UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

T QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2013.

OR

o 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: 0-26176

DISH Network Corporation

(Exact name of registrant as specified in its charter)

Nevada	**88-0336997**

(State or other jurisdiction of incorporation or organization)	(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 T 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 T No £

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

Large accelerated filer T	Accelerated filer £	Non-accelerated filer £ (Do not check if a smaller reporting company)	Smaller reporting company £

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

As of November 1, 2013, the registrant s outstanding common stock consisted of 219,368,931 shares of Class A common stock and 238,435,208 shares of Class B common stock.

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PART I FINANCIAL INFORMATION

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 throughout this report. Whenever you read a statement that is not simply a statement of historical fact (such as when we describe what we believe, intend, plan, estimate, expect or anticipate will occur and other similar statements), you must remember that our expectations may not be achieved, even though we believe they are reasonable. We do not guarantee that any future transactions or events described herein will happen as described or that they will happen at all. You should read this report completely and with the understanding that actual future results may be materially different from what we expect. Whether actual events or results will conform with our expectations and predictions is subject to a number of risks and uncertainties. The risks and uncertainties include, but are not limited to, the following:

Competition and Economic Risks Affecting our Business

- We face intense and increasing competition from satellite television providers, cable companies and telecommunications companies, especially as the pay-TV industry has matured, which may require us to increase subscriber acquisition and retention spending or accept lower subscriber activations and higher subscriber churn.

- 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.

- Sustained economic weakness, including continued high unemployment and reduced consumer spending, 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 offer exclusive content that will place them at a competitive advantage to us.

- We face increasing competition from other distributors of unique programming services such as foreign language and sports programming that may limit our ability to maintain subscribers that desire these unique programming services.

Operational and Service Delivery Risks Affecting our Business

- If we do not continue improving our operational performance and customer satisfaction, our gross new subscriber activations may decrease and our subscriber churn may increase.

- If our gross new subscriber activations decrease, or if 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 lose access to this programming, our gross new subscriber activations may decline and subscriber churn may increase.

- Our local programming strategy faces uncertainty because 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 could harm our business.

- We currently depend on EchoStar Corporation and its subsidiaries, or EchoStar, to design, develop and manufacture all of our new set-top boxes and certain related components, and to provide transponder capacity, digital broadcast operations and other services to us. Our business would be adversely affected if EchoStar ceases to provide these products and services to us and we are unable to obtain suitable replacement products and services from third parties.

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- We operate in an extremely competitive environment and our success may depend in part on our timely introduction and implementation of, and effective investment in, new competitive products and services, the failure of which could negatively impact our business.

- Technology in our industry changes rapidly and our inability to offer new subscribers and upgrade existing subscribers with more advanced equipment could cause our products and services to become obsolete.

- 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.

- Our sole supplier of new set-top boxes, EchoStar, relies 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 third parties to solicit orders for our services that represent a significant percentage of our total gross new subscriber activations.

- We have limited owned and leased satellite capacity and failures or reduced capacity could adversely affect our business.

- 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 insurance for any of the in-orbit satellites that we use, other than certain satellites leased from third parties, and could face significant impairment charges if one of our satellites fails.

- We may have potential conflicts of interest with EchoStar due to our common ownership and management.

- We rely on key personnel and the loss of their services may negatively affect our businesses.

Acquisition and Capital Structure Risks Affecting our Business

- We made a substantial investment to acquire certain AWS-4 wireless spectrum licenses and other assets from DBSD North America Inc. (DBSD North America) and TerreStar Networks, Inc. (TerreStar). We will need to make significant additional investments or partner with others to commercialize these licenses and assets.

- We made a substantial investment to acquire certain 700 MHz wireless spectrum licenses and will need to make significant additional investments or partner with others to commercialize these licenses.

- To the extent we commercialize our wireless spectrum licenses, we will face certain risks entering and competing in the wireless services industry and operating a wireless services business.

- Our Blockbuster business faces risks, including, among other things, operational challenges and increasing competition from video rental kiosks and streaming and mail order businesses that may negatively impact the business, financial condition or results of operations of Blockbuster.

- We may pursue acquisitions and other strategic transactions to complement or expand our businesses 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 businesses and to finance acquisitions and other strategic transactions.

- A portion of our investment portfolio is invested in securities that have experienced limited or no liquidity and may not be immediately accessible to support our financing needs, including investments in public companies that are highly speculative and have experienced and continue to experience volatility.

- We have substantial debt outstanding and may incur additional debt.

- It may be difficult for a third party to acquire us, even if doing so may be beneficial to our shareholders, because of our ownership structure.

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- We are controlled by one principal stockholder who is also our Chairman.

Legal and Regulatory Risks Affecting our Business

- Our business depends on certain intellectual property rights and on not infringing the intellectual property rights of others.

- We are 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 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 non-discriminatory 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.

- There can be no assurance that there will not be deficiencies leading to material weaknesses in our internal control over financial reporting.

- We may face other risks described from time to time in periodic and current reports we file with the Securities and Exchange Commission, or SEC.

All cautionary statements made herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks described herein and should not place undue reliance on any forward-looking statements. We assume no responsibility for updating forward-looking information contained or incorporated by reference herein or in other reports we file with the SEC.

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

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Item 1. FINANCIAL STATEMENTS

DISH NETWORK CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share amounts)

(Unaudited)

	As of September 30, 2013	As of December 31, 2012
Assets		
Current Assets:		
Cash and cash equivalents	$ 4,793,453	$ 3,606,140
Marketable investment securities	5,508,737	3,631,637
Trade accounts receivable - other, net of allowance for doubtful accounts of $18,725 and $16,945, respectively	895,944	842,905
Trade accounts receivable - EchoStar, net of allowance for doubtful accounts of zero	32,907	26,960
Inventory	580,714	623,720
Deferred tax assets	99,222	99,854
Prepaid income taxes	135,514	110,608
Other current assets (Note 2)	292,497	117,329
Total current assets	12,338,988	9,059,153
Noncurrent Assets:		
Restricted cash and marketable investment securities	95,154	134,410
Property and equipment, net of accumulated depreciation of $3,183,169 and $3,043,609, respectively	4,055,871	4,402,360
FCC authorizations	3,296,665	3,296,665
Marketable and other investment securities	141,960	119,051
Other noncurrent assets, net	416,602	367,969
Total noncurrent assets	8,006,252	8,320,455
Total assets	$ 20,345,240	$ 17,379,608
Liabilities and Stockholders Equity (Deficit)		
Current Liabilities:		
Trade accounts payable - other	$ 265,377	$ 298,722
Trade accounts payable - EchoStar	336,164	281,875
Deferred revenue and other	862,942	857,280
Accrued programming	1,204,038	1,096,908
Accrued interest	232,400	224,383
Litigation accrual		70,999
Other accrued expenses	535,112	556,599
Current portion of long-term debt and capital lease obligations	487,039	537,701
Total current liabilities	3,923,072	3,924,467
Long-Term Obligations, Net of Current Portion:		
Long-term debt and capital lease obligations, net of current portion	13,624,285	11,350,399
Deferred tax liabilities	1,801,081	1,662,732

Long-term deferred revenue, distribution and carriage payments and other long-term liabilities		270,966		370,382
Total long-term obligations, net of current portion		15,696,332		13,383,513
Total liabilities		19,619,404		17,307,980
Commitments and Contingencies (Note 12)				
Stockholders Equity (Deficit):				
Class A common stock, $.01 par value, 1,600,000,000 shares authorized, 275,448,372 and 270,613,262 shares issued, 219,330,112 and 214,495,002 shares outstanding, respectively		2,754		2,706
Class B common stock, $.01 par value, 800,000,000 shares authorized, 238,435,208 shares issued and outstanding		2,384		2,384
Class C common stock, $.01 par value, 800,000,000 shares authorized, none issued and outstanding				
Additional paid-in capital		2,569,043		2,440,626
Accumulated other comprehensive income (loss)		205,081		188,803
Accumulated earnings (deficit)		(508,739)		(1,028,193)
Treasury stock, at cost		(1,569,459)		(1,569,459)
Total DISH Network stockholders equity (deficit)		701,064		36,867
Noncontrolling interest		24,772		34,761
Total stockholders equity (deficit)		725,836		71,628
Total liabilities and stockholders equity (deficit)	$	20,345,240	$	17,379,608

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

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DISH NETWORK CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenue:				
Subscriber-related revenue	$ 3,466,611	$ 3,267,380	$ 10,275,697	$ 9,787,676
Equipment and merchandise sales, rental and other revenue	118,898	251,905	460,043	872,899
Equipment sales, services and other revenue - EchoStar	16,068	4,062	27,194	16,407
Total revenue	3,601,577	3,523,347	10,762,934	10,676,982
Costs and Expenses (exclusive of depreciation shown separately below - Note 7):				
Subscriber-related expenses	1,976,712	1,808,285	5,812,325	5,393,202
Satellite and transmission expenses:				
EchoStar	131,263	104,631	369,902	321,567
Other	10,177	10,915	30,615	31,772
Cost of sales - equipment, merchandise, services, rental and other	81,521	120,852	257,830	393,175
Subscriber acquisition costs:				
Cost of sales - subscriber promotion subsidies	69,579	67,720	214,811	203,989
Other subscriber acquisition costs	426,739	387,749	1,179,943	1,057,660
Total subscriber acquisition costs	496,318	455,469	1,394,754	1,261,649
General and administrative expenses - EchoStar	23,459	20,763	68,636	47,635
General and administrative expenses	224,069	309,601	725,512	986,571
Litigation expense		730,457		730,457
Depreciation and amortization (Note 7)	260,637	235,403	795,438	743,220
Impairment of long-lived assets (Note 7)			437,575	
Total costs and expenses	3,204,156	3,796,376	9,892,587	9,909,248
Operating income (loss)	397,421	(273,029)	870,347	767,734
Other Income (Expense):				
Interest income	39,994	34,304	121,331	61,597
Interest expense, net of amounts capitalized	(189,474)	(143,818)	(565,730)	(391,132)
Other, net	105,747	69,831	212,728	172,665
Total other income (expense)	(43,733)	(39,683)	(231,671)	(156,870)
Income (loss) before income taxes	353,688	(312,712)	638,676	610,864
Income tax (provision) benefit, net	(42,698)	149,383	(132,084)	(188,471)
Net income (loss)	310,990	(163,329)	506,592	422,393
	(3,918)	(4,868)	(12,862)	(5,188)

Less: Net income (loss) attributable to noncontrolling interest				
Net income (loss) attributable to DISH Network	$ 314,908	$ (158,461)	$ 519,454	$ 427,581
Weighted-average common shares outstanding - Class A and B common stock:				
Basic	457,377	451,042	455,372	449,547
Diluted	460,715	451,042	458,396	452,319
Earnings per share - Class A and B common stock:				
Basic net income (loss) per share attributable to DISH Network	$ 0.69	$ (0.35)	$ 1.14	$ 0.95
Diluted net income (loss) per share attributable to DISH Network	$ 0.68	$ (0.35)	$ 1.13	$ 0.95
Comprehensive Income (Loss):				
Net income (loss)	$ 310,990	$ (163,329)	$ 506,592	$ 422,393
Other comprehensive income (loss):				
Foreign currency translation adjustments	(4,570)	3,990	1,029	5,278
Unrealized holding gains (losses) on available-for-sale securities	40,692	141,781	77,760	123,409
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	(49,221)	(68,899)	(54,565)	(152,921)
Deferred income tax (expense) benefit, net	3,647		(7,946)	
Total other comprehensive income (loss), net of tax	(9,452)	76,872	16,278	(24,234)
Comprehensive income (loss)	301,538	(86,457)	522,870	398,159
Less: Comprehensive income (loss) attributable to noncontrolling interest	(3,918)	(4,868)	(12,862)	(5,188)
Comprehensive income (loss) attributable to DISH Network	$ 305,456	$ (81,589)	$ 535,732	$ 403,347

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

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DISH NETWORK CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	For the Nine Months Ended September 30, 2013	2012
Cash Flows From Operating Activities:		
Net income (loss)	$ 506,592	$ 422,393
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	795,438	743,220
Impairment of long-lived assets	437,575	
Realized and unrealized losses (gains) on investments	(207,592)	(171,203)
Non-cash, stock-based compensation	26,111	36,957
Deferred tax expense (benefit)	4,277	395,079
Other, net	55,239	15,902
Change in noncurrent assets	(14,559)	(77,437)
Changes in current assets and current liabilities, net	29,235	669,131
Net cash flows from operating activities	1,632,316	2,034,042
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(5,009,859)	(3,292,823)
Sales and maturities of marketable investment securities	3,207,640	1,618,843
Purchases and prepaid funding of derivative financial instruments (Note 2)	(696,000)	
Settlement of derivative financial instruments and prepaid funding (Note 2)	822,510	
Purchases of property and equipment	(912,904)	(681,925)
Change in restricted cash and marketable investment securities	38,771	(1,739)
DBSD North America Transaction, less cash acquired of $5,230		(40,015)
TerreStar Transaction		(36,942)
Other	(193,051)	(56,553)
Net cash flows from investing activities	(2,742,893)	(2,491,154)
Cash Flows From Financing Activities:		
Proceeds from issuance of long-term debt	2,300,000	2,900,000
Proceeds from issuance of restricted debt	2,600,000	
Repurchases of 7% Senior Notes due 2013	(48,552)	
Redemption of restricted debt	(2,600,000)	
Funding of restricted debt escrow	(2,596,750)	
Release of restricted debt escrow	2,596,771	
Debt issuance costs	(11,427)	(6,681)
Repayment of long-term debt and capital lease obligations	(29,585)	(28,599)
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	66,598	61,404
Other	20,822	7,572
Net cash flows from financing activities	2,297,877	2,933,696
Effect of exchange rates on cash and cash equivalents	13	1,947
Net increase (decrease) in cash and cash equivalents	1,187,313	2,478,531

Cash and cash equivalents, beginning of period		3,606,140		609,108
Cash and cash equivalents, end of period	$	4,793,453	$	3,087,639
Supplemental Disclosure of Cash Flow Information:				
Cash paid for interest (including capitalized interest)	$	666,970	$	385,518
Capitalized interest	$	101,265	$	72,061
Cash received for interest	$	120,852	$	26,209
Cash paid for income taxes	$	235,981	$	270,042
Employee benefits paid in Class A common stock	$	24,230	$	22,280
Satellites and other assets financed under capital lease obligations	$	904	$	850

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

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DISH NETWORK CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Organization and Business Activities

Principal Business

DISH Network Corporation is a holding company. Its subsidiaries (which together with DISH Network Corporation are referred to as DISH Network, the Company, we, us and/or our, unless otherwise required by the context) operate three primary business segments.

- ***DISH.*** The DISH® branded direct broadcast satellite (DBS) pay-TV service had 14.049 million subscribers in the United States as of September 30, 2013. The DISH branded pay-TV service consists of Federal Communications Commission (FCC) licenses authorizing us to use DBS and Fixed Satellite Service (FSS) spectrum, our owned and leased satellites, receiver systems, third party broadcast operations, customer service facilities, a leased fiber network, in-home service and call center operations, and certain other assets utilized in our operations. In addition, we market broadband services under the dishNET brand.

- ***Blockbuster.*** On April 26, 2011, we completed the acquisition of most of the assets of Blockbuster, Inc. (the Blockbuster Acquisition). Blockbuster primarily offers movies and video games for sale and rental through multiple distribution channels such as retail stores, by-mail, digital devices, the blockbuster.com website and the BLOCKBUSTER On Demand® service. On November 6, 2013, we announced that Blockbuster expects to close all of its remaining company-owned domestic retail stores and discontinue the Blockbuster by-mail service by early January 2014. See Note 9 for further information.

- ***Wireless.*** In 2008, we paid $712 million to acquire certain 700 MHz wireless spectrum licenses, which were granted to us by the FCC in February 2009 subject to certain interim and final build-out requirements. On March 9, 2012, we completed the acquisitions of 100% of the equity of reorganized DBSD North America Inc. (DBSD North America) and substantially all of the assets of TerreStar Networks, Inc. (TerreStar), pursuant to which we acquired, among other things, 40 MHz of AWS-4 wireless spectrum licenses held by DBSD North America (the DBSD Transaction) and TerreStar (the TerreStar Transaction). The financial results of DBSD North America and TerreStar are included in our financial results beginning March 9, 2012. The total consideration to acquire the DBSD North America and TerreStar assets was approximately $2.860 billion. On February 15, 2013, the FCC issued an order, which became effective on March 7, 2013, modifying our AWS-4 licenses to expand our terrestrial operating authority. The FCC s order of modification has imposed certain limitations on the use of a portion of the spectrum and also mandated certain interim and final build-out requirements for the licenses. See Note 12 for further information.

We currently generate an immaterial amount of revenue and incur expenses associated with certain satellite operations and regulatory compliance matters from our wireless spectrum assets. As we review our options for the commercialization of this wireless spectrum, we may incur significant additional expenses and may have to make significant investments related to, among other things, research and development, wireless testing and wireless network infrastructure.

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DISH NETWORK CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Continued

(Unaudited)

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, 2012 (2012 10-K). 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. Non-majority owned 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.

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, the useful lives and residual value surrounding our rental library inventory, estimated accruals related to revenue-sharing titles that are subject to performance guarantees, 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, asset retirement obligations, retailer incentives, programming expenses, subscriber lives and royalty obligations. Weak economic conditions have increased 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.

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DISH NETWORK CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Continued

(Unaudited)

Fair Value Measurements

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

- Level 1, defined as observable inputs being quoted prices in active markets for identical assets, including U.S. treasury notes;

- Level 2, defined as observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and derivative financial instruments indexed to marketable investment securities; and

- Level 3, defined as unobservable inputs for which little or no market data exists, consistent with reasonably available assumptions made by other participants therefore requiring assumptions based on the best information available.

As of September 30, 2013 and December 31, 2012, the carrying value for cash and cash equivalents, marketable investment securities, trade accounts receivable (net of allowance for doubtful accounts), derivative financial instruments, 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 5 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 estimated based on 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 10 for the fair value of our long-term debt.

Derivative Financial Instruments

We may purchase and hold derivative financial instruments for, among other reasons, strategic or speculative purposes. We record all derivative financial instruments on our Condensed Consolidated Balance Sheets at fair value as either assets or liabilities. Changes in the fair values of derivative financial instruments are recognized in our results of operations and included in Other, net within Other Income (Expense) on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). We currently have not designated any derivative financial instrument for hedge accounting.

