsidiaries, among other reasons, to maximize yield of the portfolio. As a result, the cash and marketable investment securities included on our Condensed Consolidated Balance Sheets is a component or portion of the overall cash and marketable investment securities portfolio included on DISH Network's Condensed Consolidated Balance Sheets and managed by DISH Network. We are reflecting the purchases and sales of marketable investment securities on a net basis for each period presented on our Condensed Consolidated Statements of Cash Flows as we believe the net presentation is more meaningful to our cash flows from investing activities.

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

4. 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	
	June 30, 2017	December 31, 2016
	(In thousands)	
Marketable investment securities:		
Current marketable investment securities	$ 3,521	$ 3,833
Restricted marketable investment securities (1)	81,277	81,679
Total marketable investment securities	84,798	85,512
Restricted cash and cash equivalents (1)	156	681
Other investment securities:		
Other investment securities - equity method	111,600	25,098
Other investment securities - cost method	8,150	8,150
Total other investment securities	119,750	33,248
Total marketable investment securities, restricted cash and cash equivalents, and other investment securities	$ 204,704	$ 119,441

(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.

Current Marketable Investment Securities

Our current marketable investment securities portfolio includes investments in equity securities and/or 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 June 30, 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. Certain of 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.

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

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.

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.

Unrealized Gains (Losses) on Marketable Investment Securities

As of June 30, 2017 and December 31, 2016, we had accumulated net unrealized losses of less than $1 million and less than $1 million, respectively. These amounts, net of related tax effect, were losses of less than $1 million and less than $1 million, respectively. All of these amounts are included in "Accumulated other comprehensive income (loss)" within "Total stockholder's equity (deficit)." The components of our available-for-sale investments are summarized in the table below.

	As of June 30, 2017				As of December 31, 2016			
	Marketable Investment Securities	Unrealized Gains	Unrealized Losses	Unrealized Net	Marketable Investment Securities	Unrealized Gains	Unrealized Losses	Unrealized Net
	(In thousands)							
Debt securities (including restricted):								
U. S. Treasury and agency securities	$ 81,724	$ —	$ (180)	$ (180)	$ 81,982	$ 13	$ (132)	$ (119)
Corporate securities	3,074	—	(2)	(2)	3,530	3	—	3
Total	$ 84,798	$ —	$ (182)	$ (182)	$ 85,512	$ 16	$ (132)	$ (116)

As of June 30, 2017, restricted and non-restricted marketable investment securities included debt securities of $70 million with contractual maturities within one year and $15 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.

Fair Value Measurements

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

	As of							
	June 30, 2017				December 31, 2016			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	(In thousands)							
Cash equivalents (including restricted)	$ 1,094,273	$ 55,589	$ 1,038,684	$ —	$ 702,331	$ 4,126	$ 698,205	$ —
Debt securities (including restricted):								
U. S. Treasury and agency securities	$ 81,724	$ 81,724	$ —	$ —	$ 81,982	$ 81,982	$ —	$ —
Corporate securities	3,074	—	3,074	—	3,530	—	3,530	—
Total	$ 84,798	$ 81,724	$ 3,074	$ —	$ 85,512	$ 81,982	$ 3,530	$ —

During the six months ended June 30, 2017, we had no transfers in or out of Level 1 and Level 2 fair value measurements.

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

5. Inventory

Inventory consisted of the following:

	As of	
	June 30, 2017	December 31, 2016
	(In thousands)	
Finished goods	$ 247,289	$ 282,569
Work-in-process and service repairs	117,576	129,486
Raw materials	8,794	10,268
Total inventory	$ 373,659	$ 422,323

6. Property and Equipment

Property and equipment consisted of the following:

	Depreciable Life (In Years)	As of	
		June 30, 2017	December 31, 2016
		(In thousands)	
Equipment leased to customers	2-5	$ 2,429,614	$ 2,630,269
EchoStar XV	15	277,658	277,658
Satellites acquired under capital lease agreements	10-15	499,819	499,819
Furniture, fixtures, equipment and other	1-10	1,630,642	1,541,838
Buildings and improvements	1-40	290,095	287,612
Land	-	14,057	14,057
Construction in progress	-	59,811	87,887
Total property and equipment		5,201,696	5,339,140
Accumulated depreciation		(3,476,839)	(3,448,772)
Property and equipment, net		$ 1,724,857	$ 1,890,368

Depreciation and amortization expense consisted of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
Equipment leased to customers	$ 140,428	$ 173,008	$ 271,545	$ 331,017
Satellites	15,262	15,262	30,523	30,523
Buildings, furniture, fixtures, equipment and other	35,624	30,659	71,274	63,582
Total depreciation and amortization	$ 191,314	$ 218,929	$ 373,342	$ 425,122

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, one of which we own and depreciate over its estimated useful life. We currently utilize certain capacity on nine satellites that we lease from EchoStar and one satellite that we lease from DISH Network, 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.

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

As of June 30, 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
Leased from DISH Network (1):			
EchoStar XVIII	June 2016	61.5	Month to month
Leased from EchoStar (2):			
EchoStar VII (3)	February 2002	119	June 2018
EchoStar IX	August 2003	121	Month to month
EchoStar X (3)	February 2006	110	February 2021
EchoStar XI (3)	July 2008	110	September 2021
EchoStar XII	July 2003	61.5	September 2017
EchoStar XIV (3)	March 2010	119	February 2023
EchoStar XVI (4)	November 2012	61.5	January 2023
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 11 for further information on our Related Party Transactions with DISH Network.
(2) See Note 11 for further information on our Related Party Transactions with EchoStar.
(3) 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.
(4) We have the option to renew this lease for an additional five-year period.

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

7. 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 June 30, 2017 and December 31, 2016:

	As of			
	June 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
4 5/8% Senior Notes due 2017 (1)	$ 900,000	$ 902,016	$ 900,000	$ 913,887
4 1/4% Senior Notes due 2018 (2)	1,200,000	1,215,768	1,200,000	1,228,464
7 7/8% Senior Notes due 2019	1,400,000	1,542,282	1,400,000	1,559,698
5 1/8% Senior Notes due 2020	1,100,000	1,152,580	1,100,000	1,141,866
6 3/4% Senior Notes due 2021	2,000,000	2,223,020	2,000,000	2,178,880
5 7/8% Senior Notes due 2022	2,000,000	2,155,060	2,000,000	2,114,780
5 % Senior Notes due 2023	1,500,000	1,543,725	1,500,000	1,500,315
5 7/8% Senior Notes due 2024	2,000,000	2,135,280	2,000,000	2,064,000
7 3/4% Senior Notes due 2026	2,000,000	2,369,240	2,000,000	2,270,900
Other notes payable	12,606	12,606	12,606	12,606
Subtotal	14,112,606	$ 15,251,577	14,112,606	$ 14,985,396
Unamortized deferred financing costs and debt discounts, net	(35,345)		(40,123)	
Capital lease obligations (3)	121,787		140,885	
Total long-term debt and capital lease obligations (including current portion)	$ 14,199,048		$ 14,213,368	

(1) On July 17, 2017, we redeemed the principal balance of our 4 5/8% Senior Notes due 2017.
(2) Our 4 1/4% Senior Notes due 2018 mature on April 1, 2018 and have been reclassified to "Current portion of long-term debt and capital lease obligations" on our Condensed Consolidated Balance Sheets as of June 30, 2017.
(3) 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).