During the first and second quarters 2013, we purchased an aggregate notional amount of $592 million of derivative financial instruments that were indexed to the trading price of the common equity securities of Sprint Corporation (Sprint). On July 10, 2013, Sprint completed its merger with Softbank Corp. Subsequently, during the third quarter 2013, we settled these derivative financial instruments for cash and common equity securities of Sprint. These common equity securities are classified as available-for-sale and included in Marketable investment securities on our Condensed Consolidated Balance Sheets. See Note 5 for further information.

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DISH NETWORK CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Continued

(Unaudited)

Advertising Costs

Our advertising costs associated with acquiring new Pay-TV and Broadband subscribers and Blockbuster customers are expensed as incurred. During the three months ended September 30, 2013 and 2012, we recorded advertising costs of $118 million and $134 million, respectively, and during the nine months ended September 30, 2013 and 2012, we recorded advertising costs of $370 million and $364 million, respectively. Advertising costs are included in Other subscriber acquisition costs and General and administrative expenses on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Deferred Cost of Sales

On May 22, 2013, we launched a promotion whereby qualifying new Pay-TV subscribers may choose either an Apple® iPad® 2 or programming credits when they, among other things, commit to a two-year contract. The costs of the iPad 2 are recorded as short-term or long-term deferred cost of sales expense within Other current assets and Other noncurrent assets, net, respectively, on our Condensed Consolidated Balance Sheets and are amortized on a straight-line basis over the related contract term to Cost of sales equipment, merchandise, services, rental and other on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

New Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2013-11, Income Taxes (Topic 740) - Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carryforward or Tax Credit Carryforward Exists. ASU 2013-11 requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, with certain exceptions. This standard is effective for reporting periods beginning after December 15, 2013, with early adoption permitted. We do not expect the adoption of ASU 2013-11 to have a material impact on our financial position or results of operations.

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

We present both basic earnings per share (EPS) and diluted EPS. Basic EPS excludes potential dilution and is computed by dividing Net income (loss) attributable to DISH Network by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if stock awards were exercised. The potential dilution from stock awards was computed using the treasury stock method based on the average market value of our Class A common stock. The following table presents EPS amounts for all periods and the basic and diluted weighted-average shares outstanding used in the calculation.

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
	(In thousands, except per share amounts)			
Net income (loss) attributable to DISH Network	$ 314,908	$ (158,461)	$ 519,454	$ 427,581
Weighted-average common shares outstanding - Class A and B common stock:				
Basic	457,377	451,042	455,372	449,547
Dilutive impact of stock awards outstanding	3,338		3,024	2,772
Diluted	460,715	451,042	458,396	452,319
Earnings per share - Class A and B common stock:				
Basic net income (loss) per share attributable to DISH Network	$ 0.69	$ (0.35)	$ 1.14	$ 0.95
Diluted net income (loss) per share attributable to DISH Network	$ 0.68	$ (0.35)	$ 1.13	$ 0.95

As of September 30, 2013 and 2012, there were stock awards to purchase 0.8 million and 3.2 million shares,

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respectively, of Class A common stock outstanding, not included in the weighted-average common shares outstanding above, as their effect is anti-dilutive.

Vesting of options and rights to acquire shares of our Class A common stock granted pursuant to our performance-based stock incentive plans (Restricted Performance Units) is contingent upon meeting certain goals, some of which are not yet probable of being achieved. As a consequence, the following are also not included in the diluted EPS calculation.

	As of September 30, 2013	2012
	(In thousands)	
Performance-based options	7,806	7,943
Restricted Performance Units	1,969	1,190
Total	9,775	9,133

4. Other Comprehensive Income (Loss)

The following tables present the tax effect on each component of Other comprehensive income (loss). A full valuation allowance was established against any deferred tax assets that were capital in nature during 2012.

	For the Three Months Ended September 30,					
	2013			2012		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
	(In thousands)					
Foreign currency translation adjustments	$ (4,570)	$	$ (4,570)	$ 3,990	$	$ 3,990
Unrealized holding gains (losses) on available-for-sale securities	40,692	3,647	44,339	141,781		141,781
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	(49,221)		(49,221)	(68,899)		(68,899)
Other comprehensive income (loss)	$ (13,099)	$ 3,647	$ (9,452)	$ 76,872	$	$ 76,872

	For the Nine Months Ended September 30,					
	2013			2012		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
	(In thousands)					
Foreign currency translation adjustments	$ 1,029	$	$ 1,029	$ 5,278	$	$ 5,278
Unrealized holding gains (losses) on available-for-sale securities	77,760	(7,946)	69,814	123,409		123,409
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	(54,565)		(54,565)	(152,921)		(152,921)
Other comprehensive income (loss)	$ 24,224	$ (7,946)	$ 16,278	$ (24,234)	$	$ (24,234)

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The Accumulated other comprehensive income (loss) is detailed in the following table.

Accumulated Other Comprehensive Income (Loss)	Foreign Currency Translation Adjustment	Unrealized/ Recognized Gains (Losses) (In thousands)	Total
Balance as of December 31, 2012	$ (5,033)	$ 193,836	$ 188,803
Other comprehensive income (loss) before reclassification	1,029	77,760	78,789
Amounts reclassified from accumulated other comprehensive income (loss)		(54,565)	(54,565)
Tax (expense) benefit		(7,946)	(7,946)
Balance as of September 30, 2013	$ (4,004)	$ 209,085	$ 205,081

5. 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 September 30, 2013 (In thousands)	As of December 31, 2012 (In thousands)
Marketable investment securities:		
Current marketable investment securities - VRDNs	$ 149,920	$ 130,306
Current marketable investment securities - strategic	1,377,727	1,261,015
Current marketable investment securities - other	3,981,090	2,240,316
Total current marketable investment securities	5,508,737	3,631,637
Restricted marketable investment securities (1)	72,800	51,366
Noncurrent marketable investment securities - ARS and other (2)	126,856	106,172
Total marketable investment securities	5,708,393	3,789,175
Restricted cash and cash equivalents (1)	22,354	83,044
Other investment securities:		
Other investment securities - cost method (2)	15,104	12,879
Total other investment securities	15,104	12,879
Total marketable investment securities, restricted cash and cash equivalents, and other investment securities	$ 5,745,851	$ 3,885,098

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

(2) Noncurrent marketable investment securities auction rate securities (ARS) and other investment securities are included in Marketable and other investment securities on our Condensed Consolidated Balance Sheets.

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Marketable Investment Securities

Our marketable investment securities portfolio consists of various debt and equity instruments, all of which are classified as available-for-sale, except as specified below.

Current Marketable Investment Securities - VRDNs

Variable rate demand notes (VRDNs) are long-term floating rate municipal bonds with embedded put options that allow the bondholder to sell the security at par plus accrued interest. All of the put options are secured by a pledged liquidity source. Our VRDN portfolio is comprised mainly of investments in municipalities, which are backed by financial institutions or other highly rated obligors that serve as the pledged liquidity source. While they are classified as marketable investment securities, the put option allows VRDNs to be liquidated generally on a same day or on a five business day settlement basis.

Current Marketable Investment Securities - Strategic

Our current strategic marketable investment securities include strategic and financial debt and equity investments in public companies that are highly speculative and have experienced and continue to experience volatility. As of September 30, 2013, our strategic investment portfolio consisted of securities of a small number of issuers, and as a result the value of that portfolio depends, among other things, on the performance of those issuers. For example, a significant portion of the value of these investments was concentrated in the debt securities of Clearwire Corporation (Clearwire). The adjusted cost basis of these Clearwire securities as of September 30, 2013 and December 31, 2012 was $763 million and $751 million, respectively. The fair value of these Clearwire securities as of September 30, 2013 and December 31, 2012 was $932 million and $951 million, respectively. Clearwire has multiple call options on certain of these debt securities upon 30 days notice. The call option price may be less than the fair market value of these debt securities and, if exercised, proceeds could be less than our recorded fair market value as of September 30, 2013 and therefore, reduce our unrealized gains recorded as a separate component of   Accumulated other comprehensive income (loss)   within   Total stockholders   equity (deficit),   on our Condensed Consolidated Balance Sheets. The fair value of certain of the debt and equity securities in our investment portfolio, including the debt securities of Clearwire, can be adversely impacted by, among other things, the issuers   respective performance and ability to obtain any necessary additional financing on acceptable terms, or at all.

Current Marketable Investment Securities - Other

Our current marketable investment securities portfolio includes investments in various debt instruments including corporate and government bonds.

Restricted Cash and Marketable Investment Securities

As of September 30, 2013 and December 31, 2012, our restricted marketable investment securities, together with our restricted cash, included amounts required as collateral for our letters of credit or surety bonds and for litigation. During the first quarter 2013, we released $42 million of restricted cash related to litigation. See Note 12 for further information.

Noncurrent Marketable Investment Securities ARS and Other Investment Securities

We have investments in ARS and other investment securities which are either classified as available-for-sale securities or are accounted for under the fair value method. Previous events in the credit markets reduced or eliminated current liquidity for certain of our ARS and other investment securities. As a result, we classify these investments as noncurrent assets, as we intend to hold these investments until they recover or mature.

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The valuation of our ARS and other investment securities investments portfolio is subject to uncertainties that are difficult to estimate. Due to the lack of observable market quotes for identical assets, we utilize analyses that rely on Level 2 and/or Level 3 inputs, as defined in Fair Value Measurements. These inputs include, among other things, observed prices on similar assets as well as our assumptions and estimates related to the counterparty credit quality, default risk underlying the security and overall capital market liquidity. These securities were also compared, when possible, to other observable market data for financial instruments with similar characteristics.

Fair Value Election. As of September 30, 2013, our ARS and other noncurrent marketable investment securities portfolio of $127 million included $81 million of securities accounted for under the fair value method.

Other Investment Securities

We have strategic investments in certain debt and equity securities that are included in noncurrent Marketable and other investment securities on our Condensed Consolidated Balance Sheets and accounted for using the cost, equity and/or fair value methods of accounting.

Our ability to realize value from our strategic investments in companies that are not publicly traded depends on the success of those companies 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 September 30, 2013 and December 31, 2012, we had accumulated net unrealized gains of $230 million and $207 million, respectively. These amounts, net of related tax effect, were $209 million and $194 million, respectively. All of these amounts are included in Accumulated other comprehensive income (loss) within Total stockholders equity (deficit). The components of our available-for-sale investments are summarized in the table below.

	As of September 30, 2013				As of December 31, 2012			
	Fair		Unrealized		Fair		Unrealized	
	Value	Gains	Losses	Net	Value	Gains	Losses	Net
	(In thousands)							

Debt securities:								
VRDNs	$ 149,920	$	$	$	$ 130,306	$	$	$
ARS and other	45,430	1,200	(5,150)	(3,950)	43,921	1,375	(8,033)	(6,658)
ARS fair value election	81,426				62,251			
Other (including restricted)	4,989,642	175,922	(1,507)	174,415	3,287,317	208,208	(1,203)	207,005
Equity securities	441,975	75,012	(15,555)	59,457	265,380	17,918	(11,537)	6,381
Total	$ 5,708,393	$ 252,134	$ (22,212)	$ 229,922	$ 3,789,175	$ 227,501	$ (20,773)	$ 206,728

As of September 30, 2013, restricted and non-restricted marketable investment securities included debt securities of $3.553 billion with contractual maturities within one year, $1.533 billion with contractual maturities after one year through five years and $180 million with contractual maturities after ten years. Actual maturities may differ from contractual maturities as a result of our ability to sell these securities prior to maturity.

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Marketable Investment Securities in a Loss Position

The following table reflects the length of time that the individual securities, accounted for as available-for-sale, have been in an unrealized loss position, aggregated by investment category. As of September 30, 2013, the unrealized losses on our investments in equity securities represent investments in a company in the telecommunications industry. We are not aware of any specific factors which indicate the unrealized losses in these investments are due to anything other than temporary market fluctuations. As of September 30, 2013 and December 31, 2012, the unrealized losses on our investments in debt securities primarily represent investments in ARS. We have the ability to hold and do not intend to sell our investments in these debt securities before they recover or mature, and it is more likely than not that we will hold these investments until that time. In addition, we are not aware of any specific factors indicating that the underlying issuers of these debt securities would not be able to pay interest as it becomes due or repay the principal at maturity. Therefore, we believe that these changes in the estimated fair values of these marketable investment securities are related to temporary market fluctuations.

	As of September 30, 2013		As of December 31, 2012	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(In thousands)			
Debt Securities:				
Less than 12 months	$ 1,679,098	$ (936)	$ 761,551	$ (909)
12 months or more	121,978	(5,721)	72,395	(8,327)
Equity Securities:				
Less than 12 months	137,995	(15,555)	154,566	(11,537)
12 months or more				
Total	$ 1,939,071	$ (22,212)	$ 988,512	$ (20,773)

Fair Value Measurements

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

	As of September 30, 2013				As of December 31, 2012			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	(In thousands)							
Cash equivalents (including restricted)	$ 4,480,912	$ 305,875	$ 4,175,037	$	$ 3,386,929	$ 67,833	$ 3,319,096	$
Debt securities:								
VRDNs	$ 149,920	$	$ 149,920	$	$ 130,306	$	$ 130,306	$

ARS and other	126,856		740	126,116	106,172		955	105,217
Other (including restricted)	4,989,642	11,033	4,975,142	3,467	3,287,317	11,182	3,276,135	
Equity securities	441,975	441,975			265,380	265,380		
Total	$ 5,708,393	$ 453,008	$ 5,125,802	$ 129,583	$ 3,789,175	$ 276,562	$ 3,407,396	$ 105,217

As of September 30, 2013 and December 31, 2012, our Level 3 investments consisted predominately of ARS and other investment securities. On a quarterly basis we evaluate the reasonableness of significant unobservable inputs used in those measurements. The valuation models used for some of our ARS investments require an evaluation of the underlying instruments held by the trusts that issue these securities. For our other ARS and other investment securities, our evaluation uses, among other things, the terms of the underlying instruments, the credit ratings of the issuers, current market conditions, and other relevant factors. Based on these factors, we assess the risk of realizing

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expected cash flows and we apply an observable discount rate that reflects this risk. We may also reduce our valuations to reflect a liquidity discount based on the lack of an active market for these securities.

Changes in Level 3 instruments were as follows:

	Level 3 Investment Securities (In thousands)
Balance as of December 31, 2012	$ 105,217
Net realized and unrealized gains (losses) included in earnings	19,289
Net realized and unrealized gains (losses) included in other comprehensive income (loss)	2,961
Purchases	3,480
Settlements	(1,364)
Issuances	
Transfers into or out of Level 3	
Balance as of September 30, 2013	$ 129,583

During the nine months ended September 30, 2013, we had no transfers in or out of Level 1 and Level 2 fair value measurements.

Gains and Losses on Sales and Changes in Carrying Values of Investments

Other, net within Other Income (Expense) included on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) included primarily changes in the carrying amount of our marketable and non-marketable investments as follows:

Other Income (Expense):	**For the Three Months Ended September 30, 2013**	**2012**	**For the Nine Months Ended September 30, 2013**	**2012**
	(In thousands)			
Marketable investment securities - gains (losses) on sales/exchanges	$ 49,223	$ 111,709	$ 63,405	$ 119,445
Marketable investment securities - unrealized gains (losses) on investments accounted for at fair value	8,689	667	19,175	(2,395)
Marketable investment securities - gains (losses) on conversion of DBSD North America Notes (1)				99,445

Derivative financial instruments - net realized and/or unrealized gains (losses)	42,301		126,832	
Marketable investment securities - other-than-temporary impairments		(42,811)	(1,919)	(45,292)
Other	5,534	266	5,235	1,462
Total	$ 105,747	$ 69,831	$ 212,728	$ 172,665

(1) During the nine months ended September 30, 2012, we recognized a $99 million non-cash gain related to the conversion of our DBSD North America 7.5% Convertible Senior Secured Notes due 2009 in connection with the completion of the DBSD Transaction.

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6. Inventory

Inventory consisted of the following:

	As of September 30, 2013	As of December 31, 2012
	(In thousands)	
DISH:		
Finished goods - DBS	$ 282,714	$ 259,307
Raw materials	116,108	122,769
Work-in-process	125,002	82,361
Total DISH inventory (1)	523,824	464,437
Blockbuster:		
Rental library	34,567	81,956
Merchandise	22,323	76,180
Total Blockbuster inventory (2)	56,890	158,136
Wireless:		
Finished goods		1,147
Total Wireless inventory		1,147
Total inventory	$ 580,714	$ 623,720

(1) The increase in Total DISH inventory as of September 30, 2013 primarily related to an increase in Hopper® set-top boxes and broadband equipment.

(2) The decrease in Total Blockbuster inventory as of September 30, 2013 primarily related to the deconsolidation of Blockbuster UK on January 16, 2013, Blockbuster domestic store closings during the nine months ended September 30, 2013, and the write down of inventory associated with our Blockbuster operations in Mexico (Blockbuster Mexico) during the third quarter 2013. See Note 9 for further information.

7. Property and Equipment and Intangible Assets

Property and Equipment

As we prepare for commercialization of our AWS-4 wireless spectrum licenses which are recorded in FCC Authorizations, interest expense related to their carrying value is being capitalized within Property and equipment, net on our Condensed Consolidated Balance Sheets based on our average borrowing rate for our debt. During the three months ended September 30, 2013 and 2012, we recorded capitalized interest of $32 million and $33 million, respectively, primarily related to our AWS-4 wireless spectrum licenses. During the nine months ended September 30, 2013 and 2012, we recorded capitalized interest of $101 million and $72 million, respectively, primarily related to our AWS-4 wireless spectrum licenses.

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Depreciation and amortization expense consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Equipment leased to customers	$ 195,843	$ 165,959	$ 555,653	$ 481,876
Satellites	33,866	38,782	101,598	111,235
Buildings, furniture, fixtures, equipment and other (1)	30,928	30,662	138,187	82,333
148 degree orbital location (2)				67,776
Total depreciation and amortization	$ 260,637	$ 235,403	$ 795,438	$ 743,220

(1) During the second quarter 2013, we ceased operations of our TerreStar Mobile Satellite Services (MSS) business, which had less than 2,000 customers and had less than $1 million in revenue. As a result, we accelerated the depreciable lives of certain assets designed to support this business and the remaining net book value of $53 million was fully depreciated in the second quarter 2013.

(2) During the second quarter 2012, we recorded $68 million of Depreciation and amortization expense related to the termination of our license by the FCC for use of the 148 degree orbital location.

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.

DBS Satellites. We currently utilize 15 satellites in geostationary orbit approximately 22,300 miles above the equator, six of which we own and depreciate over the useful life of each satellite. We currently utilize capacity on seven satellites from EchoStar, which are accounted for as operating leases. See Note 14 for further discussion of our satellite leases with EchoStar. 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 of the satellite or the term of the satellite agreement.

AWS-4 Satellites. As a result of the DBSD Transaction and the TerreStar Transaction, three AWS-4 satellites were added to our satellite fleet, including two in-orbit satellites (D1 and T1) and one satellite under construction (T2). Based on the FCC s recently issued rules applicable to our AWS-4 authorizations no longer requiring an integrated satellite component or ground spare and on our evaluation of the satellite capacity needed for our wireless segment, among other things, during the second quarter 2013, we concluded that T2 and D1 represented excess satellite capacity for the potential commercialization of our wireless spectrum. As a result, during the second quarter 2013, we wrote down the net book value of T2 from $270 million to $40 million and the net book value of D1 from $358 million to $150 million, and recorded an impairment charge in our wireless segment of $438 million in Impairment of long-lived assets on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the nine months ended September 30, 2013. Our fair value estimates for these satellites were determined based upon, among other things, probability-weighted analyses utilizing the income and/or the cost approaches. The estimates used in our fair value analysis are considered Level 3 in the fair value hierarchy. While the FCC s recently issued rules applicable to our AWS-4 authorizations no longer require an integrated satellite component or ground spare, we are currently planning on using T1 in the commercialization of our wireless spectrum or for other commercial purposes. If T1 is not used in the commercialization of our wireless spectrum, we may need to impair it in the future. As of September 30, 2013, the net book value for T1 was $359 million.

EchoStar XVIII Launch Service. Pursuant to the Professional Services Agreement we entered into with EchoStar in 2010, we have the right, but not the obligation, to engage EchoStar to manage the process of procuring new satellite capacity for us, which includes the procurement of satellite launch services. During November 2012, EchoStar entered into an agreement with ArianeSpace S.A. (Ariane) for certain launch services, pursuant to which we were designated in September 2013 by EchoStar to receive certain launch services from Ariane. During October

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2013, we entered into an agreement directly with Ariane for these launch services. In total, we expect to pay EchoStar and Ariane approximately $120 million for these launch services. We plan to use these launch services for EchoStar XVIII, a DBS satellite with spot beam technology designed, among other things, for HD programming. EchoStar XVIII is expected to be launched during 2015.

Satellite Anomalies. Operation of our DISH branded pay-TV service requires that we have adequate DBS satellite transmission capacity for the programming we offer. Moreover, current competitive conditions require that we continue to expand our offering of new programming. While we generally have had in-orbit DBS satellite capacity sufficient to transmit our existing channels and some backup capacity to recover the transmission of certain critical programming, our backup capacity is limited.

In the event of a failure or loss of any of our satellites, we may need to acquire or lease additional satellite capacity or relocate one of our other satellites and use it as a replacement for the failed or lost satellite. Such a failure could result in a prolonged loss of critical programming or a significant delay in our plans to expand programming as necessary to remain competitive and thus may have a material adverse effect on our business, financial condition and results of operations.

Prior to 2013, certain of our owned and leased satellites have experienced anomalies, some of which have had a significant adverse impact on their remaining useful life and/or commercial operation. There can be no assurance that future anomalies will not further impact the remaining useful life and/or commercial operation of any of the satellites in our fleet. See *Long-Lived DBS Satellite Assets* below for further discussion of evaluation of impairment of our DISH branded pay-TV DBS satellite fleet. There can be no assurance that we can recover critical transmission capacity in the event one or more of our in-orbit satellites were to fail. We generally do not carry commercial insurance for any of the in-orbit satellites that we use, other than certain satellites leased from third parties, and therefore, we will bear the risk associated with any uninsured in-orbit satellite failures. Recent developments with respect to certain of our satellites are discussed below.

Leased Satellites

EchoStar XII. Prior to 2010, EchoStar XII experienced anomalies resulting in the loss of electrical power available from its solar arrays, which reduced the number of transponders that could be operated. In September 2012, November 2012, and January 2013, EchoStar XII experienced additional solar array anomalies, which further reduced the electrical power available. During the third quarter 2013, EchoStar informed us that EchoStar XII will likely experience further loss of available electrical power that will impact its operational capability, and EchoStar reduced the remaining estimated useful life of the satellite to 18 months. Pursuant to our satellite lease agreement with EchoStar, we are entitled to a reduction in our monthly recurring lease payments in the event of a partial loss of satellite capacity or complete failure of the satellite. Since the number of useable transponders on EchoStar XII depends on, among other things, whether EchoStar XII is operated in CONUS, spot beam, or hybrid CONUS/spot beam mode, we are unable to determine at this time the actual number of transponders that will be available at any given time or how many transponders can be used during the remaining estimated life of the satellite. This satellite is currently not in service and serves as an in-orbit spare.

Long-Lived DBS Satellite Assets. We evaluate our DISH branded pay-TV DBS satellite fleet for impairment as one asset group and test for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. While certain of the anomalies discussed above, and previously disclosed, may be considered to represent a significant adverse change in the physical condition of an individual satellite, based on the redundancy designed within each satellite and considering the asset grouping, these anomalies are not considered to be significant events that would require evaluation for impairment recognition. Unless and until a specific satellite is abandoned or otherwise determined to have no service potential, the net carrying amount related to the satellite would not be written off.

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Intangible Assets

As of September 30, 2013 and December 31, 2012, our identifiable intangibles subject to amortization consisted of the following:

	As of			
	September 30, 2013		December 31, 2012	
	Intangible Assets	Accumulated Amortization	Intangible Assets	Accumulated Amortization
		(In thousands)		
Technology-based	$ 34,078	$ (10,537)	$ 39,066	$ (8,345)
Trademarks	18,236	(5,813)	18,236	(3,907)
Contract-based	9,082	(9,082)	11,275	(10,127)
Customer relationships	4,294	(4,294)	6,974	(5,736)
Total	$ 65,690	$ (29,726)	$ 75,551	$ (28,115)

These identifiable intangibles are included in Other noncurrent assets, net on our Condensed Consolidated Balance Sheets. Amortization of these intangible assets is recorded on a straight line basis over an average finite useful life primarily ranging from approximately one to ten years. Amortization was $4 million and $6 million for the three months ended September 30, 2013 and 2012, respectively. Amortization was $11 million and $12 million for the nine months ended September 30, 2013 and 2012, respectively.

Estimated future amortization of our identifiable intangible assets as of September 30, 2013 is as follows (in thousands):

For the Years Ended December 31,	
2013 (remaining three months)	$ 2,278
2014	9,096
2015	8,983
2016	8,362
2017	3,138
Thereafter	4,107
Total	$ 35,964

Goodwill

The excess of our investments in consolidated subsidiaries over net tangible and identifiable intangible asset value at the time of the investment is recorded as goodwill and is not subject to amortization but is subject to impairment testing annually or whenever indicators of impairment arise. In conducting our annual impairment test in 2012, we determined that the fair value was substantially in excess of the carrying value. As of September 30, 2013 and December 31, 2012, our goodwill was $126 million, which primarily related to our wireless segment.

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8. Acquisitions

DBSD North America and TerreStar Transactions

On March 2, 2012, the FCC approved the transfer of 40 MHz of AWS-4 wireless spectrum licenses held by DBSD North America and TerreStar to us. On March 9, 2012, we completed the DBSD Transaction and the TerreStar Transaction, pursuant to which we acquired, among other things, certain satellite assets and wireless spectrum licenses held by DBSD North America and TerreStar. In addition, during the fourth quarter 2011, we and Sprint entered into a mutual release and settlement agreement (the Sprint Settlement Agreement) pursuant to which all issues then being disputed relating to the DBSD Transaction and the TerreStar Transaction were resolved between us and Sprint, including, but not limited to, issues relating to costs allegedly incurred by Sprint to relocate users from the spectrum then licensed to DBSD North America and TerreStar. The total consideration to acquire the DBSD North America and TerreStar assets was approximately $2.860 billion. This amount includes $1.364 billion for the DBSD Transaction, $1.382 billion for the TerreStar Transaction, and the net payment of $114 million to Sprint pursuant to the Sprint Settlement Agreement. See Note 12 for further information.

As a result of these acquisitions, we recognized the acquired assets and assumed liabilities based on our estimates of fair value at their acquisition date, including $102 million in an uncertain tax position in Long-term deferred revenue, distribution and carriage payments and other long-term liabilities on our Condensed Consolidated Balance Sheets. Subsequently, in the third quarter 2013, this uncertain tax position was resolved. During the three and nine months ended September 30, 2013, $102 million was reversed and recorded as a decrease in Income tax (provision) benefit, net on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

LightSquared LP

On July 23, 2013, L-Band Acquisition, LLC (LBAC), our wholly-owned subsidiary, formed to make a bid to acquire assets of LightSquared LP, entered into a Plan Support Agreement (the PSA) with certain senior secured lenders to LightSquared LP, which contemplates the purchase by LBAC of substantially all of the assets of the LightSquared LP Entities (as defined below) for a purchase price of $2.22 billion in cash, plus the assumption of certain liabilities pursuant to the terms and conditions of a proposed asset purchase agreement (the Proposed APA). SP Special Opportunities, LLC, an entity controlled by Charles W. Ergen, our Chairman, is a senior secured lender to LightSquared LP and holds a substantial portion of LightSquared LP s senior secured debt. We are a party to the PSA solely with respect to certain guaranty obligations. Our Board of Directors (the Board) approved entering into the PSA, which would implement the Proposed APA, based, among other things, on the recommendation of a special committee of the Board (the Special Committee) and a fairness opinion that was prepared by a financial advisory firm at the request of the Special Committee.

Pursuant to the PSA, LBAC and such lenders have agreed, subject to the terms and conditions set forth therein, to support and pursue confirmation of a plan of reorganization (the LightSquared LP Plan) for LightSquared LP and certain of its subsidiaries that are debtors and debtors in possession (collectively, the LightSquared LP Entities) in pending bankruptcy cases under Chapter 11 of the United States Bankruptcy Code 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).

LBAC s purchase offer under the LightSquared LP Plan is subject to the submission of higher and better offers in accordance with certain bid procedures that were approved by the Bankruptcy Court on October 1, 2013 as further discussed below. In addition, the LightSquared LP Plan is subject to confirmation by the Bankruptcy Court. The Proposed APA has not been accepted or executed by the LightSquared LP Entities. Consummation of the acquisition contemplated under the Proposed APA is subject to, among other things, Bankruptcy Court, FCC and Canadian federal Department of Industry (Industry Canada) approvals. However, funding of the purchase price under the Proposed

DISH NETWORK CORPORATION

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APA is not conditioned upon receipt of approvals from the FCC or Industry Canada. We would be a party to the Proposed APA solely with respect to certain guaranty obligations.

On August 6, 2013, Harbinger Capital Partners LLC and other affiliates of Harbinger (collectively, Harbinger), the majority and controlling shareholders of LightSquared Inc. and its subsidiaries, filed an adversary proceeding against us, LBAC, EchoStar, Charles W. Ergen (our Chairman), other affiliates of Mr. Ergen, and certain other parties, in the Bankruptcy Court. On October 29, 2013, the Bankruptcy Court dismissed all of the claims in Harbinger s adversary proceeding in their entirety. See Note 12 for further information.

On October 1, 2013, the Bankruptcy Court issued an order confirming LBAC as a qualified bidder and establishing certain bid protections for LBAC, including payment of a break-up fee of $52 million and reimbursement of expenses of up to $2 million in the event LBAC is not the successful bidder at auction. Further, the Bankruptcy Court s order established, among other things: (i) bid procedures for the sale of all or substantially all of the assets of the LightSquared LP Entities; (ii) November 20, 2013 as the deadline for potential bidders to submit bids (the Bid Deadline), subject to extension under certain circumstances, but in no event beyond November 25, 2013; and (iii) if a qualified bid is received prior to the Bid Deadline, November 25, 2013 as the date to hold an auction to solicit higher or otherwise better bids for the LightSquared LP Entities assets, subject to extension under certain circumstances, but in no event beyond December 6, 2013. The Bankruptcy Court also scheduled a confirmation hearing on December 10, 2013 to consider the sale of the LightSquared LP Entities assets.

There can be no assurance that we will ultimately be able to complete the acquisition contemplated under the Proposed APA. Further, to the extent that we complete the acquisition contemplated under the Proposed APA, there can be no assurance that we would be able to develop and implement a business model that would realize a return on the acquired assets or that we would be able to profitably deploy the acquired assets, which could affect the carrying value of these assets and our future financial condition or results of operations. If we are unable to successfully address these challenges and risks, our business, financial condition or results of operations could suffer.

Furthermore, if we enter into the Proposed APA, our funding of the purchase price is not conditioned upon receipt of approvals from the FCC or Industry Canada. If the required approvals are not obtained, subject to certain exceptions, we would have the right to direct and require a sale of some or all of the assets of the LightSquared LP Entities to a third party and we would be entitled to the proceeds of such a sale. These proceeds could, however, be substantially less than our proposed funding for the purchase. Therefore, if we fail to obtain these necessary regulatory approvals, we may suffer significant financial losses.

9. Blockbuster

Blockbuster - Domestic

Since the Blockbuster Acquisition, we have continually evaluated the impact of certain factors, including, among other things, competitive pressures, the ability of significantly fewer company-owned domestic retail stores to continue to support corporate administrative costs, and other issues impacting the store-level financial performance of our company-owned domestic retail stores. These factors, among others, have previously led us to close a significant number of company-owned domestic retail stores. As of September 30, 2013, Blockbuster operated approximately 400 company-owned retail stores in the United States. On November 6, 2013, we announced that Blockbuster expects to close all of its remaining company-owned domestic retail stores and discontinue the Blockbuster by-mail service by early January 2014. As a result, we expect to incur future losses estimated to range from $15 million to $30 million. These estimated losses are based on a number of factors, including, among others, lease terminations and inventory liquidation. Our actual losses may differ from our estimates.

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Blockbuster - Mexico

During the third quarter 2013, we determined that Blockbuster Mexico is held for sale, consistent with U.S. GAAP. We have written down our Inventory and Property and equipment on our Condensed Consolidated Balance Sheets by $18 million and $3 million, respectively, to record these assets at their estimated fair value less estimated selling costs. These charges were recorded in Cost of sales - equipment, merchandise, services, rental and other and Depreciation and amortization expense on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), respectively, during the three months ended September 30, 2013.

Blockbuster UK Administration

Blockbuster Entertainment Limited and Blockbuster GB Limited, our Blockbuster operating subsidiaries in the United Kingdom (collectively, the Blockbuster UK Operating Entities), entered into administration proceedings in the United Kingdom on January 16, 2013 (the Administration). Administrators were appointed by the English courts to sell or liquidate the assets of the Blockbuster UK Operating Entities for the benefit of their creditors. Since we no longer exercise control over operating decisions for the Blockbuster UK Operating Entities, we were required to deconsolidate our Blockbuster entities in the United Kingdom (collectively, Blockbuster UK) on January 16, 2013. As a result of the Administration, we wrote down the assets of Blockbuster UK to their estimated net realizable value on our Consolidated Balance Sheets as of December 31, 2012. In total, we recorded charges of approximately $46 million on a pre-tax basis including $25 million in Other, net within Other Income (Expense) and $21 million in Cost of sales equipment, merchandise, services, rental and other on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2012 related to the Administration.

For the three and nine months ended September 30, 2012, Blockbuster UK had $67 million and $207 million, respectively, of revenue and an operating loss of $1 million and $6 million, respectively. Upon deconsolidation on January 16, 2013, the revenue and expenses related to the operations of Blockbuster UK are no longer recorded in our Condensed Consolidated Financial Statements.

10. Long-Term Debt

5% Senior Notes due 2017

On May 28, 2013, we issued $1.25 billion aggregate principal amount of our four-year, 5% Senior Notes due May 15, 2017 at an issue price of 100%. The net proceeds from the 5% Senior Notes due 2017 were placed into escrow to finance a portion of the cash consideration for our proposed merger with Sprint. On June 21, 2013, we abandoned our efforts to acquire Sprint and, on June 24, 2013, we redeemed all of the 5% Senior Notes due 2017 at a redemption price equal to 100% of the aggregate principal amount of the 5% Senior Notes due 2017, plus accrued and unpaid interest.

During the second quarter 2013, we recorded $7 million in interest expense and deferred financing costs related to the issuance and redemption of our 5% Senior Notes due 2017 as Interest expense, net of amounts capitalized on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

4 1/4% Senior Notes due 2018

On April 5, 2013, we issued $1.2 billion aggregate principal amount of our five-year, 4 1/4% Senior Notes due April 1, 2018 at an issue price of 100%. Interest accrues at an annual rate of 4 1/4% and is payable semi-annually in cash in arrears on April 1 and October 1 of each year, commencing on October 1, 2013.

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The 4 1/4% Senior Notes due 2018 are redeemable, in whole or in part, at any time at a redemption price equal to 100% of the principal amount plus a make-whole premium, as defined in the related indenture, together with accrued and unpaid interest. Prior to April 1, 2016, we may also redeem up to 35.0% of the 4 1/4% Senior Notes due 2018 at a specified premium with the net cash proceeds from certain equity offerings or capital contributions.

The 4 1/4% Senior Notes due 2018 are:

- general unsecured senior obligations of DISH DBS;
- ranked equally in right of payment with all of DISH DBS and the guarantors existing and future unsecured senior debt; and
- ranked effectively junior to DISH DBS and the guarantors current and future secured senior indebtedness up to the value of the collateral securing such indebtedness.

The indenture related to the 4 1/4% Senior Notes due 2018 contains restrictive covenants that, among other things, impose limitations on the ability of DISH DBS and its restricted subsidiaries to:

- incur additional debt;
- pay dividends or make distributions on DISH DBS capital stock or repurchase DISH DBS capital stock;
- make certain investments;
- create liens or enter into sale and leaseback transactions;
- enter into transactions with affiliates;
- merge or consolidate with another company; and
- transfer or sell assets.

In the event of a change of control, as defined in the related indenture, we would be required to make an offer to repurchase all or any part of a holder s 4 1/4% Senior Notes due 2018 at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon, to the date of repurchase.

5 1/8% Senior Notes due 2020

On April 5, 2013, we issued $1.1 billion aggregate principal amount of our seven-year, 5 1/8% Senior Notes due May 1, 2020 at an issue price of 100%. Interest accrues at an annual rate of 5 1/8% and is payable semi-annually in cash in arrears on May 1 and November 1 of each year, commencing on November 1, 2013.

The 5 1/8% Senior Notes due 2020 are redeemable, in whole or in part, at any time at a redemption price equal to 100% of the principal amount plus a make-whole premium, as defined in the related indenture, together with accrued and unpaid interest. Prior to May 1, 2016, we may also redeem up to 35.0% of the 5 1/8% Senior Notes due 2020 at a specified premium with the net cash proceeds from certain equity offerings or capital contributions.