8. Commitments and Contingencies

Commitments

Since 2008, DISH Network has directly invested over $11 billion to acquire certain wireless spectrum licenses and related assets and made over $10 billion in non-controlling investments in certain entities, for a total of over $21 billion, as described further below.

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

DISH Network Spectrum

DISH Network has directly invested over $11 billion to acquire certain wireless spectrum licenses and related assets. These wireless spectrum licenses are subject to certain interim and final build-out requirements. DISH Network 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 DISH Network considers its options for the commercialization of its wireless spectrum, it will incur significant additional expenses and will have to make significant investments related to, among other things, research and development, wireless testing and wireless network infrastructure. In March 2017, DISH Network notified the FCC that it plans to deploy a next-generation 5G-capable network, focused on supporting narrowband Internet of Things ("IoT"). The first phase of the network deployment will be completed by March 2020, with subsequent phases to be completed thereafter. DISH Network may also determine that additional wireless spectrum licenses may be required to commercialize its wireless business and to compete with other wireless service providers.

In connection with the development of DISH Network's wireless business, including without limitation the efforts described above, we have made cash distributions to partially finance these efforts to date and may make additional cash distributions to finance in whole or in part DISH Network's future efforts. See Note 11 for further information regarding our dividends to DOC. There can be no assurance that DISH Network will be able to develop and implement a business model that will realize a return on these wireless spectrum licenses or that DISH Network will be able to profitably deploy the assets represented by these wireless spectrum licenses.

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

Through its wholly-owned subsidiaries American AWS-3 Wireless II L.L.C. ("American II") and American AWS-3 Wireless III L.L.C. ("American III"), DISH Network has made over $10 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 (the "Northstar Licenses") and to SNR Wireless (the "SNR Licenses"), respectively. DISH Network 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. For further information regarding the potential re-auction of AWS-3 licenses retained by the FCC, 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 DISH Network's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.

In connection with certain funding obligations related to the investments by American II and American III discussed above, in February 2015, we paid a dividend of $8.250 billion to DOC for, among other things, general corporate purposes, which included such funding obligations, and to fund other DISH Network cash needs. We may make additional cash distributions to finance in whole or in part loans that DISH Network may make to the Northstar Entities and the SNR Entities in the future related to DISH Network's non-controlling investments in these entities. There can be no assurance that DISH Network will be able to obtain a profitable return on its non-controlling investments in the Northstar Entities and the SNR Entities.

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

We may need to raise significant additional capital in the future, which may not be available on acceptable terms or at all, to among other things, make additional cash distributions to DISH Network, continue investing in our business and to pursue acquisitions and other strategic transactions.

See Note 10 *"Commitments and Contingencies – Commitments"* in the Notes to DISH Network's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 for further information.

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 DISH Network guarantees a certain portion of EchoStar's obligation under its satellite transponder service agreement through 2019. As of June 30, 2017, the remaining obligation of the DISH Network guarantee was $158 million. As of June 30, 2017, DISH Network has not recorded a liability on the balance sheet for this guarantee.

Contingencies

Separation Agreement

On January 1, 2008, DISH Network completed the distribution of its technology and set-top box business and certain infrastructure assets (the "Spin-off") into a separate publicly-traded company, EchoStar. In connection with the Spin-off, DISH Network 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 DISH Network 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, DISH Network 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.

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.

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

ClearPlay, Inc.

On March 13, 2014, ClearPlay, Inc. (“ClearPlay”) filed a complaint against DISH Network, our wholly-owned subsidiary DISH Network L.L.C., EchoStar, and its then wholly-owned subsidiary EchoStar Technologies L.L.C., in the United States District Court for the District of Utah. The complaint alleges 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.

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 subsidiary DISH Network L.L.C., DISH Network, EchoStar, and its then 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 DISH Network 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. On June 12, 2017, the United States Patent and Trademark Office agreed to institute proceedings on our petitions challenging the 090 patent and the 437 patent; on July 18, 2017, it agreed to institute proceedings on our petitions challenging the 029 patent; and on July 28, 2017, it agreed to institute proceedings on our petitions challenging the 494 patent. These instituted proceedings cover all asserted claims of each of the asserted patents. On August 8, 2017, the litigation in the District Court was stayed pending resolution of the proceedings at the United States Patent and Trademark Office. Customedia 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.

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 alleged 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. was entitled to partial summary judgment with respect to one claim in the action. In addition, the Court found that the plaintiffs were entitled to partial summary judgment with respect to ten claims in the action, which included, 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 were 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 have enjoined DISH Network L.L.C. from placing outbound telemarketing calls unless and until: (i) DISH Network

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L.L.C. hired a third-party consulting organization to perform a review of its call center operations; (ii) such third-party consulting organization submitted a telemarketing compliance plan to the Court and the federal plaintiff; (iii) the Court held a hearing on the adequacy of the plan; (iv) if the Court approved the plan, DISH Network L.L.C. implemented the plan and verified to the Court that it had implemented the plan; and (v) the Court issued an order permitting DISH Network L.L.C. to resume placing outbound telemarketing calls. The plaintiffs' modified request for injunctive relief, if granted, would have also enjoined 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 was seeking $900 million in alleged civil penalties; the California state plaintiff indicated that it was 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 was 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 were seeking; but the state plaintiffs took 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.

On October 3, 2016, the plaintiffs further modified their request for injunctive relief, and were 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.

On June 5, 2017, the Court issued Findings of Fact and Conclusions of Law and entered Judgment ordering DISH Network L.L.C. to pay an aggregate amount of $280 million to the federal and state plaintiffs. The Court also issued a Permanent Injunction (the "Injunction") against DISH Network L.L.C. that imposes certain ongoing compliance requirements on DISH Network L.L.C., which include, among other things: (i) the retention of a telemarketing-compliance expert to prepare a plan to ensure that DISH Network L.L.C. and certain independent third-party retailers will continue to comply with telemarketing laws and the Injunction; (ii) certain telemarketing records retention and production requirements; and (iii) certain compliance reporting and monitoring requirements. In addition to the compliance requirements under the Injunction, within ninety (90) days after the effective date of the Injunction, DISH Network L.L.C. is required to demonstrate that it and certain independent third-party retailers are in compliance with the Safe Harbor Provisions of the TSR and TCPA and have made no prerecorded telemarketing calls during the five (5) years prior to the effective date of the Injunction (collectively, the "Demonstration Requirements"). If DISH Network L.L.C. fails to prove that it meets the Demonstration Requirements, it will be barred from conducting any outbound telemarketing for two (2) years. If DISH Network L.L.C. fails to prove that a particular independent third-party retailer meets the Demonstration Requirements, DISH Network L.L.C. will be barred from accepting orders from that independent third-party retailer for two (2) years. On July 3, 2017, DISH Network L.L.C. filed two motions with the Court: (1) to alter or amend the Judgment or in the alternative to amend the Findings of Fact and Conclusions of Law; and (2) to clarify, alter and amend the Injunction. During the three months ended June 30, 2017, we recorded $255 million of "Litigation expense" related to the FTC Action on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). We recorded $25 million of "Litigation expense" related to the FTC Action during prior periods. Our total accrual at June 30, 2017 related to the FTC Action was $280 million and is included in "Other accrued expenses" on our Condensed Consolidated Balance Sheets. Any eventual payments made with respect to the FTC Action may not be deductible for tax purposes, which had a negative impact on our effective tax rate for the three and six months ended June 30, 2017. The tax deductibility of any eventual payments made with respect to the FTC Action may change, based upon, among other things, further developments in the FTC Action, including final adjudication of the FTC Action.