The 5 1/8% Senior Notes due 2020 are:

- general unsecured senior obligations of DISH DBS;
- ranked equally in right of payment with all of DISH DBS and the guarantors existing and future unsecured senior debt; and
- ranked effectively junior to DISH DBS and the guarantors current and future secured senior indebtedness up to the value of the collateral securing such indebtedness.

The indenture related to the 5 1/8% Senior Notes due 2020 contains restrictive covenants that, among other things, impose limitations on the ability of DISH DBS and its restricted subsidiaries to:

- incur additional debt;
- pay dividends or make distributions on DISH DBS capital stock or repurchase DISH DBS capital stock;

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- make certain investments;
- create liens or enter into sale and leaseback transactions;
- enter into transactions with affiliates;
- merge or consolidate with another company; and
- transfer or sell assets.

In the event of a change of control, as defined in the related indenture, we would be required to make an offer to repurchase all or any part of a holder s 5 1/8% Senior Notes due 2020 at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon, to the date of repurchase.

6 1/4% Senior Notes due 2023

On May 28, 2013, we issued $1.35 billion aggregate principal amount of our ten-year, 6 1/4% Senior Notes due May 15, 2023 at an issue price of 100%. The net proceeds from the 6 1/4% Senior Notes due 2023 were placed into escrow to finance a portion of the cash consideration for our proposed merger with Sprint. On June 21, 2013, we abandoned our efforts to acquire Sprint and, on June 24, 2013, we redeemed all of the 6 1/4% Senior Notes due 2023 at a redemption price equal to 101% of the aggregate principal amount of the 6 1/4% Senior Notes due 2023, plus accrued and unpaid interest.

During the second quarter 2013, we recorded $23 million in premiums, interest expense and deferred financing costs related to the issuance and redemption of our 6 1/4% Senior Notes due 2023 as Interest expense, net of amounts capitalized on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Fair Value of our Long-Term Debt

The following table summarizes the carrying and fair values of our debt facilities as of September 30, 2013 and December 31, 2012:

	As of			
	September 30, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			
7 % Senior Notes due 2013 (1)	$ 451,448	$ 451,498	$ 500,000	$ 521,875
6 5/8% Senior Notes due 2014	1,000,000	1,055,050	1,000,000	1,078,500
7 3/4% Senior Notes due 2015	750,000	821,100	750,000	844,725
7 1/8% Senior Notes due 2016	1,500,000	1,649,595	1,500,000	1,683,750
4 5/8% Senior Notes due 2017	900,000	920,250	900,000	940,500
4 1/4% Senior Notes due 2018	1,200,000	1,203,000		
7 7/8% Senior Notes due 2019	1,400,000	1,598,100	1,400,000	1,669,500
5 1/8% Senior Notes due 2020	1,100,000	1,081,135		
6 3/4% Senior Notes due 2021	2,000,000	2,108,600	2,000,000	2,280,000
5 7/8% Senior Notes due 2022	2,000,000	2,019,900	2,000,000	2,150,000
5% Senior Notes due 2023	1,500,000	1,393,125	1,500,000	1,548,750
Mortgages and other notes payable	82,321	82,321	88,955	88,955
Subtotal	13,883,769	$ 14,383,674	11,638,955	$ 12,806,555
Capital lease obligations (2)	227,555	NA	249,145	NA
Total long-term debt and capital lease obligations (including current portion)	$ 14,111,324		$ 11,888,100	

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(1) During the three months ended September 30, 2013, we repurchased $49 million of our 7% Senior Notes due 2013 in open market transactions. On October 1, 2013, we redeemed the remaining $451 million principal balance of our 7% Senior Notes due 2013.

(2) Disclosure regarding fair value of capital leases is not required.

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

11. Stock-Based Compensation

Stock Incentive Plans

We maintain stock incentive plans to attract and retain officers, directors and key employees. Stock awards under these plans include both performance and non-performance based stock incentives. As of September 30, 2013, we had outstanding under these plans stock options to acquire 14.6 million shares of our Class A common stock and 2.0 million restricted stock units. Stock options granted prior to September 30, 2013 were granted with exercise prices equal to or greater than the market value of our Class A common stock at the date of grant and with a maximum term of approximately ten years. While historically we have issued stock awards subject to vesting, typically at the rate of 20% per year, some stock awards have been granted with immediate vesting and other stock awards vest only upon the achievement of certain company-specific subscriber, operational and/or financial goals. As of September 30, 2013, we had 69.7 million shares of our Class A common stock available for future grant under our stock incentive plans.

On December 28, 2012, we paid a dividend in cash of $1.00 per share on our outstanding Class A and Class B common stock to shareholders of record on December 14, 2012. In light of such dividend, during January 2013, the exercise price of 16.3 million stock options, affecting approximately 550 employees, was reduced by $0.77 per share (the 2012 Stock Option Adjustment). Except as noted below, all information discussed below reflects the 2012 Stock Option Adjustment.

On January 1, 2008, we completed the distribution of our technology and set-top box business and certain infrastructure assets (the Spin-off) into a separate publicly-traded company, EchoStar. In connection with the Spin-off, each DISH Network stock award was converted into an adjusted DISH Network stock award and a new EchoStar stock award consistent with the Spin-off exchange ratio. We are responsible for fulfilling all stock awards related to DISH Network common stock and EchoStar is responsible for fulfilling all stock awards related to EchoStar common stock, regardless of whether such stock awards are held by our or EchoStar s employees. Notwithstanding the foregoing, our stock-based compensation expense, resulting from stock awards outstanding at the Spin-off date, is based on the stock awards held by our employees regardless of whether such stock awards were issued by DISH Network or EchoStar. Accordingly, stock-based compensation that we expense with respect to EchoStar stock awards is included in Additional paid-in capital on our Condensed Consolidated Balance Sheets. As of March 31, 2013, we have recognized all of our stock-based compensation expense resulting from EchoStar stock awards outstanding at the Spin-off date held by our employees except for the 2005 LTIP performance awards, which were determined not to be probable as of September 30, 2013. See discussion of the 2005 LTIP below.

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The following stock awards were outstanding:

	As of September 30, 2013			
	DISH Network Awards		EchoStar Awards	
Stock Awards Outstanding	**Stock Options**	**Restricted Stock Units**	**Stock Options**	**Restricted Stock Units**
Held by DISH Network employees	13,238,936	1,892,331	607,361	44,954
Held by EchoStar employees	1,315,415	76,999	N/A	N/A
Total	14,554,351	1,969,330	607,361	44,954

Stock Award Activity

Our stock option activity was as follows:

	For the Nine Months Ended September 30, 2013	
	Options	**Weighted-Average Exercise Price**
Total options outstanding, beginning of period (1)	16,399,870	$ 19.04
Granted	2,206,500	$ 36.68
Exercised	(3,941,219)	$ 16.06
Forfeited and cancelled	(110,800)	$ 28.02
Total options outstanding, end of period	14,554,351	$ 21.60
Performance-based options outstanding, end of period (2)	7,805,500	$ 24.03
Exercisable at end of period	4,812,350	$ 17.00

(1) The beginning of period weighted-average exercise price of $19.04 does not reflect the 2012 Stock Option Adjustment, which occurred subsequent to December 31, 2012.

(2) These stock options are included in the caption Total options outstanding, end of period. See discussion of the 2005 LTIP, 2013 LTIP and Other Employee Performance Awards below.

We realized tax benefits from stock awards exercised as follows:

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
	(In thousands)			
Tax benefit from stock awards exercised	$ 16,889	$ 3,366	$ 33,986	$ 15,313

Based on the closing market price of our Class A common stock on September 30, 2013, the aggregate intrinsic value of our stock options was as follows:

	As of September 30, 2013 Options Outstanding	As of September 30, 2013 Options Exercisable
	(In thousands)	
Aggregate intrinsic value	$ 340,769	$ 134,797

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Our restricted stock unit activity was as follows:

	For the Nine Months Ended September 30, 2013	
	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Total restricted stock units outstanding, beginning of period	1,185,080	$ 22.99
Granted	985,000	$ 36.48
Vested	(135,250)	$ 29.19
Forfeited and cancelled	(65,500)	$ 30.51
Total restricted stock units outstanding, end of period	1,969,330	$ 29.06
Restricted Performance Units outstanding, end of period (1)	1,969,330	$ 29.06

(1) These Restricted Performance Units are included in the caption Total restricted stock units outstanding, end of period. See discussion of the 2005 LTIP, 2013 LTIP and Other Employee Performance Awards below.

Long-Term Performance-Based Plans

2005 LTIP. During 2005, we adopted a long-term, performance-based stock incentive plan (the 2005 LTIP). The 2005 LTIP provides stock options and restricted stock units, either alone or in combination, which vest over seven years at the rate of 10% per year during the first four years, and at the rate of 20% per year thereafter. Exercise of the stock awards is subject to the foregoing vesting schedule and a performance condition that a company-specific subscriber goal is achieved by March 31, 2015.

Contingent compensation related to the 2005 LTIP will not be recorded in our financial statements unless and until management concludes achievement of the performance condition is probable. Given the competitive nature of our business, small variations in subscriber churn, gross new subscriber activation rates and certain other factors can significantly impact subscriber growth. Consequently, while it was determined that achievement of the goal was not probable as of September 30, 2013, that assessment could change in the future.

If all of the stock awards under the 2005 LTIP were vested and the goal had been met or if we had determined that achievement of the goal was probable during the nine months ended September 30, 2013, we would have recorded total non-cash, stock-based compensation expense for our employees as indicated in the table below. If the goal is met and there are unvested stock awards at that time, the vested amounts would be expensed immediately on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), with the unvested portion recognized ratably over the remaining vesting period.

	2005 LTIP	
	Total	Vested Portion (1)
	(In thousands)	
DISH Network awards held by DISH Network employees	$ 36,924	$ 35,205
EchoStar awards held by DISH Network employees	6,372	6,183
Total	$ 43,296	$ 41,388

(1) Represents the amount of this award that has met the foregoing vesting schedule and would therefore vest upon achievement of the performance condition.

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2008 LTIP. During 2008, we adopted a long-term, performance-based stock incentive plan (the 2008 LTIP). The 2008 LTIP provided stock options and restricted stock units, either alone or in combination, which vested based on company-specific subscriber and financial goals. As of June 30, 2013, 100% of the eligible 2008 LTIP awards had vested.

2013 LTIP. During 2013, we adopted a long-term, performance-based stock incentive plan (the 2013 LTIP). The 2013 LTIP provides stock options and restricted stock units in combination, which vest based on company-specific subscriber and financial goals. Exercise of the stock awards is contingent on achieving these goals by September 30, 2022. Regardless of when achieved, no vesting will occur or payment will be made under the 2013 LTIP for any performance goals prior to March 31, 2014.

Although no awards vest until the Company attains the performance goals, compensation related to the 2013 LTIP will be recorded based on management s assessment of the probability of meeting the goals. If the goals are probable of being achieved, we will begin recognizing the associated non-cash, stock-based compensation expense on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) over the estimated period to achieve the goal.

During the third quarter 2013, we determined that 20% of the 2013 LTIP performance goals were probable of achievement. As a result, we recorded non-cash, stock-based compensation expense for the three and nine months ended September 30, 2013, as indicated in the table below titled Non-Cash, Stock-Based Compensation Expense Recognized.

Other Employee Performance Awards. In addition to the above long-term, performance stock incentive plans, we have other stock awards that vest based on certain other company-specific subscriber, operational and/or financial goals. Exercise of these stock awards is contingent on achieving certain performance goals.

Additional compensation related to these awards will be recorded based on management s assessment of the probability of meeting the remaining performance goals. If the remaining goals are probable of being achieved, we will begin recognizing the associated non-cash, stock-based compensation expense on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) over the estimated period to achieve the goal. See table below titled Estimated Remaining Non-Cash, Stock-Based Compensation Expense.

Although no awards vest until the performance goals are attained, we determined that certain goals were probable of achievement and, as a result, recorded non-cash, stock-based compensation expense for the three and nine months ended September 30, 2013 and 2012, as indicated in the table below titled Non-Cash, Stock-Based Compensation Expense Recognized.

Given the competitive nature of our business, small variations in subscriber churn, gross new subscriber activation rates and certain other factors can significantly impact subscriber growth. Consequently, while it was determined that achievement of certain other company-specific subscriber, operational and/or financial goals was not probable as of September 30, 2013, that assessment could change in the future.

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The non-cash, stock-based compensation expense associated with these awards was as follows:

Non-Cash, Stock-Based Compensation Expense Recognized	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
	(In thousands)			
2008 LTIP	$	$ 2,515	$ 3,071	$ 10,694
2013 LTIP	6,567		6,567	
Other employee performance awards	1,186	1,279	4,049	5,851
Total non-cash, stock-based compensation expense recognized for performance-based awards	$ 7,753	$ 3,794	$ 13,687	$ 16,545

Estimated Remaining Non-Cash, Stock-Based Compensation Expense	2013 LTIP	Other Employee Performance Awards
	(In thousands)	
Remaining expense estimated to be recognized during 2013	$ 2,234	$ 231
Estimated contingent expense subsequent to 2013	58,223	41,929
Total estimated remaining expense over the term of the plan	$ 60,457	$ 42,160

Of the 14.6 million stock options and 2.0 million restricted stock units outstanding under our stock incentive plans, the following awards were outstanding pursuant to our performance-based stock incentive plans:

	As of September 30, 2013 Number of Awards	As of September 30, 2013 Weighted-Average Exercise Price
Performance-Based Stock Options		
2005 LTIP	3,200,500	$ 20.33
2013 LTIP	1,935,000	$ 36.48
Other employee performance awards	2,670,000	$ 19.46
Total	7,805,500	$ 24.03
Restricted Performance Units		
2005 LTIP	301,830	
2013 LTIP	967,500	
Other employee performance awards	700,000	
Total	1,969,330	

Stock-Based Compensation

In connection with the 2012 Stock Option Adjustment, discussed previously, we recognized incremental non-cash, stock-based compensation expense of $5 million during the first quarter 2013 and will expense an additional $3 million over the remaining vesting period of the respective stock awards.

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Total non-cash, stock-based compensation expense for all of our employees is shown in the following table and was allocated to the same expense categories as the base compensation for such employees:

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
	(In thousands)			
Subscriber-related	$ 941	$ 312	$ 1,610	$ 1,506
General and administrative	9,808	6,446	24,501	35,451
Total non-cash, stock-based compensation	$ 10,749	$ 6,758	$ 26,111	$ 36,957

As of September 30, 2013, our total unrecognized compensation cost related to our non-performance based unvested stock awards was $16 million. This cost is based on an estimated future forfeiture rate of approximately 3.7% per year and will be recognized over a weighted-average period of approximately two years. Share-based compensation expense is recognized based on stock awards ultimately expected to vest and is reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Changes in the estimated forfeiture rate can have a significant effect on share-based compensation expense since the effect of adjusting the rate is recognized in the period the forfeiture estimate is changed.

Valuation

The fair value of each stock option granted for the three and nine months ended September 30, 2013 and 2012 was originally estimated at the date of the grant using a Black-Scholes option valuation model with the following assumptions:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Stock Options	**2013(1)**	**2012 (2)**	**2013**	**2012**
Risk-free interest rate	N/A	0.78%	0.91% - 1.93%	0.41% - 1.29%
Volatility factor	N/A	38.90%	32.37% - 39.87%	33.15% - 39.34%
Expected term of options in years	N/A	5.8	5.7 - 10.0	3.1 - 5.9
Weighted-average fair value of options granted	N/A	$11.44	$14.49 - $16.85	$6.72 - $12.69

(1) During the three months ended September 30, 2013, there were no stock options granted.

(2) During the three months ended September 30, 2012, all stock options granted had the same vesting period.

On December 28, 2012 and December 1, 2011, we paid a $1.00 and a $2.00 cash dividend per share on our outstanding Class A and Class B common stock, respectively. While we currently do not intend to declare additional dividends on our common stock, we may elect to do so from time to time. Accordingly, the dividend yield percentage used in the Black-Scholes option valuation model is set at zero for all periods. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded stock options which have no vesting restrictions and are fully transferable. Consequently, our estimate of fair value may differ from other valuation models. Further, the Black-Scholes option valuation model requires the input of highly subjective assumptions. Changes in these subjective input assumptions can materially affect the fair value estimate.

We will continue to evaluate the assumptions used to derive the estimated fair value of our stock options as new events or changes in circumstances become known.

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12. Commitments and Contingencies

Commitments

Wireless Spectrum

On March 2, 2012, the FCC approved the transfer of 40 MHz of AWS-4 wireless spectrum licenses held by DBSD North America and TerreStar to us. On March 9, 2012, we completed the DBSD Transaction and the TerreStar Transaction, pursuant to which we acquired, among other things, certain satellite assets and wireless spectrum licenses held by DBSD North America and TerreStar. The total consideration to acquire the DBSD North America and TerreStar assets was approximately $2.860 billion.

Our consolidated FCC applications for approval of the license transfers from DBSD North America and TerreStar were accompanied by requests for waiver of the FCC s MSS integrated service and spare satellite requirements and various technical provisions. On March 21, 2012, the FCC released a Notice of Proposed Rule Making proposing the elimination of the integrated service, spare satellite and various technical requirements associated with the AWS-4 licenses. On December 11, 2012, the FCC approved rules that eliminated these requirements and gave notice of its proposed modification of our AWS-4 authorizations to, among other things, allow us to offer single-mode terrestrial terminals to customers who do not desire satellite functionality. On February 15, 2013, the FCC issued an order, which became effective on March 7, 2013, modifying our AWS-4 licenses to expand our terrestrial operating authority. The FCC s order of modification has imposed certain limitations on the use of a portion of this spectrum, including interference protections for other spectrum users and power and emission limits that we presently believe could render 5 MHz of our uplink spectrum (2000-2005 MHz) effectively unusable for terrestrial services and limit our ability to fully utilize the remaining 15 MHz of our uplink spectrum (2005-2020 MHz) for terrestrial services. These limitations could, among other things, impact the ongoing development of technical standards associated with our wireless business, and may have a material adverse effect on our ability to commercialize these licenses. The new rules also mandated certain interim and final build-out requirements for the licenses. By March 2017, we must provide terrestrial signal coverage and offer terrestrial service to at least 40% of the aggregate population represented by all of the areas covered by the licenses (the AWS-4 Interim Build-Out Requirement). By March 2020, we must provide terrestrial signal coverage and offer terrestrial service to at least 70% of the population in each area covered by an individual license (the AWS-4 Final Build-Out Requirement). Based on an extension request we filed with the FCC, as discussed below, these build-out requirements may change. In addition, the FCC has adopted rules for a spectrum band that is adjacent to our AWS-4 licenses, known as the H Block. Depending on the outcome of the standard-setting process for the H Block, the rules that the FCC adopted could further impact the remaining 15 MHz of our uplink spectrum (2005-2020 MHz), which may have a material adverse effect on our ability to commercialize the AWS-4 licenses.