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. 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, which the Court denied on May 16, 2017. On May 22, 2017, the Court ruled that the violations were willful and knowing, and trebled the damages award to $1,200 for each call made in violation of TCPA. During the three months ended June 30, 2017, we recorded $41 million of "Litigation expense" related to the Krakauer Action on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). We recorded $20 million of "Litigation expense" related to the Krakauer Action during the fourth quarter 2016. Our total accrual related to the Krakauer Action at June 30, 2017 was $61 million and is included in "Other accrued expenses" on our Condensed Consolidated Balance Sheets.

We intend to vigorously defend these cases. We cannot predict with any degree of certainty the outcome of these suits.

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.

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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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 DISH Network 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.

LightSquared/Harbinger Capital Partners LLC (LightSquared Bankruptcy)

As previously disclosed in our public filings, L-Band Acquisition, LLC ("LBAC"), DISH Network's 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).

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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 DISH Network, 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 DISH Network, 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 DISH Network, 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 DISH Network, 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 DISH Network 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.

DISH Network intends to vigorously defend any claims against it 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.

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LightSquared Transaction Shareholder Derivative Actions

On August 9, 2013, a purported shareholder of DISH Network, 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 DISH Network'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 DISH Network 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 DISH Network's Board of Directors are beholden to Mr. Ergen to an extent that prevents them from discharging their duties in connection with DISH Network'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 DISH Network'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 DISH Network. 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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DISH Network's 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 DISH Network 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 DISH Network. 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, which heard oral argument on June 5, 2017. DISH Network 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.

Realtime Data LLC

On June 6, 2017, Realtime Data LLC d/b/a IXO ("Realtime") filed an amended complaint in the United States District Court for the Eastern District of Texas against DISH Network; our wholly-owned subsidiaries DISH Network L.L.C., EchoStar Technologies L.L.C., Sling TV L.L.C. and Sling Media L.L.C.; EchoStar, and EchoStar's wholly-owned subsidiary Hughes Network Systems, LLC; and Arris Group, Inc. The amended complaint alleges infringement of U.S. Patent No. 8,717,204 (the "204 patent"), entitled "Methods for encoding and decoding data"; U.S. Patent No. 9,054,728 (the "728 patent"), entitled "Data compression systems and methods"; U.S. Patent No. 7,358,867 (the "867 patent"), entitled "Content independent data compression method and system"; U.S. Patent No. 8,502,707 (the "707 patent"), entitled "Data compression systems and methods"; U.S. Patent No. 8,275,897 (the "897 patent"), entitled "System and methods for accelerated data storage and retrieval"; U.S. Patent No. 8,867,610 (the "610 patent"), entitled "System and methods for video and audio data distribution"; U.S. Patent No. 8,934,535 (the "535 patent"), entitled "Systems and methods for video and audio data storage and distribution"; and U.S. Patent No. 8,553,759 (the "759 patent"), entitled "Bandwidth sensitive data compression and decompression." Realtime's original complaint, filed on February 14, 2017, had named only EchoStar and Hughes Network Systems, LLC as defendants. Realtime alleges that DISH, Sling TV, Sling Media and Arris streaming video products and services compliant with various versions of the H.264 video compression standard infringe the 897 patent, the 610 patent and the 535 patent, and that the data compression system in Hughes' products and services infringe the 204 patent, the 728 patent, the 867 patent, the 707 patent and the 759 patent. On July 19, 2017, the Court severed the claims against DISH Network, DISH Network L.L.C., Sling TV L.L.C., Sling Media L.L.C. and Arris Group, Inc. into a separate action. Realtime is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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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.

Technology Development and Licensing L.L.C.

On January 22, 2009, Technology Development and Licensing L.L.C. ("TDL") filed suit against DISH Network 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. On June 19, 2017, the District Court ruled that the two remaining asserted claims of the 952 patent are invalid because they claim unpatentable subject matter. On July 11, 2017, the parties filed a stipulation pursuant to which TDL dismissed the action and waived its appeal rights, and DISH Network and EchoStar agreed not to seek recovery of their court costs. This matter is now concluded.

TQ Beta LLC

On June 30, 2014, TQ Beta LLC ("TQ Beta") filed a complaint against us; our wholly-owned subsidiary DISH Network L.L.C.; DISH Network; EchoStar; EchoStar's subsidiary Hughes Satellite Systems Corporation; and EchoStar's then wholly-owned subsidiaries, Sling Media, Inc. (now known as "Sling Media L.L.C.") and EchoStar Technologies L.L.C. 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, DISH Network and our wholly-owned subsidiary DISH Network L.L.C. in the United States District Court for the District of Delaware. The Complaint alleges infringement of United States Patent No. 6,961,369 (the "369 patent"), which is entitled "System and Method for Scrambling the Phase of the Carriers in a Multicarrier Communications System"; United States Patent No. 8,718,158 (the "158 patent"), which is entitled "System and Method for Scrambling the Phase of the Carriers in a Multicarrier Communications System"; United States Patent No. 9,014,243 (the "243 patent"), which is entitled "System and Method for Scrambling Using a Bit Scrambler and a Phase Scrambler"; United States Patent No. 7,835,430 (the "430 patent"), which is entitled "Multicarrier Modulation Messaging for Frequency Domain Received Idle Channel Noise Information"; United States Patent No. 8,238,412 (the "412 patent"), which is entitled "Multicarrier Modulation Messaging for Power Level per Subchannel Information"; United States Patent No. 8,432,956 (the "956 patent"), which is entitled "Multicarrier Modulation Messaging for Power Level per Subchannel Information"; and United States Patent No. 8,611,404 (the "404 patent"), which is entitled "Multicarrier Transmission System with Low Power Sleep Mode and Rapid-On Capability." On September 9, 2015, TQ Delta filed a first amended complaint that added allegations of infringement of United States Patent No. 9,094,268 (the "268 patent"), which is entitled "Multicarrier Transmission System With Low Power Sleep Mode and Rapid-On Capability." On May 16, 2016, TQ Delta filed a second amended complaint that added EchoStar Corporation and its then wholly-owned subsidiary EchoStar Technologies L.L.C. as defendants. TQ Delta alleges that our satellite TV service, Internet service, set-top boxes, gateways, routers, modems, adapters and networks that operate in accordance with one or more Multimedia over Coax Alliance Standards infringe the asserted patents. TQ Delta has filed actions in the same court alleging infringement of the same patents against Comcast Corp., Cox Communications, Inc., DirecTV, Time Warner Cable Inc. and Verizon Communications, Inc. TQ Delta is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. 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 Telephone Company ("Vermont National") against DISH Network; DISH Network's 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, LLC; SNR Wireless; SNR HoldCo; SNR Wireless Management, LLC; 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 Note 10 *"Commitments – DISH Network Non-Controlling Investments in the Northstar Entities and the SNR Entities Related to AWS-3 Wireless Spectrum Licenses"* in the Notes to DISH Network's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 for further information.

DISH Network intends to vigorously defend this case. DISH Network 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.

9. Financial Information for Subsidiary Guarantors

Our senior notes are fully, unconditionally and jointly and severally guaranteed by all of our subsidiaries other than minor subsidiaries, and the stand-alone entity DISH DBS has no independent assets or operations. Therefore, supplemental financial information on a condensed consolidating basis of the guarantor subsidiaries is not required. There are no restrictions on our ability to obtain cash dividends or other distributions of funds from the guarantor subsidiaries, except those imposed by applicable law.

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10. 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:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Revenue:	**2017**	**2016**	**2017**	**2016**
	(In thousands)			
United States	$ 3,532,383	$ 3,723,825	$ 7,093,745	$ 7,400,269
Canada and Mexico	11,429	23,471	21,026	59,659
Total revenue	$ 3,543,812	$ 3,747,296	$ 7,114,771	$ 7,459,928

11. Related Party Transactions

Related Party Transactions with DISH Network

On June 30, 2016, we paid a dividend of $1.5 billion to DOC.

Advertising Sales. We have provided advertising services to DISH Network's broadband business. During each of the three months ended June 30, 2017 and 2016, we received no revenue associated with these services. During the six months ended June 30, 2017 and 2016, we received revenue associated with these services of zero and $2 million, respectively. These amounts were recorded in "Subscriber-related revenue" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Broadband, Wireless and Other Operations. We provide certain administrative, call center, installation, marketing and other services to DISH Network's broadband, wireless and other operations. During the three months ended June 30, 2017 and 2016, the costs charged to DISH Network associated with these services were $14 million and $18 million, respectively. During the six months ended June 30, 2017 and 2016, the costs charged to DISH Network associated with these services were $29 million and $35 million, respectively.

EchoStar XVIII Satellite. The EchoStar XVIII satellite was launched on June 18, 2016 and became operational as an in-orbit spare at the 61.5 degree orbital location during the third quarter 2016, at which time we began leasing it from an indirect wholly-owned subsidiary of DISH Network. During the three and six months ended June 30, 2017, we incurred $17 million and $34 million, respectively, of expense related to this satellite. These amounts are recorded in "Satellite and transmission expenses" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Related Party Transactions with EchoStar

Following the Spin-off, DISH Network 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.

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, DISH Network and EchoStar and certain of their respective

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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 June 30, 2017 and December 31, 2016, trade accounts receivable from EchoStar was less than $1 million and $1 million, respectively. These amounts are recorded in "Trade accounts receivable" on our Condensed Consolidated Balance Sheets.

"Trade accounts payable"

As of June 30, 2017 and December 31, 2016, trade accounts payable to EchoStar was $66 million and $259 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 June 30, 2017 and 2016, we received less than $1 million and $1 million, respectively, for services provided to EchoStar. During the six months ended June 30, 2017 and 2016, we received $1 million and $2 million, respectively, for services provided to EchoStar. These amounts are recorded in "Equipment sales and other revenue" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The agreements pertaining to these revenues are discussed below.

Real Estate Lease Agreements. DISH Network has entered into lease agreements pursuant to which DISH Network leases 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, DISH Network 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.

- *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.

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- *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. During June 2017, EchoStar exercised its five-year renewal option for a period ending in August 2022.

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.

"Satellite and transmission expenses"

For the three months ended June 30, 2017 and 2016, we incurred expenses of $88 million and $86 million, respectively, for satellite capacity leased from EchoStar and telemetry, tracking and control and other professional services provided to us by EchoStar. For the six months ended June 30, 2017 and 2016, we incurred expenses of $175 million and $174 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.

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 6 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.

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- *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.

- *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 had the option to renew for an additional five-year period. During May 2017, we exercised our first renewal option for an additional five-year period ending in January 2023. We also have the option to renew for an additional five-year period prior to expiration of the first renewal period in January 2023. There can be no assurance that the option 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. DISH Network has also guaranteed certain obligations of EchoStar under the Telesat Transponder Agreement. See discussion under “Guarantees” in Note 8.

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.

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.

"General and administrative expenses"

During the three months ended June 30, 2017 and 2016, we incurred $12 million and $4 million, respectively, of general and administrative expenses for services provided to us by EchoStar. During the six months ended June 30, 2017 and 2016, we incurred $15 million and $8 million, respectively, of general and administrative expenses for services provided to us by 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 was 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.

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- *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.

Professional Services Agreement. Prior to 2010, in connection with the Spin-off, DISH Network 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, DISH Network and EchoStar agreed that EchoStar shall continue to have the right, but not the obligation, to receive the following services from DISH Network, 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, DISH Network and EchoStar agreed that DISH Network shall continue to have the right, but not the obligation, to engage EchoStar to manage the process of procuring new satellite capacity for DISH Network (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).

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(Unaudited)

Other Agreements - EchoStar

Tax Sharing Agreement. In connection with the Spin-off, DISH Network 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 DISH Network, and DISH Network will indemnify EchoStar for such taxes. However, DISH Network is 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 DISH Network 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.

Tax Matters Agreement. In connection with the completion of the Share Exchange, DISH Network 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 DISH Network is responsible for all tax returns and tax liabilities for the Transferred Businesses from and after the Share Exchange. Both DISH Network and EchoStar have made certain tax-related representations and are subject to various tax-related covenants after the consummation of the Share Exchange. Both DISH Network 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, DISH Network has agreed to indemnify EchoStar if the Transferred Businesses are acquired, either directly or indirectly (e.g., via an acquisition of DISH Network), 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, DISH Network and EchoStar entered into a settlement agreement with TiVo Inc. ("TiVo"). The settlement resolved all pending litigation between DISH Network 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 DISH Network or EchoStar were dissolved. DISH Network 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 DISH Network, DISH Network 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 were allocated between DISH Network and EchoStar based on historical sales of certain licensed products, with DISH Network being responsible for 95% of each annual payment. Pursuant to the Share Exchange Agreement, DISH Network was responsible for EchoStar's allocation of the final payment to TiVo, which was paid July 31, 2017.

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

Patent Cross-License Agreements. In December 2011, DISH Network 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) DISH Network and such third-party licensed their 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, DISH Network and EchoStar independently exercised their 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 DISH Network and EchoStar, DISH Network and EchoStar agreed to allocate their respective payments to such third party based on their 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.

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 a Master Services Agreement ("MSA") pursuant to which DNLLC, among other things: (i) has the right, but not the obligation, to market, promote and solicit orders for the Hughes broadband satellite service and related equipment; and (ii) installs Hughes service equipment with respect to activations generated by DNLLC. Under the MSA, HNS will make certain payments to DNLLC for each Hughes service activation generated, and installation performed, by DNLLC. Payments from HNS for services provided are recorded in "Subscriber-related revenue" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). The MSA has an initial term of five years with automatic renewal for successive one year terms. After the first anniversary of the MSA, either party has the ability to terminate the MSA, in whole or in part, for any reason upon at least 90 days' notice to the other party. Upon expiration or termination of the MSA, HNS will continue to provide the Hughes service to subscribers and make certain payments to DNLLC pursuant to the terms and conditions of the MSA. For the three months ended June 30, 2017, we purchased broadband equipment from HNS of $3 million under the MSA. For the six months ended June 30, 2017, we purchased broadband equipment from HNS of $10 million under the MSA.

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

Employee Matters Agreement. In connection with the completion of the Share Exchange, effective March 1, 2017, DISH Network and EchoStar entered into an Employee Matters Agreement that addresses the transfer of employees from EchoStar to DISH Network, 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. DISH Network 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 DISH Network 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, DISH Network and EchoStar entered into an Intellectual Property and Technology License Agreement ("IPTLA"), pursuant to which DISH Network 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 DISH Network a license to its intellectual property and technology for use by DISH Network, among other things, in connection with its 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, DISH Network granted a license back to EchoStar, among other things, for the continued use of all intellectual property and technology transferred to DISH Network 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.