In 2008, we paid $712 million to acquire certain 700 MHz wireless spectrum licenses, which were granted to us by the FCC in February 2009. At the time they were granted, these licenses were subject to certain interim and final build-out requirements. By June 2013, we were required to provide signal coverage and offer service to at least 35% of the geographic area in each area covered by each individual license (the 700 MHz Interim Build-Out Requirement). By June 2019, we were required to provide signal coverage and offer service to at least 70% of the geographic area in each area covered by each individual license (the 700 MHz Final Build-Out Requirement). As discussed below, these requirements have since been modified by the FCC.

On September 9, 2013, we filed a letter with the FCC in support of a voluntary industry solution to resolve certain interoperability issues affecting the lower 700 MHz spectrum band (the Interoperability Solution). In connection with our letter, we also filed a petition and an extension request with the FCC that outlined certain conditions upon which we would support the Interoperability Solution.

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On October 29, 2013, the FCC issued an order approving the Interoperability Solution (the Interoperability Solution Order), which requires us to reduce power emissions on our 700 MHz licenses. As part of the Interoperability Solution Order, the FCC, among other things, approved our request to modify the 700 MHz Interim Build-Out Requirement so that by March 2017 (rather than the previous deadline of June 2013), we must provide signal coverage and offer service to at least 40% of our total E Block population (the Modified 700 MHz Interim Build-Out Requirement). The FCC also approved our request to modify the 700 MHz Final Build-Out Requirement so that by March 2021 (rather than the previous deadline of June 2019), we must provide signal coverage and offer service to at least 70% of the population in each of our E Block license areas (the Modified 700 MHz Final Build-Out Requirement). These requirements replaced the previous build-out requirements associated with our 700 MHz licenses. While the modifications to our 700 MHz licenses would provide us additional time to complete the build-out requirements, the reduction in power emissions could have an adverse impact on our ability to fully utilize our 700 MHz licenses. If we fail to meet the Modified 700 MHz Interim Build-Out Requirement, the Modified 700 MHz Final Build-Out Requirement may be accelerated by one year, from March 2021 to March 2020, and we could face the reduction of license area(s). If we fail to meet the Modified 700 MHz Final Build-Out Requirement, we may be subject to automatic license termination for the geographic portion of each license in which we are not providing service.

Also in connection with our support of the Interoperability Solution, we requested that the FCC modify our AWS-4 spectrum licenses to provide flexibility to repurpose 20 MHz of our uplink spectrum (2000-2020 MHz) for downlink (the AWS-4 Waiver), and extend the AWS-4 Final Build-Out Requirement by one year to March 2021 (the AWS-4 Extension). The FCC, however, has not yet issued a ruling on the AWS-4 Waiver or the AWS-4 Extension, and we cannot predict the timing or outcome of any FCC action on the AWS-4 Waiver or the AWS-4 Extension. As a precaution, we intend to appeal the Interoperability Solution Order, reserving our right to withdraw the appeal in the event the FCC grants the AWS-4 Waiver and the AWS-4 Extension.

If the FCC grants the AWS-4 Extension and we fail to meet the AWS-4 Interim Build-Out Requirement, the AWS-4 Final Build-Out Requirement may be accelerated by one year, from March 2021 to March 2020. If we fail to meet the AWS-4 Final Build-Out Requirement, our terrestrial authorization for each license area in which we fail to meet the requirement may terminate.

In addition, contingent upon the FCC approving the AWS-4 Waiver and the AWS-4 Extension at least 30 days prior to the commencement of the FCC s planned H Block auction, we agreed to participate in the H Block auction and bid at least a net clearing price equal to an aggregate nationwide reserve price established by the FCC, not to exceed $0.50 per MHz/POP (approximately $1.56 billion).

We will need to make significant additional investments or partner with others to, among other things, finance the commercialization and build-out requirements of these licenses and our integration efforts, including compliance with regulations applicable to the acquired licenses. Depending on the nature and scope of such commercialization, build-out, and integration efforts, any such investment or partnership could vary significantly. There can be no assurance that we will be able to develop and implement a business model that will realize a return on these spectrum licenses or that we will be able to profitably deploy the assets represented by these spectrum licenses, which may affect the carrying value of these assets and our future financial condition or results of operations.

Guarantees

In connection with the Spin-off, we distributed certain satellite lease agreements to EchoStar and remained the guarantor under those capital leases for payments totaling approximately $63 million over approximately the next 17 months.

In addition, during the third quarter 2009, EchoStar entered into a new satellite transponder service agreement for Nimiq 5 through 2024. We sublease this capacity from EchoStar and also guarantee a certain portion of EchoStar s

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obligation under their satellite transponder service agreement through 2019. As of September 30, 2013, the remaining obligation of our guarantee is $391 million.

As of September 30, 2013, we have not recorded a liability on the balance sheet for any of these guarantees.

Contingencies

Separation Agreement

In connection with the Spin-off, we entered into a separation agreement with EchoStar that provides, among other things, for the division of certain liabilities, including liabilities resulting from litigation. Under the terms of the separation agreement, EchoStar has assumed certain liabilities that relate to its business including certain designated liabilities for acts or omissions that occurred prior to the Spin-off. Certain specific provisions govern intellectual property related claims under which, generally, EchoStar will only be liable for its acts or omissions following the Spin-off and we will indemnify EchoStar for any liabilities or damages resulting from intellectual property claims relating to the period prior to the Spin-off as well as our acts or omissions following the Spin-off.

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.

c4cast.com, Inc.

On May 7, 2012, c4cast.com, Inc. filed a complaint against us and our wholly-owned subsidiary, Blockbuster L.L.C., in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 7,958,204 (the 204 patent), which is entitled Community-Selected Content. The 204 patent relates to systems, methods and techniques for providing resources to participants over an electronic network. On August 29, 2013, c4cast.com, Inc. dismissed the action with prejudice, pursuant to a settlement under which we made an immaterial payment in exchange for a license to EchoStar and us of certain patents and patent applications.

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California Institute of Technology

On October 1, 2013, the California Institute of Technology (Caltech) filed complaints against us and our wholly-owned subsidiaries, DISH Network L.L.C. and dishNET Satellite Broadband L.L.C., as well as EchoStar subsidiaries Hughes Communications, Inc, and Hughes Network Systems, LLC, in the United States District Court for the Central District of California. The complaint alleges infringement of U.S. Patent Nos. 7,116,710 (the 710 patent), 7,421,032 (the 032 patent), 7,916,781 (the 781 patent) and 8,284,833 (the 833 patent), each of which is entitled Serial Concatenation of Interleaved Convolutional Codes forming Turbo-Like Codes. Caltech alleges that encoding data as specified by the DVB-S2 standard infringes each of the asserted 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.

Custom Media Technologies LLC

On August 15, 2013, Custom Media Technologies LLC (Custom Media Technologies) filed complaints against us, AT&T, Inc., Charter Communications, Inc., Comcast Corp., Cox Communications, Inc., DirecTV, 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. 6,269,275. The patent, which is entitled Method and System for Customizing and Distributing Presentations for User Sites, relates to the provision of customized presentations to viewers over a network, such as a cable television network, an Internet or other computer network, a broadcast television network, and/or a satellite system. Custom Media Technologies is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted 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.

ESPN

During 2008, our wholly-owned subsidiary, DISH Network L.L.C., filed a lawsuit against ESPN, Inc., ESPN Classic, Inc., ABC Cable Networks Group, Soapnet L.L.C. and International Family Entertainment (collectively, ESPN) for breach of contract in New York State Supreme Court. Our complaint alleges that ESPN failed to provide us with certain HD feeds of the Disney Channel, ESPN News, Toon and ABC Family. In October 2011, the jury returned a verdict in favor of the defendants, which the New York State Supreme Court, Appellate Division, First Department (the First Department) affirmed on April 2, 2013. We sought leave to further appeal, which the New York Court of Appeals denied on August 27, 2013 on jurisdictional grounds. On September 19, 2013, we appealed the trial court s final judgment to the First Department. The parties have submitted a stipulation to adjourn our appeal pending resolution of a motion by ESPN to strike our appeal.

ESPN had asserted a counterclaim alleging that we owed approximately $35 million under the applicable affiliation agreements. On April 15, 2009, the New York State Supreme Court granted, in part, ESPN s motion for summary judgment on the counterclaim, finding that we are liable for some of the amount alleged to be owing but that the actual amount owing is disputed. On December 29, 2010, the First Department affirmed the partial grant of ESPN s motion for summary judgment on the counterclaim. After the partial grant of ESPN s motion for summary judgment, ESPN sought an additional $30 million under the applicable affiliation agreements. On March 15, 2010, the New York State Supreme Court ruled that we owe the full amount of approximately $66 million under the

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applicable affiliation agreements. As of December 31, 2010, we had $42 million recorded as a Litigation accrual on our Consolidated Balance Sheets.

On June 21, 2011, the First Department affirmed the New York State Supreme Court s ruling that we owe approximately $66 million under the applicable affiliation agreements and, on October 18, 2011, denied our motion for leave to appeal that decision to New York s highest court, the New York Court of Appeals. We sought leave to appeal directly to the New York Court of Appeals and, on January 10, 2012, the New York Court of Appeals dismissed our motion for leave on the ground that the ruling upon which we appealed does not fully resolve all claims in the action. As a result of the First Department s June 2011 ruling, during 2011, we recorded $24 million of Litigation Expense on our Consolidated Statements of Operations and Comprehensive Income (Loss). On October 11, 2012, the New York State Supreme Court awarded ESPN $5 million in attorneys fees as the prevailing party on both our claim and ESPN s counterclaim. As a result, we recorded $5 million of General and administrative expenses and increased our Litigation accrual to a total of $71 million related to this case as of December 31, 2012. During the first quarter 2013, we paid $71 million to ESPN related to the counterclaim and attorneys fees and $12 million for accrued interest, which amounts we may be able to recover if our further appeals are successful. We intend to vigorously prosecute and defend this case.

Garnet Digital, LLC

On September 9, 2013, Garnet Digital, LLC (Garnet Digital) filed a complaint against us and our wholly-owned subsidiary, DISH Network L.L.C., in the United States District Court for the Eastern District of Texas, alleging infringement of United States Patent No. 5,379,421 (the 421 patent), which is entitled Interactive Terminal for the Access of Remote Database Information. The 421 patent relates to methods for accessing information from a remote computerized database and related devices. On the same day, Garnet Digital filed similar complaints in the same court against 15 other defendants, including AT&T, Inc., Comcast Corp., DirecTV, TiVo, Inc., and Verizon Communications, Inc. Garnet Digital is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted 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.

Harbinger Capital Partners LLC (LightSquared Bankruptcy)

On August 6, 2013, Harbinger filed an adversary proceeding against us, LBAC, EchoStar, Charles W. Ergen (our Chairman), other affiliates of Mr. Ergen, and certain other parties, 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). Harbinger has 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 SP Special Opportunities, LLC (SPSO), an entity controlled by Mr. Ergen. Subsequently, LightSquared intervened to join in certain claims alleged against certain defendants other than us, LBAC and EchoStar. Harbinger has alleged damages in excess of $4 billion.

On October 29, 2013, the Bankruptcy Court dismissed all of the claims in Harbinger s adversary proceeding in their entirety. The Bankruptcy Court Judge granted leave for LightSquared to file an amended pleading solely related to certain contract and other related claims under the credit agreement pursuant to which SPSO made certain purchases of LightSquared secured debt and dismissed all other claims alleged by LightSquared in the adversary proceeding.

We intend to vigorously defend 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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The Hopper Litigation

On May 24, 2012, our wholly-owned subsidiary, DISH Network L.L.C., filed a lawsuit in the United States District Court for the Southern District of New York against American Broadcasting Companies, Inc., CBS Corporation, Fox Entertainment Group, Inc., Fox Television Holdings, Inc., Fox Cable Network Services, L.L.C. and NBCUniversal, LLC. In the lawsuit, we are seeking a declaratory judgment that we are not infringing any defendant s copyright, or breaching any defendant s retransmission consent agreement, by virtue of the PrimeTime Anytime and AutoHop features of our Hopper® set-top box. A consumer can use the PrimeTime Anytime feature, at his or her option, to record certain primetime programs airing on ABC, CBS, Fox, and/or NBC up to every night, and to store those recordings for up to eight days. A consumer can use the AutoHop feature, at his or her option, to watch certain recordings the subscriber made with our PrimeTime Anytime feature, commercial-free, if played back the next day after the show s original airing.

Later on May 24, 2012, (i) Fox Broadcasting Company, Twentieth Century Fox Film Corp. and Fox Television Holdings, Inc. filed a lawsuit against us and DISH Network L.L.C. in the United States District Court for the Central District of California, alleging that the PrimeTime Anytime feature, the AutoHop feature, as well as Sling placeshifting functionality infringe their copyrights and breach their retransmission consent agreements, (ii) NBC Studios LLC, Universal Network Television, LLC, Open 4 Business Productions LLC and NBCUniversal LLC filed a lawsuit against us and DISH Network L.L.C. in the United States District Court for the Central District of California, alleging that the PrimeTime Anytime feature and the AutoHop feature infringe their copyrights, and (iii) CBS Broadcasting Inc., CBS Studios Inc. and Survivor Productions LLC filed a lawsuit against us and DISH Network L.L.C. in the United States District Court for the Central District of California, alleging that the PrimeTime Anytime feature and the AutoHop feature infringe their copyrights. The Central District of California matters have been assigned to a single judge, but remain separate cases.

As a result of certain parties competing venue-related motions brought in both the New York and California actions, and certain networks filing various counterclaims and amended complaints, the claims are presently pending in the following venues: (1) the copyright and contract claims regarding the ABC and CBS parties are pending in New York; and (2) the copyright and contract claims regarding the Fox and NBC parties are pending in California. The NBC plaintiffs and Fox plaintiffs have filed amended complaints in their respective California actions adding copyright claims against EchoStar and EchoStar Technologies L.L.C. (EchoStar Technologies), a wholly-owned subsidiary of EchoStar. In addition, the Fox plaintiffs amended complaint added claims challenging the Hopper Transfers feature of our second-generation Hopper set-top box. Additionally, both the ABC and CBS parties have filed counterclaims in the New York action adding copyright claims against EchoStar Technologies, and the CBS parties have filed a counterclaim alleging that we fraudulently concealed the AutoHop feature when negotiating renewal of our CBS retransmission consent agreement.

On November 7, 2012, the California court denied the Fox plaintiffs motion for a preliminary injunction to enjoin the Hopper set-top box s PrimeTime Anytime and AutoHop features. The Fox plaintiffs appealed and, on July 24, 2013, the United States Court of Appeals for the Ninth Circuit affirmed the denial of the Fox plaintiffs motion for a preliminary injunction as to the PrimeTime Anytime and AutoHop features. On August 7, 2013, the Fox plaintiffs filed a petition for rehearing and rehearing en banc. On March 27, 2013, at the request of the parties, the Central District of California granted a stay of all proceedings in the action brought by the NBC plaintiffs, pending resolution of the appeal by the Fox plaintiffs.

On November 23, 2012, the ABC plaintiffs filed a motion in the New York action for a preliminary injunction to enjoin the Hopper set-top box s PrimeTime Anytime and AutoHop features, and, on September 18, 2013, the New York court denied that motion. The ABC plaintiffs have filed a notice of appeal. On February 21, 2013, the Fox plaintiffs filed a second motion for preliminary injunction against: (i) us seeking to enjoin the Hopper Transfers feature in our second-generation Hopper set-top box, alleging breach of their retransmission consent agreement; and (ii) us and EchoStar Technologies seeking to enjoin the Sling placeshifting functionality in our second-generation Hopper set-top box, alleging copyright infringement and breach of their retransmission consent agreement. On

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September 23, 2013, the California court denied the Fox plaintiffs motion and on October 22, 2013, the Fox plaintiffs filed a notice of appeal.

We intend to vigorously prosecute and defend our position in these cases. In the event that a court ultimately determines that we infringe the asserted copyrights, or are in breach of any of the retransmission consent agreements, we may be subject to substantial damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. In addition, as a result of this litigation, we may not be able to renew certain of our retransmission consent agreements and other programming agreements on favorable terms or at all. If we are unable to renew these agreements, there can be no assurance that we would be able to obtain substitute programming, or that such substitute programming would be comparable in quality or cost to our existing programming. Loss of access to existing programming could have a material adverse effect on our business, financial condition and results of operations, including, among other things, our gross new subscriber activations and subscriber churn rate. We cannot predict with any degree of certainty the outcome of these suits or determine the extent of any potential liability or damages.

LightSquared Transaction Shareholder Derivative Actions

On August 9, 2013, an alleged shareholder of the Company, Jacksonville Police and Fire Pension Fund (Jacksonville PFPF), filed a putative shareholder derivative action in the District Court for Clark County, Nevada alleging, among other things, breach of fiduciary duty claims against the members of the Company s Board of Directors as of that date: Charles W. Ergen; Joseph P. Clayton; James DeFranco; Cantey M. Ergen; Steven R. Goodbarn; David K. Moskowitz; Tom A. Ortolf; and Carl E. Vogel (collectively, the Director Defendants). In its operative amended complaint, Jacksonville PFPF claims that Mr. Ergen breached his fiduciary duty to the Company as a result of 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. Jacksonville PFPF claims that the debt purchases created a conflict of interest and allegedly put at risk the Company s bid to acquire LightSquared s spectrum assets at the auction that will occur in connection with the LightSquared bankruptcy proceeding. Jacksonville PFPF further claims that most members of the Company s Board of Directors are not sufficiently independent from Mr. Ergen to guide the Company through the LightSquared auction process. Jacksonville PFPF is seeking an unspecified amount of damages and a preliminary injunction that would enjoin Mr. Ergen and all of the Director Defendants other than Mr. Goodbarn from influencing the Company s ongoing efforts to acquire assets of LightSquared in the bankruptcy proceeding. The Court has set a hearing on the preliminary injunction motion for November 25, 2013. Jacksonville PFPF dismissed its claims against Mr. Goodbarn on October 8, 2013.

Five alleged shareholders have filed duplicative putative derivative complaints in state and federal courts alleging the same 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. None of the plaintiffs in these actions is seeking a preliminary injunction. 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.

The Company has established a Special Litigation Committee to review the factual allegations and legal claims in these actions. We cannot predict with any degree of certainty the outcome of these suits or determine the extent of any potential liability or damages.