The table below summarizes our transactions with NagraStar:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
Purchases (including fees):				
Purchases from NagraStar	$ 18,652	$ 19,997	$ 36,431	$ 45,494

	As of	
	June 30, 2017	December 31, 2016
	(In thousands)	
Amounts Payable and Commitments:		
Amounts payable to NagraStar	$ 11,374	$ 18,597
Commitments to NagraStar	$ 4,917	$ 2,716

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

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 June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
Sales:				
Digital receivers and related components	$ 312	$ 10,176	$ 1,183	$ 32,730
Uplink services	$ 975	$ 1,016	$ 1,998	$ 2,025

	As of	
	June 30, 2017	December 31, 2016
	(In thousands)	
Amounts Receivable:		
Amounts receivable from Dish Mexico	$ 1,307	$ 13,516

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

You should read the following narrative analysis of our results of operations together with the condensed consolidated financial statements and notes to our financial statements included elsewhere in this Quarterly Report on Form 10-Q. This management's narrative analysis is intended to help provide an understanding of our financial condition, changes in financial condition and results of our operations and contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in our Annual Report on Form 10-K for the year ended December 31, 2016 and this Quarterly Report on Form 10-Q under the caption "Item 1A. Risk Factors." Furthermore, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q, and we expressly disclaim any obligation to update any forward-looking statements.

Overview

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 services to our subscribers. We also generate revenue from equipment rental fees and other hardware related fees, including fees for DVRs, 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 subscriber-related revenue has been declining due to, among other things, the continuing decline in our Pay-TV subscriber base. We expect this trend to continue. Our most significant expenses are subscriber-related expenses, which are primarily related to programming, subscriber acquisition costs and depreciation and amortization.

Financial Highlights

2017 Second Quarter Consolidated Results of Operations and Key Operating Metrics

- Revenue of $3.544 billion
- Pay-TV ARPU of $87.25
- Net loss attributable to DISH DBS of $96 million
- Gross new Pay-TV subscriber activations of approximately 444,000
- Pay-TV SAC of $690
- Loss of approximately 196,000 net Pay-TV subscribers
- Pay-TV churn rate of 1.59%

Consolidated Financial Condition as of June 30, 2017

- Cash, cash equivalents and current marketable investment securities of $1.178 billion
- Total assets of $5.160 billion
- Total long-term debt and capital lease obligations of $14.199 billion

Our subsidiaries operate one primary business segment.

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

Pay-TV

We offer pay-TV services under the DISH® brand and the Sling® brand (collectively "Pay-TV" services). We had 13.332 million Pay-TV subscribers in the United States as of June 30, 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. Our Sling domestic service has a single-stream service branded Sling Orange and a multi-stream service branded Sling Blue, which includes, among other things, the ability to stream on up to three devices simultaneously. All Sling branded pay-TV subscribers are included in our Pay-TV subscriber count.

As a result of the completion of the Share Exchange with EchoStar, 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, DISH Network and EchoStar and certain of their 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 (the "HSSC Tracking Stock," and together with the EchoStar Tracking Stock, collectively, the "Tracking Stock"), that tracked the residential retail satellite broadband business of Hughes Network Systems, LLC ("HNS"). In connection with the Share Exchange, DISH Network and EchoStar and certain of their respective subsidiaries entered into certain agreements covering, among other things, tax matters, employee matters, intellectual property matters and the provision of transitional services. See Note 11 in the Notes to our Condensed Consolidated Financial Statements for further information.

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

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.

Trends

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 and net Pay-TV subscriber additions 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. For example, we have launched various marketing promotions offering certain DISH branded pay-TV programming packages without a price increase for a limited time period. We also 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, among others, local broadcast networks and kids 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.

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

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. In the past, 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.

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

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.

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.

Availability of Credit and Effect on Liquidity

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

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

Future Liquidity

Debt Maturity

Our 4 5/8% Senior Notes with an aggregate principal balance of $900 million were redeemed on July 17, 2017.

Our 4 1/4% Senior Notes with an aggregate principal balance of $1.2 billion mature on April 1, 2018. 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.

Wireless Spectrum

Since 2008, DISH Network has directly invested over $11 billion to acquire certain wireless spectrum licenses and related assets and made over $10 billion in non-controlling investments in certain entities, for a total of over $21 billion, as described further below.

DISH Network Spectrum. DISH Network has directly invested over $11 billion to acquire certain wireless spectrum licenses and related assets. These wireless spectrum licenses are subject to certain interim and final build-out requirements. DISH Network 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 DISH Network considers its options for the commercialization of its wireless spectrum, it will incur significant additional expenses and will have to make significant investments related to, among other things, research and development, wireless testing and wireless network infrastructure. In March 2017, DISH Network notified the FCC that it plans to deploy a next-generation 5G-capable network, focused on supporting narrowband Internet of Things ("IoT"). The first phase of the network deployment will be completed by March 2020, with subsequent phases to be completed thereafter. DISH Network may also determine that additional wireless spectrum licenses may be required to commercialize its wireless business and to compete with other wireless service providers.

In connection with the development of DISH Network's wireless business, including without limitation the efforts described above, we have made cash distributions to partially finance these efforts to date and may make additional cash distributions to finance in whole or in part DISH Network's future efforts. See Note 11 in the Notes to our Condensed Consolidated Financial Statements for further information regarding our dividends to DISH Orbital Corporation ("DOC"). There can be no assurance that DISH Network will be able to develop and implement a business model that will realize a return on these wireless spectrum licenses or that DISH Network will be able to profitably deploy the assets represented by these wireless spectrum licenses.

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

DISH Network Non-Controlling Investments in the Northstar Entities and the SNR Entities Related to AWS-3 Wireless Spectrum Licenses. Through its wholly-owned subsidiaries American AWS-3 Wireless II L.L.C. ("American II") and American AWS-3 Wireless III L.L.C. ("American III"), DISH Network has made over $10 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 (the "Northstar Licenses") and to SNR Wireless (the "SNR Licenses"), respectively. DISH Network 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. For further information regarding the potential re-auction of AWS-3 licenses retained by the FCC, 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 DISH Network's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.

In connection with certain funding obligations related to the investments by American II and American III discussed above, in February 2015, we paid a dividend of $8.250 billion to DOC for, among other things, general corporate purposes, which included such funding obligations, and to fund other DISH Network cash needs. We may make additional cash distributions to finance in whole or in part loans that DISH Network may make to the Northstar Entities and the SNR Entities in the future related to DISH Network's non-controlling investments in these entities. There can be no assurance that DISH Network will be able to obtain a profitable return on its non-controlling investments in the Northstar Entities and the SNR Entities.

We may need to raise significant additional capital in the future, which may not be available on acceptable terms or at all, to among other things, make additional cash distributions to DISH Network, continue investing in our business and to pursue acquisitions and other strategic transactions.

See Note 10 *"Commitments and Contingencies – Commitments"* in the Notes to DISH Network's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 for further information.

Covenants and Restrictions Related to our Senior Notes

The indentures related to our outstanding senior notes contain restrictive covenants that, among other things, impose limitations on our ability to: (i) incur additional indebtedness; (ii) enter into sale and leaseback transactions; (iii) pay dividends or make distributions on our capital stock or repurchase our capital stock; (iv) make certain investments; (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 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. As of the date of filing of this Quarterly Report on Form 10-Q, we were in compliance with the covenants.

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

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 accounting principles generally accepted in the United States ("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.

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

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.

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; equipment rental fees and other hardware related fees, including fees for DVRs, 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 services incurred in connection with our in-home service and call center operations, billing costs, refurbishment and repair costs related to DBS receiver systems, subscriber retention and other variable subscriber expenses.

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.

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

Subscriber acquisition costs. While we primarily lease DBS receiver systems, 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," 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.

Litigation expense. "Litigation expense" primarily consists of certain significant legal settlements, judgments or accruals.

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" primarily includes interest expense (net of capitalized interest), prepayment premiums and amortization of debt issuance costs associated with our senior debt, and interest expense associated with our capital lease obligations.

Other, net. The main components of "Other, net" are gains and losses realized on the sale of investments, impairment of marketable and non-marketable investment securities, 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 DBS" 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 DBS" 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.

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.

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

RESULTS OF OPERATIONS

Three Months Ended June 30, 2017 Compared to the Three Months Ended June 30, 2016.

Statements of Operations Data	For the Three Months Ended June 30, 2017	For the Three Months Ended June 30, 2016	Variance Amount	Variance %
		(In thousands)		
Revenue:				
Subscriber-related revenue	$ 3,512,900	$ 3,709,799	$ (196,899)	(5.3)
Equipment sales and other revenue	30,912	37,497	(6,585)	(17.6)
Total revenue	3,543,812	3,747,296	(203,484)	(5.4)
Costs and Expenses:				
Subscriber-related expenses	2,183,057	2,178,685	4,372	0.2
% of Subscriber-related revenue	**62.1 %**	**58.7 %**		
Satellite and transmission expenses	179,059	173,751	5,308	3.1
% of Subscriber-related revenue	**5.1 %**	**4.7 %**		
Cost of sales - equipment and other	24,050	29,666	(5,616)	(18.9)
Subscriber acquisition costs	271,619	330,845	(59,226)	(17.9)
General and administrative expenses	179,298	176,277	3,021	1.7
% of Total revenue	**5.1 %**	**4.7 %**		
Litigation expense	295,695	—	295,695	*
Depreciation and amortization	191,314	218,929	(27,615)	(12.6)
Total costs and expenses	3,324,092	3,108,153	215,939	6.9
Operating income (loss)	219,720	639,143	(419,423)	(65.6)
Other Income (Expense):				
Interest income	3,409	4,036	(627)	(15.5)
Interest expense, net of amounts capitalized	(221,943)	(191,789)	(30,154)	(15.7)
Other, net	2,477	(570)	3,047	*
Total other income (expense)	(216,057)	(188,323)	(27,734)	(14.7)
Income (loss) before income taxes	3,663	450,820	(447,157)	(99.2)
Income tax (provision) benefit, net	(97,120)	(172,106)	74,986	43.6
Effective tax rate	**2,651.4 %**	**38.2 %**		
Net income (loss)	(93,457)	278,714	(372,171)	*
Less: Net income (loss) attributable to noncontrolling interests, net of tax	2,199	1,682	517	30.7
Net income (loss) attributable to DISH DBS	$ (95,656)	$ 277,032	$ (372,688)	*
Other Data:				
Pay-TV subscribers, as of period end (in millions)	13.332	13.593	(0.261)	(1.9)
Pay-TV subscriber additions, gross (in millions)	0.444	0.527	(0.083)	(15.7)
Pay-TV subscriber additions (losses), net (in millions)	(0.196)	(0.281)	0.085	30.2
Pay-TV average monthly subscriber churn rate ("Pay-TV churn rate")	1.59 %	1.96 %	(0.37)%	(18.9)
Pay-TV average subscriber acquisition cost per subscriber ("Pay-TV SAC")	$ 690	$ 756	$ (66)	(8.7)
Pay-TV average monthly revenue per subscriber ("Pay-TV ARPU")	$ 87.25	$ 89.98	$ (2.73)	(3.0)
EBITDA	$ 411,312	$ 855,820	$ (444,508)	(51.9)

* Percentage is not meaningful.

Pay-TV subscribers. We lost approximately 196,000 net Pay-TV subscribers during the three months ended June 30, 2017, compared to the loss of approximately 281,000 net Pay-TV subscribers during the same period in 2016. The decrease in net Pay-TV subscriber losses during the three months ended June 30, 2017 compared to the same period in 2016 primarily resulted from a lower Pay-TV churn rate, partially offset by lower gross new Pay-TV subscriber activations.

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

Our Pay-TV churn rate for the three months ended June 30, 2017 was 1.59% compared to 1.96% for the same period in 2016. This decrease primarily resulted from our increased emphasis on acquiring and retaining higher quality subscribers as well as an increase in Sling branded pay-TV subscribers. As described in "Explanation of Key Metrics and Other Items," 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. While our Pay-TV churn rate improved during the three months ended June 30, 2017, it 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.

During the three months ended June 30, 2017, we activated approximately 444,000 gross new Pay-TV subscribers compared to approximately 527,000 gross new Pay-TV subscribers during the same period in 2016, a decrease of 15.7%. 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 the second quarter 2017.

In the past, 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.

Subscriber-related revenue. "Subscriber-related revenue" totaled $3.513 billion for the three months ended June 30, 2017, a decrease of $197 million or 5.3% compared to the same period in 2016. The decrease in "Subscriber-related revenue" from the same period in 2016 was primarily related to the decrease in Pay-TV ARPU discussed below and a lower average Pay-TV subscriber base. We expect these trends in "Subscriber-related revenue" to continue.

Pay-TV ARPU. Pay-TV ARPU was $87.25 during the three months ended June 30, 2017 versus $89.98 during the same period in 2016. The $2.73 or 3.0% decrease in Pay-TV ARPU was primarily attributable to a shift in DISH branded pay-TV programming package mix to lower priced programming packages and an increase in Sling branded pay-TV subscribers as a percentage of our total Pay-TV subscriber base. 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 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.

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

Subscriber-related expenses. "Subscriber-related expenses" totaled $2.183 billion during the three months ended June 30, 2017, an increase of $4 million or 0.2% 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. "Subscriber-related expenses" represented 62.1% and 58.7% of "Subscriber-related revenue" for the three months ended June 30, 2017 and 2016, respectively. The increase in this expense to revenue ratio primarily resulted from lower subscriber-related revenue and 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 $272 million during the three months ended June 30, 2017, a decrease of $59 million or 17.9% compared to the same period in 2016. This change was primarily attributable to fewer gross new Pay-TV subscriber activations and a decrease in Pay-TV SAC, discussed below.

Pay-TV SAC. Pay-TV SAC was $690 during the three months ended June 30, 2017 compared to $756 during the same period in 2016, a decrease of $66 or 8.7%. This change was primarily attributable to an increase in Sling branded pay-TV subscriber activations and a decrease in hardware costs per activation, 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 the second quarter 2017 had a positive impact on Pay-TV SAC. We expect this trend to continue. The decrease in hardware costs per activation was primarily due to a higher percentage of remanufactured receivers being activated on new DISH branded pay-TV subscriber accounts and by a reduction in manufacturing costs related to certain receiver systems.

During the three months ended June 30, 2017 and 2016, the amount of equipment capitalized under our lease program for new DISH branded pay-TV subscribers totaled $35 million and $68 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 and a decrease in hardware costs per activation, 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.