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Norman IP Holdings, LLC

On September 15, 2011, Norman IP Holdings, LLC (Norman) filed a patent infringement complaint (the 2011 Action) against Lexmark International Corporation (Lexmark) and Brother International Corporation (Brother) in the United States District Court for the Eastern District of Texas alleging infringement of U.S. Patent No. 5,592,555 (the 555 patent), U.S. Patent No. 5,530,597 (the 597 patent) and U.S. Patent No. 5,502,689 (the 689 patent) by Lexmark, and infringement of the 555 patent and the 689 patent by Brother. On January 27, 2012, Norman filed a second amended complaint in the 2011 Action that added us as a defendant, among others, in which it asserted the 555 patent and the 689 patent against us. On September 21, 2012, Norman served us with preliminary infringement contentions related to the 555 patent and the 689 patent, as well as the 597 patent, which outlined Norman s claims with respect to certain DISH products. On February 8, 2013, Norman filed a third amended complaint in the 2011 Action, in which it added claims against us alleging infringement of the 597 patent. On April 8, 2013, Norman filed a fourth amended complaint in the 2011 Action, in which it added new claims against us alleging infringement of additional DISH products. On May 1, 2013, Norman filed a fifth amended complaint in the 2011 Action, in which it named Mercedes-Benz USA, LLC, Volkswagen Group of America, Inc., Xerox Corporation, ZTE (USA) Inc., and ZTE Solutions, Inc. as defendants, in addition to us. On July 9, 2013, the Court ordered Norman to file a new sixth amended complaint limiting Norman s claims against us to those specifically referenced in its September 21, 2012 preliminary infringement contentions. As a result, on July 10, 2013, Norman filed a sixth amended complaint in the 2011 Action, in which it asserted claims against our wholly-owned subsidiary, DISH Network L.L.C., replacing us as defendant, alleging that the use of certain Broadcom chipsets in DISH DVR systems infringes the 689 patent. In addition, Norman withdrew all infringement claims against us regarding the 555 patent and the 597 patent. On July 12, 2013, we filed a motion to dismiss the 2011 Action, because Norman failed to comply with the Court s July 9, 2013 order.

In addition, on May 10, 2013, Norman filed a separate patent infringement complaint (the 2013 Action) against us in the United States District Court for the Eastern District of Texas, asserting infringement of the 555, 597 and 689 patents, as well as U.S. Patent No. 5,608,873 (the 873 patent) and U.S. Patent Number 5,771,394 (the 394 patent). The infringement claims asserted in the 2013 Action relate to different DISH products than Norman identified in the 2011 Action. On June 26, 2013, we filed a motion to dismiss the 2013 Action, because Norman failed to join necessary parties. Our motion to dismiss is pending, and no trial date has been set for the 2013 Action.

On October 18, 2013, the parties stipulated that Norman will dismiss all of its claims against DISH Network L.L.C. in the 2011 Action, and re-assert them in the 2013 Action.

The 689 patent relates to a clock generator capable of shut-down mode and clock generation method, the 555 patent relates to a wireless communications privacy method and system, the 597 patent relates to an interrupt enable circuit that allows devices to exit processes without using a hardware reset, the 873 patent relates to a device and method for providing inter-processor communication in a multi-processor architecture, and the 394 patent relates to a servo loop control apparatus having a master microprocessor and at least one autonomous streamlined signal processor. Norman is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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

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Olympic Developments AG, LLC

On January 20, 2011, Olympic Developments AG, LLC (Olympic) filed suit against our wholly-owned subsidiary, DISH Network L.L.C., Atlantic Broadband, Inc., Bright House Networks, LLC, Cable One, Inc., Cequel Communications Holdings I, LLC, CSC Holdings, LLC, GCI Communication Corp., Insight Communications Company, Inc., Knology, Inc., Mediacom Communications Corporation and RCN Telecom Services, LLC in the United States District Court for the Central District of California alleging infringement of United States Patent Nos. 5,475,585 and 6,246,400. The patents relate to on-demand services. Olympic is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. On June 13, 2011, the case was transferred to the Northern District of California. On November 7, 2011, the case was stayed pending reexamination by the U.S. Patent and Trademark Office. On March 12, 2013, Olympic voluntarily dismissed its claims against us without prejudice.

Personalized Media Communications, Inc.

During 2008, Personalized Media Communications, Inc. (PMC) filed suit against us, EchoStar and Motorola Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent Nos. 5,109,414, 4,965,825, 5,233,654, 5,335,277, and 5,887,243, which relate to satellite signal processing. PMC is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. Subsequently, Motorola Inc. settled with PMC, leaving EchoStar and us as defendants. On July 18, 2012, pursuant to a Court order, PMC filed a Second Amended Complaint that added Rovi Guides, Inc. (f/k/a/ Gemstar-TV Guide International, Inc.) and TVG-PMC, Inc. (collectively, Gemstar) as a party, and added a new claim against all defendants seeking a declaratory judgment as to the scope of Gemstar s license to the patents in suit, under which we and EchoStar are sublicensees. A new trial date has not yet been set.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could cause 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.

Pragmatus Telecom, LLC

On December 5, 2012, Pragmatus Telecom, LLC (Pragmatus) filed a patent infringement lawsuit against us in the United States District Court for the District of Delaware alleging infringement of United States Patent Nos. 6,311,231, 6,668,286, and 7,159,043. Pragmatus alleges that the click-to-chat and click-to-call customer support features of the DISH website and call center management systems infringe these patents. Pragmatus has brought similar complaints against more than 40 other companies, including Comcast, AT&T, Sprint, Frontier Communications, Bright House, UPS, FedEx, GM and Ford. Pragmatus is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. On March 5, 2013, Pragmatus voluntarily dismissed with prejudice all claims in the action relating to allegedly infringing features provided by certain of our vendors. Pragmatus also voluntarily dismissed without prejudice all remaining claims in the action.

Premier International Associates, LLC

On August 3, 2012, Premier International Associates, LLC (Premier International Associates) filed a complaint against us, our wholly-owned subsidiaries, DISH DBS and DISH Network L.L.C., and EchoStar and its wholly-owned subsidiary, EchoStar Technologies L.L.C., in the United States District Court for the Northern District of Illinois alleging infringement of United States Patent No. 6,243,725 (the 725 patent), which is entitled List Building System. The 725 patent relates to a system for building an inventory of audio/visual works. Premier International Associates is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. On March 27, 2013, Premier International Associates dismissed the action against us and

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the EchoStar defendants with prejudice, pursuant to a settlement under which we and the EchoStar defendants made an immaterial payment in exchange for a license to certain patents and patent applications.

Preservation Technologies, LLC

In December 2011, Preservation Technologies, LLC (Preservation Technologies) filed suit against us in the United States District Court for the Central District of California. In the Operative Seventh Amended Complaint, filed on March 22, 2013, Preservation Technologies also names Netflix, Inc., Hulu, LLC, AT&T Services, Inc., Cox Communications, Inc., Disney Online, American Broadcasting Companies, Inc., Yahoo! Inc., Wal-Mart Stores, Inc., Vudu, Inc. and ESPN Internet Ventures as defendants. Preservation Technologies alleges that our BLOCKBUSTER On Demand, DISH branded pay-TV and DISH Online services and our Hopper and Joey® set-top boxes infringe U.S. Patent Nos. 5,813,014, 5,832,499, 6,092,080, 6,353,831, 6,574,638, 6,199,060, 5,832,495, 6,549,911, 6,212,527 and 6,477,537. The patents relate to digital libraries, the management of multimedia assets, and the cataloging of multimedia data. Preservation Technologies is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could cause 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.

Ronald A. Katz Technology Licensing, L.P.

During 2007, Ronald A. Katz Technology Licensing, L.P. (Katz) filed a patent infringement action against our wholly-owned subsidiary, DISH Network L.L.C., in the United States District Court for the Northern District of California. The suit originally alleged infringement of 19 patents owned by Katz. The patents relate to interactive voice response, or IVR, technology. The case has been transferred and consolidated for pretrial purposes in the United States District Court for the Central District of California by order of the Judicial Panel on Multidistrict Litigation. Only four patents remain in the case against us, of which all are expired and two are subject to granted reexamination proceedings before the U.S. Patent and Trademark Office.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could cause 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 us and EchoStar in the United States District Court for the Northern District of Illinois alleging infringement of United States Patent No. Re. 35,952, 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. In July 2009, the Court granted our motion to stay the case pending two reexamination petitions before the U.S. 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 cause 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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TQP Development, LLC

On April 4, 2012, TQP Development, LLC (TQP Development) filed suit against our wholly-owned subsidiary, DISH Network L.L.C., in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 5,412,730 titled Encrypted Data Transmission System Employing Means for Randomly Altering the Encryption Keys. TQP Development is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. On August 9, 2013, all claims in the action were dismissed with prejudice.

Tse

On May 30, 2012, Ho Keung Tse filed a complaint against our wholly-owned subsidiary, Blockbuster L.L.C., in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 6,665,797, which is entitled Protection of Software Again [sic] Against Unauthorized Use. Mr. Tse is the named inventor on the patent. On the same day that he sued Blockbuster, Mr. Tse filed a separate action in the same court alleging infringement of the same patent against Google, Samsung and HTC. He also has earlier-filed litigation on the same patent pending in the United States District Court for the Northern District of California against Sony Connect, Inc., Napster, Inc., Apple Computer, Inc., Realnetworks, Inc., and MusicMatch, Inc. On March 8, 2013, the Court granted Blockbuster L.L.C. s motion to transfer the matter to the United States District Court for the Northern District of California, the same venue where the matter against Google, Samsung and HTC also was transferred. On July 26, 2013, we filed a summary judgment motion. The Court held a hearing on our motion on September 6, 2013.

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.

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 which 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 position, 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.

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13. Segment Reporting

Operating segments are components of an enterprise for which separate financial information is available and regularly evaluated by the chief operating decision maker(s) of an enterprise. Operating income is the primary measure used by our chief operating decision maker to evaluate segment operating performance. We operate three primary business segments.

- ***DISH.*** The DISH branded DBS pay-TV service had 14.049 million subscribers in the United States as of September 30, 2013. The DISH branded pay-TV service consists of FCC licenses authorizing us to use DBS and FSS spectrum, our owned and leased satellites, receiver systems, third party broadcast operations, customer service facilities, a leased fiber network, in-home service and call center operations, and certain other assets utilized in our operations. In addition, we market broadband services under the dishNET brand.

- ***Blockbuster.*** On April 26, 2011, we completed the Blockbuster Acquisition. Blockbuster primarily offers movies and video games for sale and rental through multiple distribution channels such as retail stores, by-mail, digital devices, the blockbuster.com website and the BLOCKBUSTER On Demand service. On November 6, 2013, we announced that Blockbuster expects to close all of its remaining company-owned domestic retail stores and discontinue the Blockbuster by-mail service by early January 2014. See Note 9 for further information.

- ***Wireless.*** In 2008, we paid $712 million to acquire certain 700 MHz wireless spectrum licenses, which were granted to us by the FCC in February 2009 subject to certain interim and final build-out requirements. On March 9, 2012, we completed the DBSD Transaction and the TerreStar Transaction, pursuant to which we acquired, among other things, 40 MHz of AWS-4 wireless spectrum licenses held by DBSD North America and TerreStar. The financial results of DBSD North America and TerreStar are included in our financial results beginning March 9, 2012. The total consideration to acquire the DBSD North America and TerreStar assets was approximately $2.860 billion. On February 15, 2013, the FCC issued an order, which became effective on March 7, 2013, modifying our AWS-4 licenses to expand our terrestrial operating authority. The FCC s order of modification has imposed certain limitations on the use of a portion of the spectrum and also mandated certain interim and final build-out requirements for the licenses. See Note 12 for further information.

We currently generate an immaterial amount of revenue and incur expenses associated with certain satellite operations and regulatory compliance matters from our wireless spectrum assets. As we review our options for the commercialization of this wireless spectrum, we may incur significant additional expenses and may have to make significant investments related to, among other things, research and development, wireless testing and wireless network infrastructure.

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

	As of September 30, 2013	As of December 31, 2012
	(In thousands)	
Total assets: (1)		
DISH	$ 19,677,640	$ 16,144,977
Blockbuster (2)	227,126	357,267
Wireless	4,889,632	5,066,616
Eliminations	(4,449,158)	(4,189,252)
Total assets	$ 20,345,240	$ 17,379,608

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
	(In thousands)			
Revenue:				
DISH	$ 3,507,473	$ 3,298,869	$ 10,375,785	$ 9,875,890
Blockbuster (3)	96,665	230,885	397,597	818,188
Wireless (4)	395	305	1,607	634
Eliminations	(2,956)	(6,712)	(12,055)	(17,730)
Total revenue	$ 3,601,577	$ 3,523,347	$ 10,762,934	$ 10,676,982
Operating income (loss):				
DISH	$ 442,368	$ (241,674)	$ 1,462,716	$ 824,244
Blockbuster (5)	(23,498)	(11,919)	(27,909)	(11,295)
Wireless (4)(6)	(21,449)	(19,436)	(564,460)	(45,215)
Total operating income (loss)	$ 397,421	$ (273,029)	$ 870,347	$ 767,734

(1) Certain prior period assets have been reclassified to conform to the current period presentation consistent with the separate financial information regularly evaluated by our chief operating decision maker(s).

(2) The decrease in assets from December 31, 2012 to September 30, 2013 primarily related to the deconsolidation of Blockbuster UK on January 16, 2013, Blockbuster domestic store closings during the nine months ended September 30, 2013, and the write down of Blockbuster Mexico assets during the third quarter 2013. See Note 9 for further information.

(3) The decrease in revenue for the three and nine months ended September 30, 2013 primarily related to the deconsolidation of Blockbuster UK on January 16, 2013 and Blockbuster domestic store closings during 2013 and 2012. See Note 9 for further information.

(4) The three and nine months ended September 30, 2012 included Wireless results from the acquisitions of DBSD North America and TerreStar on March 9, 2012.

(5) The decrease in operating income for the three and nine months ended September 30, 2013 primarily related to the write down of Blockbuster Mexico assets during the third quarter 2013. See Note 9 for further information.

(6) The nine months ended September 30, 2013 included a $438 million impairment charge for the T2 and D1 satellites, $53 million of additional depreciation expense related to the accelerated depreciable lives of certain assets designed to support the TerreStar MSS business and $18 million of legal and financial advisory fees related to our proposed merger with Sprint. See Note 7 for further information.

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Geographic Information. Revenues are attributed to geographic regions based upon the location where the products are delivered and services are provided. The following table summarizes revenue attributed to the United States and foreign locations.

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
	(In thousands)			
Revenue:				
United States	$ 3,562,670	$ 3,406,088	$ 10,615,673	$ 10,316,080
United Kingdom (1)		66,744	10,883	206,978
Mexico (2)	38,129	37,507	117,715	114,196
Other	778	13,008	18,663	39,728
Total revenue	$ 3,601,577	$ 3,523,347	$ 10,762,934	$ 10,676,982

(1) The decrease for the three and nine months ended September 30, 2013 related to the deconsolidation of Blockbuster UK on January 16, 2013. See Note 9 for further information.

(2) This revenue is related solely to our Blockbuster Mexico operations.

14. Related Party Transactions

Related Party Transactions with EchoStar

Following the Spin-off, EchoStar has operated as a separate public company, and we have no continued ownership interest in EchoStar. However, a substantial majority of the voting power of the shares of both companies is owned beneficially by Charles W. Ergen, our Chairman, and by certain trusts established by Mr. Ergen for the benefit of his family.

EchoStar is our primary supplier of set-top boxes and digital broadcast operations and a key supplier of transponder capacity. Generally, the amounts we pay EchoStar for products and services are based on pricing equal to EchoStar s cost plus a fixed margin (unless noted differently below), which will vary depending on the nature of the products and services provided.

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. 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 position and results of operations.

Equipment sales, services and other revenue EchoStar

Remanufactured Receiver Agreement. We entered into a remanufactured receiver agreement with EchoStar pursuant to which EchoStar has the right, but not the obligation, to purchase remanufactured receivers and accessories from us at cost plus a fixed margin, which varies depending on the nature of the equipment purchased. In November 2013, we and EchoStar extended this agreement until December 31, 2014. EchoStar may terminate the remanufactured receiver agreement for any reason upon at least 60 days notice to us. We may also terminate this agreement if certain entities acquire us.

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Professional Services Agreement. Prior to 2010, in connection with the Spin-off, we entered into various agreements with EchoStar including the Transition Services Agreement, Satellite Procurement Agreement and Services Agreement, which all expired on January 1, 2010 and were replaced by a Professional Services Agreement. During 2009, we and EchoStar agreed that EchoStar shall continue to have the right, but not the obligation, to receive the following services from us, among others, certain of which were previously provided under the Transition Services Agreement: information technology, travel and event coordination, internal audit, legal, accounting and tax, benefits administration, program acquisition services and other support services. Additionally, we and EchoStar agreed that we shall continue to have the right, but not the obligation, to engage EchoStar to manage the process of procuring new satellite capacity for us (previously provided under the Satellite Procurement Agreement) and receive logistics, procurement and quality assurance services from EchoStar (previously provided under the Services Agreement) and other support services. The Professional Services Agreement automatically renewed on January 1, 2013 for an additional one-year period until January 1, 2014 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.

Management Services Agreement. In connection with the Spin-off, we entered into a Management Services Agreement with EchoStar pursuant to which we have made certain of our officers available to provide services (which were primarily legal and accounting services) to EchoStar. Specifically, Paul W. Orban remains employed by us, but also served as EchoStar s Senior Vice President and Controller through April 2012. The Management Services Agreement automatically renewed on January 1, 2013 for an additional one-year period until January 1, 2014. Effective June 15, 2013, the Management Services Agreement was terminated by EchoStar. EchoStar made payments to us based upon an allocable portion of the personnel costs and expenses incurred by us with respect to any such officers (taking into account wages and fringe benefits). These allocations were based upon the estimated percentages of time spent by our executive officers performing services for EchoStar under the Management Services Agreement. EchoStar also reimbursed us for direct out-of-pocket costs incurred by us for management services provided to EchoStar. We and EchoStar evaluated all charges for reasonableness at least annually and made any adjustments to these charges as we and EchoStar mutually agreed upon.

Satellite Capacity Leased to EchoStar. Since the Spin-off, we have entered into certain satellite capacity agreements pursuant to which EchoStar leases certain satellite capacity on certain satellites owned by us. The fees for the services provided under these satellite capacity agreements depend, among other things, upon the orbital location of the applicable satellite and the length of the lease. The term of each lease is set forth below:

EchoStar I. During 2009, we entered into a satellite capacity agreement pursuant to which EchoStar leases certain satellite capacity from us on EchoStar I. We and EchoStar mutually agreed to terminate this satellite capacity agreement effective as of July 1, 2012.