Litigation expense. "Litigation expense" related to certain significant legal settlements, judgments or accruals totaled $296 million during the three months ended June 30, 2017. See Note 8 in the Notes to the Condensed Consolidated Financial Statements for further discussion.

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

Depreciation and amortization. "Depreciation and amortization" expense totaled $191 million during the three months ended June 30, 2017, a $28 million or 12.6% 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 $222 million during the three months ended June 30, 2017, an increase of $30 million or 15.7% compared to the same period in 2016. This increase was primarily related to interest expense associated with the issuance of our 7 3/4% Senior Notes due 2026 in June 2016.

Earnings before interest, taxes, depreciation and amortization. EBITDA was $411 million during the three months ended June 30, 2017, a decrease of $445 million or 51.9% compared to the same period in 2016. EBITDA for the three months ended June 30, 2017 was negatively impacted by "Litigation expense" of $296 million. The following table reconciles EBITDA to the accompanying financial statements.

	For the Three Months Ended June 30,	
	2017	**2016**
	(In thousands)	
EBITDA	$ 411,312	$ 855,820
Interest, net	(218,534)	(187,753)
Income tax (provision) benefit, net	(97,120)	(172,106)
Depreciation and amortization	(191,314)	(218,929)
Net income (loss) attributable to DISH DBS	$ (95,656)	$ 277,032

EBITDA is not a measure determined in accordance with GAAP and should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. 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 $97 million during the three months ended June 30, 2017, a decrease of $75 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," partially offset by an increase in our effective tax rate. Our effective tax rate was negatively impacted by $255 million of "Litigation expense" related to the FTC Action during the three months ended June 30, 2017, as any eventual payments of this expense may not be deductible for income tax purposes. The tax deductibility of any eventual payments may change based upon, among other things, further developments in the FTC Action, including final adjudication of the FTC Action. See Note 8 in the Notes to our Condensed Consolidated Financial Statements for further information.

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

Six Months Ended June 30, 2017 Compared to the Six Months Ended June 30, 2016.

Statements of Operations Data	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016	Variance Amount	Variance %
	(In thousands)			
Revenue:				
Subscriber-related revenue	$ 7,049,362	$ 7,370,465	$ (321,103)	(4.4)
Equipment sales and other revenue	65,409	89,463	(24,054)	(26.9)
Total revenue	7,114,771	7,459,928	(345,157)	(4.6)
Cost and Expenses:				
Subscriber-related expenses	4,360,987	4,339,041	21,946	0.5
% of Subscriber-related revenue	**61.9 %**	**58.9 %**		
Satellite and transmission expenses	369,721	340,147	29,574	8.7
% of Subscriber-related revenue	**5.2 %**	**4.6 %**		
Cost of sales - equipment and other	50,109	69,931	(19,822)	(28.3)
Subscriber acquisition costs	551,796	683,426	(131,630)	(19.3)
General and administrative expenses	304,608	368,176	(63,568)	(17.3)
% of Total revenue	**4.3 %**	**4.9 %**		
Litigation expense	295,695	—	295,695	*
Depreciation and amortization	373,342	425,122	(51,780)	(12.2)
Total costs and expenses	6,306,258	6,225,843	80,415	1.3
Operating income (loss)	808,513	1,234,085	(425,572)	(34.5)
Other Income (Expense):				
Interest income	5,696	4,383	1,313	30.0
Interest expense, net of amounts capitalized	(443,234)	(383,165)	(60,069)	(15.7)
Other, net	3,425	31,675	(28,250)	(89.2)
Total other income (expense)	(434,113)	(347,107)	(87,006)	(25.1)
Income (loss) before income taxes	374,400	886,978	(512,578)	(57.8)
Income tax (provision) benefit, net	(226,899)	(335,776)	108,877	32.4
Effective tax rate	**60.6 %**	**37.9 %**		
Net income (loss)	147,501	551,202	(403,701)	(73.2)
Less: Net income (loss) attributable to noncontrolling interests, net of tax	1,442	1,335	107	8.0
Net income (loss) attributable to DISH DBS	$ 146,059	$ 549,867	$ (403,808)	(73.4)
Other Data:				
Pay-TV subscribers, as of period end (in millions)	13.332	13.593	(0.261)	(1.9)
Pay-TV subscriber additions, gross (in millions)	0.991	1.184	(0.193)	(16.3)
Pay-TV subscriber additions (losses), net (in millions)	(0.339)	(0.304)	(0.035)	(11.5)
Pay-TV average monthly subscriber churn rate ("Pay-TV churn rate")	1.64 %	1.80 %	(0.16)%	(8.9)
Pay-TV average subscriber acquisition cost per subscriber ("Pay-TV SAC")	$ 634	$ 684	$ (50)	(7.3)
Pay-TV average monthly revenue per subscriber ("Pay-TV ARPU")	$ 86.90	$ 88.96	$ (2.06)	(2.3)
EBITDA	$ 1,183,838	$ 1,689,547	$ (505,709)	(29.9)

Pay-TV subscribers. We lost approximately 339,000 net Pay-TV subscribers during the six months ended June 30, 2017 compared to the loss of approximately 304,000 net Pay-TV subscribers during the same period in 2016. The increase in net Pay-TV subscriber losses during the six months ended June 30, 2017 compared to the same period in 2016 primarily resulted from lower gross new Pay-TV subscriber activations, partially offset by a lower Pay-TV churn rate.

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

During the six months ended June 30, 2017, we activated approximately 991,000 gross new Pay-TV subscribers compared to approximately 1.184 million gross new Pay-TV subscribers during the same period in 2016, a decrease of 16.3%. 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 six months ended June 30, 2017 was 1.64% compared to 1.80% for the same period in 2016. This decrease primarily resulted from an increase in Sling branded pay-TV subscribers as well as our increased emphasis on acquiring and retaining higher quality subscribers. As described in "Explanation of Key Metrics and Other Items," 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. While our Pay-TV churn rate improved during the six months ended June 30, 2017, it 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.

In the past, 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.

Subscriber-related revenue. "Subscriber-related revenue" totaled $7.049 billion for the six months ended June 30, 2017, a decrease of $321 million or 4.4% compared to the same period in 2016. The decrease in "Subscriber-related revenue" from the same period in 2016 was primarily related to the decrease in Pay-TV ARPU discussed below and a lower average Pay-TV subscriber base. We expect these trends in "Subscriber-related revenue" to continue.

Pay-TV ARPU. Pay-TV ARPU was $86.90 during the six months ended June 30, 2017 versus $88.96 during the same period in 2016. The $2.06 or 2.3% decrease in Pay-TV ARPU was primarily attributable to an increase in Sling branded pay-TV subscribers as a percentage of our total Pay-TV subscriber base and a shift in DISH branded pay-TV programming package mix to lower priced programming packages. 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 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 $4.361 billion during the six months ended June 30, 2017, an increase of $22 million or 0.5% 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. "Subscriber-related expenses" represented 61.9% and 58.9% of "Subscriber-related revenue" for the six months ended June 30, 2017 and 2016, respectively. The increase in this expense to revenue ratio primarily resulted from lower subscriber-related revenue and higher programming costs, discussed above.

Subscriber acquisition costs. "Subscriber acquisition costs" totaled $552 million during the six months ended June 30, 2017, a decrease of $132 million or 19.3% compared to the same period in 2016. This change was primarily attributable to fewer gross new Pay-TV subscriber activations and a decrease in Pay-TV SAC, discussed below.

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

Pay-TV SAC. Pay-TV SAC was $634 during the six months ended June 30, 2017 compared to $684 during the same period in 2016, a decrease of $50 or 7.3%. This change was primarily attributable to an increase in Sling branded pay-TV subscriber activations and a decrease in hardware costs per activation, 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. The decrease in hardware costs per activation was primarily due to a reduction in manufacturing costs related to certain receiver systems.

During the six months ended June 30, 2017 and 2016, the amount of equipment capitalized under our lease program for new DISH branded pay-TV subscribers totaled $77 million and $126 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 and a decrease in hardware costs per activation, discussed above.

General and administrative expenses. "General and administrative expenses" totaled $305 million during the six months ended June 30, 2017, a $64 million or 17.3% decrease compared to the same period in 2016. This decrease was primarily driven by a reimbursement of legal fees during the first quarter 2017 and a decrease in costs to support DISH Network.

Litigation expense. "Litigation expense" related to certain significant legal settlements, judgments or accruals totaled $296 million during the six months ended June 30, 2017. See Note 8 in the Notes to the Condensed Consolidated Financial Statements for further discussion.

Depreciation and amortization. "Depreciation and amortization" expense totaled $373 million during the six months ended June 30, 2017, a $52 million or 12.2% 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 $443 million during the six months ended June 30, 2017, an increase of $60 million or 15.7% compared to the same period in 2016. This increase was primarily related to interest expense associated with the issuance of our 7 3/4% Senior Notes due 2026 in June 2016, partially offset by a reduction in interest expense as a result of redemptions of debt during 2016.

Other, net. "Other, net" income was $3 million during the six months ended June 30, 2017, a decrease of $28 million or 89.2% compared to the same period in 2016. This change resulted from a decrease in net realized gains on our marketable and other investment securities. See Note 4 in the Notes to our Condensed Consolidated Financial Statements for further information.

Earnings before interest, taxes, depreciation and amortization. EBITDA was $1.184 billion during the six months ended June 30, 2017, a decrease of $506 million or 29.9% compared to the same period in 2016. EBITDA for the six months ended June 30, 2017 was negatively impacted by "Litigation expense" of $296 million. EBITDA for the six months ended June 30, 2016 was positively impacted by "Other, net" income of $32 million. The following table reconciles EBITDA to the accompanying financial statements.

	For the Six Months Ended June 30,	
	2017	**2016**
	(In thousands)	
EBITDA	$ 1,183,838	$ 1,689,547
Interest, net	(437,538)	(378,782)
Income tax (provision) benefit, net	(226,899)	(335,776)
Depreciation and amortization	(373,342)	(425,122)
Net income (loss) attributable to DISH DBS	$ 146,059	$ 549,867

EBITDA is not a measure determined in accordance with GAAP and should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. 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.

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

Income tax (provision) benefit, net. Our income tax provision was $227 million during the six months ended June 30, 2017, a decrease of $109 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," partially offset by an increase in our effective tax rate. Our effective tax rate was negatively impacted by $255 million of "Litigation expense" related to the FTC Action during the six months ended June 30, 2017, as any eventual payments of this expense may not be deductible for income tax purposes. The tax deductibility of any eventual payments may change based upon, among other things, further developments in the FTC Action, including final adjudication of the FTC Action. See Note 8 in the Notes to our Condensed Consolidated Financial Statements for further information.

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 8 "*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. The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016.

The rulings in the Do Not Call litigation requiring us to pay up to an aggregate amount of $341 million and imposing certain injunctive relief against us, if upheld, would have a material adverse effect on our cash, cash equivalents and marketable investment securities balances and our business operations.

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 alleged 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. was entitled to partial summary judgment with respect to one claim in the action. In addition, the Court found that the plaintiffs were entitled to partial summary judgment with respect to ten claims in the action, which included, 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 were 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 have enjoined DISH Network L.L.C. from placing outbound telemarketing calls unless and until: (i) DISH Network L.L.C. hired a third-party consulting organization to perform a review of its call center operations; (ii) such third-party consulting organization submitted a telemarketing compliance plan to the Court and the federal plaintiff; (iii) the Court held a hearing on the adequacy of the plan; (iv) if the Court approved the plan, DISH Network L.L.C. implemented the plan and verified to the Court that it had implemented the plan; and (v) the Court issued an order permitting DISH Network L.L.C. to resume placing outbound telemarketing calls. The plaintiffs' modified request for injunctive relief, if granted, would have also enjoined 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 was seeking $900 million in alleged civil penalties; the California state plaintiff indicated that it was 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 was 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 were seeking; but the state plaintiffs took 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.

On October 3, 2016, the plaintiffs further modified their request for injunctive relief, and were 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.

On June 5, 2017, the Court issued Findings of Fact and Conclusions of Law and entered Judgment ordering DISH Network L.L.C. to pay an aggregate amount of $280 million to the federal and state plaintiffs. The Court also issued a Permanent Injunction (the "Injunction") against DISH Network L.L.C. that imposes certain ongoing compliance requirements on DISH Network L.L.C., which include, among other things: (i) the retention of a telemarketing-compliance expert to prepare a plan to ensure that DISH Network L.L.C. and certain independent third-party retailers will continue to comply with telemarketing laws and the Injunction; (ii) certain telemarketing records retention and production requirements; and (iii) certain compliance reporting and monitoring requirements. In addition to the compliance requirements under the Injunction, within ninety (90) days after the effective date of the Injunction, DISH Network L.L.C. is required to demonstrate that it and certain independent third-party retailers are in compliance with the Safe Harbor Provisions of the TSR and TCPA and have made no prerecorded telemarketing calls during the five (5) years prior to the effective date of the Injunction (collectively, the "Demonstration Requirements"). If DISH Network L.L.C. fails to prove that it meets the Demonstration Requirements, it will be barred from conducting any outbound telemarketing for two (2) years. If DISH Network L.L.C. fails to prove that a particular independent third-party retailer meets the Demonstration Requirements, DISH Network L.L.C. will be barred from accepting orders from that independent third-party retailer for two (2) years. On July 3, 2017, DISH Network L.L.C. filed two motions with the Court: (1) to alter or amend the Judgment or in the alternative to amend the Findings of Fact and Conclusions of Law; and (2) to clarify, alter and amend the Injunction.

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. 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, which the Court denied on May 16, 2017. On May 22, 2017, the Court ruled that the violations were willful and knowing, and trebled the damages award to $1,200 for each call made in violation of TCPA.

The rulings in the Do Not Call litigation requiring us to pay up to an aggregate amount of $341 million and imposing certain injunctive relief against us, if upheld, would have a material adverse effect on our cash, cash equivalents and marketable investment securities balances and our business operations.

Item 6. EXHIBITS

(a) *Exhibits.*

10.1☐	Description of certain performance-based cash awards to certain executive officers (incorporated by reference to Item 5.02 of the Current Report on Form 8-K of DISH Network Corporation filed May 5, 2017, Commission File No. 0-26176).
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 DBS for the quarter ended June 30, 2017, filed on August 11, 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.

* Filed herewith.

☐ Incorporated by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DISH DBS 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: August 11, 2017

Exhibit 31.1

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 DBS 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: August 11, 2017

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

Exhibit 31.2

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 DBS 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: August 11, 2017

/s/ Steven E. Swain
Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of DISH DBS 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 June 30, 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:	August 11, 2017
Name:	*/s/ Charles W. Ergen*
Title:	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.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of DISH DBS 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 June 30, 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:	August 11, 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.