D1. Effective November 1, 2012, we entered into a satellite capacity agreement pursuant to which Hughes Network Systems, LLC (HNS), a wholly-owned subsidiary of Hughes Communications, Inc. (Hughes), leases certain satellite capacity from us on D1 for research and development. This lease generally terminates upon the earlier of: (i) the end-of-life of the satellite; (ii) the date the satellite fails; (iii) the date the spectrum capacity on which service is being provided under the agreement fails; or (iv) December 31, 2013.

EchoStar XV. During May 2013, we began leasing satellite capacity to EchoStar on EchoStar XV and relocated the satellite for testing at EchoStar s Brazilian authorization at the 45 degree orbital location. Subject to certain conditions, (i) this lease terminates on February 1, 2014, (ii) EchoStar has certain rights to extend the service term of this lease for three years, and (iii) we have the right to terminate this lease prior to the date of expiration and have the satellite relocated from the 45 degree orbital location.

Real Estate Lease Agreements. Since the Spin-off, we have entered into lease agreements pursuant to which we lease certain real estate to EchoStar. The rent on a per square foot basis for each of the leases is comparable to per square foot rental rates of similar commercial property in the same geographic areas, and EchoStar is responsible for

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its portion of the taxes, insurance, utilities and maintenance of the premises. The term of each lease is set forth below:

Varick Sublease Agreement. During 2008, we subleased certain space at 185 Varick Street, New York, New York to EchoStar for a period of approximately seven years.

El Paso Lease Agreement. During 2012, we leased certain space at 1285 Joe Battle Blvd. El Paso, Texas to EchoStar for a period ending on August 1, 2015, which also provides EchoStar with renewal options for four consecutive three-year terms.

American Fork Occupancy License Agreement. During 2013, we subleased certain space at 796 East Utah Valley Drive, American Fork, Utah to EchoStar for a period ending on July 31, 2017.

Satellite and transmission expenses EchoStar

Broadcast Agreement. Effective January 1, 2012, we and EchoStar entered into a broadcast agreement (the 2012 Broadcast Agreement) pursuant to which EchoStar provides broadcast services to us, including teleport services such as transmission and downlinking, channel origination services, and channel management services, for the period from January 1, 2012 to December 31, 2016. The fees for services provided under the 2012 Broadcast Agreement are calculated at either: (a) EchoStar s cost of providing the relevant service plus a fixed dollar fee, which is subject to certain adjustments; or (b) EchoStar s cost of providing the relevant service plus a fixed margin, which will depend on the nature of the services provided. We have the ability to terminate channel origination services and channel management services for any reason and without any liability upon at least 60 days notice to EchoStar. If we terminate the teleport services provided under the 2012 Broadcast Agreement for a reason other than EchoStar s breach, we are generally obligated to reimburse EchoStar for any direct costs EchoStar incurs related to any such termination that it cannot reasonably mitigate.

Broadcast Agreement for Certain Sports Related Programming. During May 2010, we and EchoStar entered into a broadcast agreement pursuant to which EchoStar provides certain broadcast services to us in connection with our carriage of certain sports related programming. The term of this agreement is for ten years. If we terminate this agreement for a reason other than EchoStar s breach, we are generally obligated to reimburse EchoStar for any direct costs EchoStar incurs related to any such termination that it cannot reasonably mitigate. The fees for the broadcast services provided under this agreement depend, among other things, upon the cost to develop and provide such services.

Satellite Capacity Leased from EchoStar. Since the Spin-off, we have entered into certain satellite capacity agreements pursuant to which we lease certain satellite 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 and the length of the lease. The term of each lease is set forth below:

EchoStar VI, VIII and XII. The leases for EchoStar VI, VIII and XII generally terminate 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. We generally have the option to renew each lease 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. Beginning in the first quarter 2013, the leases for the EchoStar VI and VIII satellites expired in accordance with their terms and we no longer leased capacity from EchoStar on EchoStar VI and VIII. During May 2013, we began leasing capacity from EchoStar on EchoStar VIII as an in-orbit spare. Subject to certain conditions, this lease terminates on February 1, 2014.

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 XVI. During 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 during November 2012 to replace EchoStar XV at the 61.5 degree orbital location and is currently in service. Under the original transponder service agreement, the initial term generally expired upon the earlier of: (i) the end-of-life or replacement of the satellite; (ii) the date the satellite failed; (iii) the date the transponder(s) on which service was being provided under the agreement failed; or (iv) ten years following the actual service commencement date. Prior to expiration of the initial term, we also had the option to renew on a year-to-year basis through the end-of-life of the satellite. 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. Prior to expiration of the initial term, we have the option to renew for an additional six-year period. Prior to expiration of the initial term, EchoStar also has the right, upon certain conditions, to renew for an additional six-year period. If either we or EchoStar exercise our respective six-year renewal options, then we have the option to renew for an additional five-year period prior to expiration of the then-current term. There can be no assurance that any options to renew this agreement will be exercised.

Nimiq 5 Agreement. During 2009, EchoStar entered into a fifteen-year satellite service agreement with Telesat Canada (Telesat) to receive service on all 32 DBS transponders on the Nimiq 5 satellite at the 72.7 degree orbital location (the Telesat Transponder Agreement). During 2009, EchoStar also entered into a satellite service agreement (the DISH Nimiq 5 Agreement) with us, pursuant to which we currently receive service from EchoStar on all 32 of the DBS transponders covered by the Telesat Transponder Agreement. We have also guaranteed certain obligations of EchoStar under the Telesat Transponder Agreement. See discussion under Guarantees in Note 12.

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 it 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 of the 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 third quarter 2012, we and EchoStar entered into an agreement pursuant to which we sublease back to EchoStar five of the 24 DBS transponders on the QuetzSat-1 satellite. Rental income generated from this sublease is recorded as revenue within Equipment sales, services and other revenue EchoStar on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). During 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

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(Unaudited)

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. During 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). During 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. During the third quarter 2013, we made a $23 million payment to EchoStar in exchange for these rights. In accordance with accounting principles that apply to transfers of assets between companies under common control, we recorded EchoStar s net book value of this asset of $20 million in Other noncurrent assets, net on our Condensed Consolidated Balance Sheets and recorded the amount in excess of EchoStar s net book value of $3 million as a capital distribution. 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, during 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). During 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 a period ending on December 31, 2016 (the 2012 TT&C Agreement). The fees for services provided under the 2012 TT&C Agreement are calculated at either: (i) a fixed fee; or (ii) cost plus a fixed margin, which will vary depending on the nature of the services provided. We are able to terminate the 2012 TT&C Agreement for any reason upon 60 days notice.

DBSD North America Agreement. On March 9, 2012, we completed the DBSD Transaction. During the second quarter 2011, EchoStar acquired Hughes. Prior to our acquisition of DBSD North America and EchoStar s acquisition of Hughes, DBSD North America and HNS entered into an agreement pursuant to which HNS provides, among other things, hosting, operations and maintenance services for DBSD North America s satellite gateway and associated ground infrastructure. This agreement renewed for a one-year period ending on February 15, 2014, and renews for three successive one-year periods unless terminated by DBSD North America upon at least 30 days notice prior to the expiration of any renewal term.

TerreStar Agreement. On March 9, 2012, we completed the TerreStar Transaction. Prior to our acquisition of substantially all the assets of TerreStar and EchoStar s acquisition of Hughes, TerreStar and HNS entered into various agreements pursuant to which HNS provides, among other things, hosting, operations and maintenance services for TerreStar s satellite gateway and associated ground infrastructure. These agreements generally may be terminated by us at any time for convenience.

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(Unaudited)

General and administrative expenses EchoStar

Product Support Agreement. In connection with the Spin-off, we entered into a product support agreement pursuant to which we have the right, but not the obligation, to receive product support from EchoStar (including certain engineering and technical support services) for all set-top boxes and related accessories that EchoStar has previously sold and in the future may sell to us. The fees for the services provided under the product support agreement are calculated at cost plus a fixed margin, which varies depending on the nature of the services provided. The term of the product support agreement is the economic life of such receivers and related accessories, unless terminated earlier. We may terminate the product support agreement for any reason upon at least 60 days notice. In the event of an early termination of this agreement, we are entitled to a refund of any unearned fees paid to EchoStar for the services.

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 of the leases is set forth below:

- *Inverness Lease Agreement.* The lease for certain space at 90 Inverness Circle East in Englewood, Colorado is for a period ending on December 31, 2016. This agreement can be terminated by either party upon six months prior notice.

- *Meridian Lease Agreement.* The lease for all of 9601 S. Meridian Blvd. in Englewood, Colorado is for a period ending on December 31, 2016.

- *Santa Fe Lease Agreement.* The lease for all of 5701 S. Santa Fe Dr. in Littleton, Colorado is for a period ending on December 31, 2016 with a renewal option for one additional year.

- *EchoStar Data Networks Sublease Agreement*. The sublease for certain space at 211 Perimeter Center in Atlanta, Georgia is for a period ending on October 31, 2016.

- *Gilbert Lease Agreement.* The lease for certain space at 801 N. DISH Dr. in Gilbert, Arizona is a month-to-month lease and can be terminated by either party upon 30 days prior notice.

- *Cheyenne Lease Agreement.* The lease for certain space at 530 EchoStar Drive in Cheyenne, Wyoming is for a period ending on December 31, 2031.

DISHOnline.com Services Agreement. Effective January 1, 2010, we entered into a two-year agreement with EchoStar pursuant to which we receive certain services associated with an online video portal. The fees for the services provided under this services agreement depend, among other things, upon the cost to develop and operate such services. We have the option to renew this agreement for three successive one year terms and the agreement may be terminated for any reason upon at least 120 days notice to EchoStar. In November 2013, we exercised our right to renew this agreement for a one-year period ending on December 31, 2014.

DISH Remote Access Services Agreement. Effective February 23, 2010, we entered into an agreement with EchoStar pursuant to which we receive, among other things, certain remote DVR management services. The fees for the services provided under this services agreement depend, among other things, upon the cost to develop and operate such services. This agreement has a term of five years with automatic renewal for successive one year terms. This agreement may be terminated for any reason upon at least 120 days notice to EchoStar.

SlingService Services Agreement. Effective February 23, 2010, we entered into an agreement with EchoStar pursuant to which we receive certain services related to placeshifting. The fees for the services provided under this services agreement depend, among other things, upon the cost to develop and operate such services. This agreement

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has a term of five years with automatic renewal for successive one year terms. This agreement may be terminated for any reason upon at least 120 days notice to EchoStar.

Blockbuster. On April 26, 2011, we completed the Blockbuster Acquisition. During the second quarter 2011, EchoStar acquired Hughes. Blockbuster purchased certain broadband products and services from HNS pursuant to an agreement that was entered into prior to the Blockbuster Acquisition and EchoStar s acquisition of Hughes. Subsequent to these transactions, Blockbuster entered into a new agreement with HNS which extends for a period through October 31, 2014, pursuant to which Blockbuster may continue to purchase certain broadband products and services from HNS. Blockbuster has the option to renew the agreement for an additional one-year period.

DISH Digital Holding L.L.C. Effective July 1, 2012, we and EchoStar formed DISH Digital Holding L.L.C. (DISH Digital), which is owned two-thirds by us and one-third by EchoStar and is consolidated into our financial statements beginning July 1, 2012. DISH Digital was formed to develop and commercialize certain advanced technologies. We, EchoStar and DISH Digital entered into the following agreements with respect to DISH Digital: (i) a contribution agreement pursuant to which we and EchoStar contributed certain assets in exchange for our respective ownership interests in DISH Digital; (ii) a limited liability company operating agreement, which provides for the governance of DISH Digital; and (iii) a commercial agreement pursuant to which, among other things, DISH Digital has: (a) certain rights and corresponding obligations with respect to DISH Digital s business; and (b) the right, but not the obligation, to receive certain services from us and EchoStar, respectively. Since this is a formation of an entity under common control and a step-up in basis is not allowed, each party s contributions were recorded at historical book value for accounting purposes. We consolidated DISH Digital with EchoStar s ownership position recorded as non-controlling interest.

Application Development Agreement. During the fourth quarter 2012, we and EchoStar entered into a set-top box application development agreement (the Application Development Agreement) pursuant to which EchoStar provides us with certain services relating to the development of web-based applications for set-top boxes for a period ending on February 1, 2015. The Application Development Agreement renews automatically for successive one-year periods thereafter, unless terminated earlier by us or EchoStar at any time upon at least 90 days notice. The fees for services provided under the Application Development Agreement are calculated at EchoStar s cost of providing the relevant service plus a fixed margin, which will depend on the nature of the services provided.

XiP Encryption Agreement. During the third quarter 2012, we entered into an encryption agreement with EchoStar for our whole-home HD DVR line of set-top boxes (the XiP Encryption Agreement) pursuant to which EchoStar provides certain security measures on our whole-home HD DVR line of set-top boxes to encrypt the content delivered to the set-top box via a smart card and secure the content between set-top boxes. The term of the XiP Encryption Agreement is for a period until December 31, 2014. Under the XiP Encryption Agreement, we have the option, but not the obligation, to extend the XiP Encryption Agreement for one additional year upon 180 days notice prior to the end of the term. We and EchoStar each have the right to terminate the XiP Encryption Agreement for any reason upon at least 30 days notice and 180 days notice, respectively. The fees for the services provided under the XiP Encryption Agreement are calculated on a monthly basis based on the number of receivers utilizing such security measures each month.

Other Agreements EchoStar

Receiver Agreement. EchoStar is currently our sole supplier of set-top box receivers. Effective January 1, 2012, we and EchoStar entered into a receiver agreement (the 2012 Receiver Agreement) pursuant to which we have the right, but not the obligation, to purchase digital set-top boxes, related accessories, and other equipment from EchoStar for the period from January 1, 2012 to December 31, 2014. We have an option, but not the obligation, to extend the 2012 Receiver Agreement for one additional year upon 180 days notice prior to the end of the term. The 2012 Receiver Agreement allows us to purchase digital set-top boxes, related accessories and other equipment from EchoStar either: (i) at a cost (decreasing as EchoStar reduces costs and increasing as costs increase) plus a dollar mark-up which will depend upon the cost of the product subject to a collar on EchoStar s mark-up; or (ii) at cost

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plus a fixed margin, which will depend on the nature of the equipment purchased. Under the 2012 Receiver Agreement, EchoStar s margins will be increased if they are able to reduce the costs of their digital set-top boxes and their margins will be reduced if these costs increase. EchoStar provides us with standard manufacturer warranties for the goods sold under the 2012 Receiver Agreement. Additionally, the 2012 Receiver Agreement includes an indemnification provision, whereby the parties indemnify each other for certain intellectual property matters. We are able to terminate the 2012 Receiver Agreement for any reason upon at least 60 days notice to EchoStar. EchoStar is able to terminate the 2012 Receiver Agreement if certain entities acquire us.

For the three months ended September 30, 2013 and 2012, we purchased set-top boxes and other equipment from EchoStar of $341 million and $247 million, respectively. For the nine months ended September 30, 2013 and 2012, we purchased set-top boxes and other equipment from EchoStar of $947 million and $738 million, respectively. Included in these amounts are purchases of certain broadband equipment from EchoStar under the Receiver Agreement. These amounts are initially included in Inventory and are subsequently capitalized as Property and equipment, net on our Condensed Consolidated Balance Sheets or expensed as Subscriber acquisition costs on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) when the equipment is deployed.

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

In light of the tax sharing agreement, among other things, and in connection with our consolidated federal income tax returns for certain tax years prior to and for the year of the Spin-off, during the third quarter 2013, we and EchoStar agreed upon a supplemental allocation of the tax benefits arising from certain tax items resolved in the course of the IRS examination of these consolidated tax returns. As a result, we agreed to pay EchoStar $83 million of the tax benefit we received or will receive. This resulted in a reduction of our recorded unrecognized tax benefits and this amount was reclassified to a long-term payable to EchoStar within Long-term deferred revenue, distribution and carriage payments and other long-term liabilities on our Condensed Consolidated Balance Sheets during the third quarter 2013. Any payment to EchoStar, including accrued interest, will be made at such time as EchoStar would have otherwise been able to realize such tax benefit. In addition, during the third quarter 2013, we and EchoStar agreed upon a tax sharing arrangement for filing certain combined state income tax returns and a method of allocating the respective tax liabilities between us and EchoStar for such combined returns, through the taxable period ending on December 31, 2017.

RUS Implementation Agreement. In September 2010, DISH Broadband L.L.C. (DISH Broadband), our wholly-owned subsidiary, was selected by the Rural Utilities Service (RUS) of the United States Department of Agriculture to receive up to approximately $14 million in broadband stimulus grant funds (the Grant Funds). Effective November 2011, DISH Broadband and HNS entered into a RUS Implementation Agreement (the RUS Agreement) pursuant to which HNS provides certain portions of the equipment and broadband service used to implement our RUS program. The initial term of the RUS Agreement shall continue until the earlier of: (i)

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Continued

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September 24, 2013; or (ii) the date that the Grant Funds have been exhausted. In addition, DISH Broadband may terminate the RUS Agreement for convenience upon 45 days prior written notice to HNS. The RUS Agreement expired during June 2013 when the Grant Funds were exhausted. During the three months ended September 30, 2012, we expensed $4 million under this agreement which is included in Cost of sales equipment, merchandise, services, rental and other on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). During the nine months ended September 30, 2013 and 2012, we expensed $3 million and $6 million, respectively, under this agreement.

TiVo. On April 29, 2011, we and EchoStar entered into a settlement agreement with TiVo Inc. (TiVo). The settlement resolved all pending litigation between us and EchoStar, on the one hand, and TiVo, on the other hand, including litigation relating to alleged patent infringement involving certain DISH digital video recorders, or DVRs.

Under the settlement agreement, all pending litigation was dismissed with prejudice and all injunctions that permanently restrain, enjoin or compel any action by us or EchoStar were dissolved. We and EchoStar are jointly responsible for making payments to TiVo in the aggregate amount of $500 million, including an initial payment of $300 million and the remaining $200 million in six equal annual installments between 2012 and 2017. Pursuant to the terms and conditions of the agreements entered into in connection with the Spin-off of EchoStar from us, we made the initial payment to TiVo in May 2011, except for the contribution from EchoStar totaling approximately $10 million, representing an allocation of liability relating to EchoStar s sales of DVR-enabled receivers to an international customer. Future payments will be allocated between us and EchoStar based on historical sales of certain licensed products, with us being responsible for 95% of each annual payment.

Patent Cross-License Agreements. During December 2011, we and EchoStar entered into separate patent cross-license agreements with the same third party whereby: (i) EchoStar and such third party licensed their respective patents to each other subject to certain conditions; and (ii) we and such third party licensed our respective patents to each other subject to certain conditions (each, a Cross-License Agreement). Each Cross License Agreement covers patents acquired by the respective party prior to January 1, 2017 and aggregate payments under both Cross-License Agreements total less than $10 million. Each Cross License Agreement also contains an option to extend each Cross-License Agreement to include patents acquired by the respective party prior to January 1, 2022. If both options are exercised, the aggregate additional payments to such third party would total less than $3 million. However, we and EchoStar may elect to extend our respective Cross-License Agreement independently of each other. Since the aggregate payments under both Cross-License Agreements were based on the combined annual revenues of us and EchoStar, we and EchoStar agreed to allocate our respective payments to such third party based on our respective percentage of combined total revenue.

Hughes Broadband Distribution Agreement. Effective October 1, 2012, dishNET Satellite Broadband L.L.C. (dishNET Satellite Broadband), our wholly-owned subsidiary, and HNS entered into a Distribution Agreement (the Distribution Agreement) pursuant to which dishNET Satellite Broadband has the right, but not the obligation, to market, sell and distribute the HNS satellite Internet service (the Service). dishNET Satellite Broadband pays HNS a monthly per subscriber wholesale service fee for the Service based upon the subscriber s service level, and, beginning January 1, 2014, certain volume subscription thresholds. The Distribution Agreement also provides that dishNET Satellite Broadband has the right, but not the obligation, to purchase certain broadband equipment from HNS to support the sale of the Service. The Distribution Agreement has a term of five years with automatic renewal for successive one year terms unless either party gives written notice of its intent not to renew to the other party at least 180 days before the expiration of the then-current term. Upon expiration or termination of the Distribution Agreement, the parties will continue to provide the Service to the then-current dishNET subscribers pursuant to the terms and conditions of the Distribution Agreement. During the three and nine months ended September 30, 2013, we paid $9 million and $19 million, respectively, for these services from HNS, included in Subscriber-related expenses on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Since this Distribution Agreement was entered into effective October 1, 2012, we did not incur any expense for the three and nine months ended September 30, 2012.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Continued

(Unaudited)

For the three and nine months ended September 30, 2013, we purchased broadband equipment from HNS of $20 million and $57 million, respectively. These amounts are initially included in Inventory and are subsequently capitalized as Property and equipment, net on our Condensed Consolidated Balance Sheets or expensed as Subscriber acquisition costs on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) when the equipment is deployed. Since this Distribution Agreement was entered into effective October 1, 2012, we did not incur any expense for the three and nine months ended September 30, 2012. In addition, we purchase certain broadband equipment from EchoStar under the Receiver Agreement, as previously discussed.

Voom Settlement Agreement. On October 21, 2012, we entered into the Voom Settlement Agreement with Voom and Cablevision, and for certain limited purposes, MSG Holdings, L.P., The Madison Square Garden Company and EchoStar. The Voom Settlement Agreement resolved the litigation between the parties relating to the Voom programming services. EchoStar was a party to the Voom Settlement Agreement solely for the purposes of executing a mutual release of claims with Voom, Cablevision, MSG Holdings, L.P. and The Madison Square Garden Company relating to the Voom programming services.

Radio Access Network Agreement. On November 29, 2012, we entered into an agreement with HNS pursuant to which HNS will construct for us a ground-based satellite radio access network (RAN) for a fixed fee. The completion of the RAN under this agreement is expected to occur on or before November 29, 2014. This agreement generally may be terminated by us at any time for convenience. As of September 30, 2013 and December 31, 2012, we had capitalized in total $8 million and $3 million, respectively, for these services, included in Property and equipment, net on our Condensed Consolidated Balance Sheets.

T2 Development Agreement. On August 29, 2013, we and EchoStar entered into a development agreement (the T2 Development Agreement) with respect to the T2 satellite, by which EchoStar will reimburse us for amounts we pay pursuant to an authorization to proceed (the T2 ATP) with Space Systems Loral, LLC related to the T2 satellite construction contract. In exchange, we granted EchoStar a right of first refusal and right of first offer to purchase our rights in T2 during the term of the T2 Development Agreement. In addition, under certain circumstances EchoStar has a right to receive a portion of the sale proceeds in the event T2 is sold to a third party during or following the term of the T2 Development Agreement. The term of the T2 Development Agreement expires on the later of: (i) December 31, 2013, or (ii) the date on which the T2 ATP expires.

Other Agreements

In November 2009, Mr. Roger Lynch became employed by both us and EchoStar as Executive Vice President. Mr. Lynch is responsible for the development and implementation of advanced technologies that are of potential utility and importance to both DISH Network and EchoStar. Mr. Lynch s compensation consists of cash and equity compensation and is borne by both EchoStar and DISH Network.

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Related Party Transactions with NagraStar L.L.C.

NagraStar is a joint venture between EchoStar and Nagra USA, Inc. that is our provider of encryption and related security systems intended to assure that only authorized customers have access to our programming.

The table below summarizes our transactions with NagraStar.

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
	(In thousands)			
Purchases (including fees):				
Purchases from NagraStar	$ 22,563	$ 17,895	$ 69,129	$ 53,624

	As of September 30, 2013	As of December 31, 2012
	(In thousands)	
Amounts Payable and Commitments:		
Amounts payable to NagraStar	$ 18,923	$ 21,930

15. Subsequent Events

7% Senior Notes due 2013

On October 1, 2013, we redeemed the remaining $451 million principal balance of our 7% Senior Notes due 2013.

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

You should read the following management s discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and notes to our financial statements included elsewhere in this quarterly report. This management s discussion and analysis is intended to help provide an understanding of our financial condition, changes in financial condition and results of our operations and contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in our Annual Report on Form 10-K for the year ended December 31, 2012 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2013 under the caption Item 1A. Risk Factors.

EXECUTIVE SUMMARY

Overview

DISH added approximately 35,000 net Pay-TV subscribers during the three months ended September 30, 2013, compared to the loss of approximately 19,000 net Pay-TV subscribers during the same period in 2012. The increase in the number of net Pay-TV subscribers added versus the same period in 2012 resulted primarily from a decrease in our Pay-TV churn rate.

Our Pay-TV churn rate for the three months ended September 30, 2013 was 1.66% compared to 1.80% for the same period in 2012. While our Pay-TV churn rate improved compared to the same period in 2012, churn continues to be adversely affected by increased competitive pressures, including aggressive marketing and discounted promotional offers. 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, service interruptions driven by programming disputes, and our ability to control piracy and other forms of fraud.

During the three months ended September 30, 2013, DISH added approximately 734,000 gross new Pay-TV subscribers compared to the addition of approximately 739,000 gross new Pay-TV subscribers during the same period in 2012, a decrease of 0.7%. Our gross new Pay-TV subscriber activations continue to be negatively impacted by increased competitive pressures, including aggressive marketing, discounted promotional offers, and more aggressive retention efforts in a mature market. In addition, our gross new Pay-TV subscriber activations continue to be adversely affected by sustained economic weakness and uncertainty.

DISH lost approximately 7,000 net Pay-TV subscribers during the nine months ended September 30, 2013, compared to the addition of approximately 75,000 net Pay-TV subscribers during the same period in 2012. The decrease versus the same period in 2012 resulted from lower gross new Pay-TV subscriber activations and an increase in our Pay-TV churn rate. During the nine months ended September 30, 2013, DISH added approximately 2.012 million gross new Pay-TV subscribers compared to approximately 2.077 million gross new Pay-TV subscribers during the same period in 2012, a decrease of 3.1%. Our gross new Pay-TV subscriber activations continue to be negatively impacted by increased competitive pressures, including aggressive marketing, discounted promotional offers, and more aggressive retention efforts in a mature market. In addition, our gross new Pay-TV subscriber activations continue to be adversely affected by sustained economic weakness and uncertainty. Our Pay-TV churn rate for the nine months ended September 30, 2013 was 1.60% compared to 1.58% for the same period in 2012.

Our Pay-TV churn rate was negatively impacted in part because we had a programming package price increase in the first quarter 2013 and did not during the same period in 2012.

On September 27, 2012, we began marketing our satellite broadband service under the dishNET brand. This service leverages advanced technology and high-powered satellites launched by Hughes and ViaSat to provide broadband coverage nationwide. This service primarily targets approximately 15 million rural residents that are underserved, or unserved, by wireline broadband, and provides download speeds of up to 10 Mbps. We lease the customer premise equipment to subscribers and generally pay Hughes and ViaSat a wholesale rate per subscriber on a monthly basis. Currently, we generally utilize our existing DISH distribution channels under similar incentive arrangements as our pay-TV business to acquire new Broadband subscribers.

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

In addition to the dishNET branded satellite broadband service, we also offer wireline voice and broadband services under the dishNET brand as a competitive local exchange carrier to consumers living in a 14-state region (Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming). Our dishNET branded wireline broadband service provides download speeds of up to 20 Mbps.

We primarily bundle our dishNET branded services with our DISH branded pay-TV service, to offer customers a single bill, payment and customer service option, which includes a discount for bundled services. In addition, we market and sell our dishNET branded services on a stand-alone basis.

DISH added approximately 75,000 net Broadband subscribers during the three months ended September 30, 2013 compared to the addition of approximately 17,000 net Broadband subscribers during the same period in 2012. This increase versus the same period in 2012 primarily resulted from higher gross new Broadband subscriber activations. During the three months ended September 30, 2013, DISH added approximately 101,000 gross new Broadband subscribers compared to the addition of approximately 29,000 gross new Broadband subscribers during the same period in 2012. This increase was driven by increased advertising related to the dishNET branded broadband services. Broadband services revenue was $60 million and $24 million for the three months ended September 30, 2013 and 2012, respectively, and 1.7% and 0.8% of our total Subscriber-related revenue, respectively.

DISH added approximately 202,000 net Broadband subscribers during the nine months ended September 30, 2013 compared to the addition of approximately 34,000 net Broadband subscribers during the same period in 2012. This increase versus the same period in 2012 primarily resulted from higher gross new Broadband subscriber activations. During the nine months ended September 30, 2013, DISH added approximately 263,000 gross new Broadband subscribers compared to the addition of approximately 64,000 gross new Broadband subscribers during the same period in 2012. This increase was driven by increased advertising related to the dishNET branded broadband services. Broadband services revenue was $148 million and $66 million for the nine months ended September 30, 2013 and 2012, respectively, and 1.4% and 0.7% of our total Subscriber-related revenue, respectively.

Net income (loss) attributable to DISH Network for the three months ended September 30, 2013 and 2012 was income of $315 million and a loss of $158 million, respectively. During the three months ended September 30, 2013, Net income (loss) attributable to DISH Network increased primarily due to the programming package price increase in February 2013, net realized and/or unrealized gains on our marketable investment securities and derivative financial instruments during 2013 compared to the same period in 2012 and the $102 million reversal of an uncertain tax position that was resolved during the third quarter 2013. These increases were partially offset by an increase in subscriber-related expenses and interest expense. In addition, the three months ended September 30, 2012 was negatively impacted by $730 million of litigation expense related to the Voom Settlement Agreement.

Net income (loss) attributable to DISH Network for the nine months ended September 30, 2013 and 2012 was $519 million and $428 million, respectively. During the nine months ended September 30, 2013, Net income (loss) attributable to DISH Network increased primarily due to the programming package price increase in February 2013 and net realized and/or unrealized gains on our marketable investment securities and derivative financial instruments during 2013 compared to the same period in 2012 and the $102 million reversal of an uncertain tax position that was resolved during the third quarter 2013. These increases were partially offset by the impairment of the T2 and D1 satellites of $438 million during the second quarter 2013 and an increase in subscriber-related expenses, subscriber acquisition costs and interest expense. In addition, the nine months ended September 30, 2012 was negatively impacted by $730 million of litigation expense related to the Voom Settlement Agreement, partially offset by a non-cash gain of $99 million related to the conversion of our DBSD North America 7.5% Convertible Senior Secured Notes due 2009 in connection with the completion of the DBSD Transaction. See Note 12 in the Notes to the Condensed Consolidated Financial Statements for further information.

Our ability to compete successfully will depend on our ability to continue to obtain desirable programming and deliver it to our subscribers at competitive prices, among other things. 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, especially for local broadcast channels and sports programming. Going forward, our margins may face pressure if we are unable to renew our long-term programming contracts on favorable pricing and other economic terms. In addition, increases in programming costs could cause us to increase the rates that we charge our subscribers,

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

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, our gross new Pay-TV subscriber activations and Pay-TV churn rate may be negatively impacted if we are unable to renew our long-term programming contracts before they expire or if we lose access to programming as a result of disputes with programming suppliers.

As the pay-TV industry has matured, we and our competitors increasingly must seek to attract a greater proportion of new subscribers from each other s existing subscriber bases rather than from first-time purchasers of pay-TV services. Some of our competitors have been especially aggressive by offering discounted programming and services for both new and existing subscribers. In addition, programming offered over the Internet has become more prevalent as the speed and quality of broadband networks have improved. Significant changes in consumer behavior with regard to the means by which they obtain video entertainment and information in response to digital media competition could materially adversely affect our business, results of operations and financial condition or otherwise disrupt our business.

While economic factors have impacted the entire pay-TV industry, our relative performance has also been driven by issues specific to DISH. In the past, our Pay-TV subscriber growth has been adversely affected by signal theft and other forms of fraud and by operational inefficiencies at DISH. To combat signal theft and improve the security of our broadcast system, we completed the replacement of our security access devices to re-secure our system during 2009. We expect that additional future replacements of these devices will be necessary to keep our system secure. To combat other forms of fraud, we continue to expect that our third party distributors and retailers will adhere to our business rules.

While we have made improvements in responding to and dealing with customer service issues, we continue to focus on the prevention of these issues, which is critical to our business, financial position and results of operations. We implemented a new billing system as well as new sales and customer care systems in the first quarter 2012. To improve our operational performance, we continue to make significant 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, however, be certain that our spending will ultimately be successful in improving our operational performance.

We have been deploying receivers that utilize 8PSK modulation technology and receivers that utilize MPEG-4 compression technology for several years. These technologies, when fully deployed, will allow more programming channels to be carried over our existing satellites. Many of our customers today, however, do not have receivers that use MPEG-4 compression and a smaller but still significant number of our customers do not have receivers that use 8PSK modulation. We may choose to invest significant capital to accelerate the conversion of customers to MPEG-4 and/or 8PSK to realize the bandwidth benefits sooner. 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 receivers that we purchase from EchoStar have MPEG-4 technology. Although we continue to refurbish and redeploy MPEG-2 receivers, as a result of our HD initiatives and current promotions, we currently activate most new customers with higher priced MPEG-4 technology. This limits our ability to redeploy MPEG-2 receivers and, to the extent that our promotions are successful, will accelerate the transition to MPEG-4 technology, resulting in an adverse effect on our acquisition costs per new subscriber activation.

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.

To maintain and enhance our competitiveness over the long term, we introduced the Hopper® set-top box, which a consumer can use, at his or her option, to view recorded programming in HD in multiple rooms. During the first quarter 2013, we introduced the Hopper set-top box with Sling, which promotes a suite of integrated features and functionality designed to maximize the convenience and ease of watching TV anytime and anywhere, which we refer to as DISH Anywhere that utilizes, among other things, online access and Slingbox placeshifting technology. In addition, the Hopper with Sling has several innovative features that a consumer can use, at his or her option, to watch and record television programming through certain tablet computers and combines program-

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discovery tools, social media engagement and remote-control capabilities through the use of certain tablet computers. 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.

On May 22, 2013, we launched a promotion whereby qualifying new Pay-TV subscribers may choose either an Apple® iPad® 2 or programming credits when they lease a Hopper with Sling set-top box and subscribe to America s Top 120, DishLATINO Plus or a higher programming package and commit to a two-year contract (the iPad promotion).

During the second quarter 2012, the four major broadcast television networks filed lawsuits against us alleging, among other things, that the PrimeTime Anytime and AutoHop features of the Hopper set-top box infringe their copyrights. Subsequently, Fox has alleged that the Hopper Transfers feature of our second generation Hopper set-top-box infringes its copyrights. In the event a court ultimately determines that we infringe the asserted copyrights, we may be subject to, among other things, an injunction that could require us to materially modify or cease to offer these features. See Note 12 in the Notes to our Condensed Consolidated Financial Statements for further information.

Blockbuster

On April 26, 2011, we completed the acquisition of most of the assets of Blockbuster, Inc. (the Blockbuster Acquisition). Blockbuster primarily offers movies and video games for sale and rental through multiple distribution channels such as retail stores, by-mail, digital devices, the blockbuster.com website and the BLOCKBUSTER On Demand® service. Since the Blockbuster Acquisition, we have continually evaluated the impact of certain factors, including, among other things, competitive pressures, the ability of significantly fewer company-owned domestic retail stores to continue to support corporate administrative costs, and other issues impacting the store-level financial performance of our company-owned domestic retail stores. These factors, among others, have previously led us to close a significant number of company-owned domestic retail stores. As of September 30, 2013, Blockbuster operated approximately 400 company-owned retail stores in the United States. On November 6, 2013, we announced that Blockbuster expects to close all of its remaining company-owned domestic retail stores and discontinue the Blockbuster by-mail service by early January 2014. As a result, we expect to incur future losses estimated to range from $15 million to $30 million. These estimated losses are based on a number of factors, including, among others, lease terminations and inventory liquidation. Our actual losses may differ from our estimates.

During the three months ended September 30, 2013, Blockbuster operations contributed $97 million in revenue and $24 million in operating loss compared to $231 million in revenue and $12 million in operating loss for the same period in 2012. The decrease in revenue during the three months ended September 30, 2013 primarily related to the deconsolidation of Blockbuster UK on January 16, 2013 and Blockbuster domestic store closings during 2013 and 2012.

During the nine months ended September 30, 2013, Blockbuster operations contributed $398 million in revenue and $28 million in operating loss compared to $818 million in revenue and $11 million in operating loss for the same period in 2012. The decrease in revenue during the nine months ended September 30, 2013 primarily related to the deconsolidation of Blockbuster UK on January 16, 2013 and Blockbuster domestic store closings during 2013 and 2012.

During the third quarter 2013, we determined that our Blockbuster operations in Mexico (Blockbuster Mexico) are held for sale, consistent with U.S. GAAP. We have written down our Inventory and Property and equipment on our Condensed Consolidated Balance Sheets by $18 million and $3 million, respectively, to record these assets at their estimated fair value less estimated selling costs. These charges were recorded in Cost of sales - equipment, merchandise, services, rental and other and Depreciation and amortization expense on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), respectively, during the three months ended September 30, 2013.

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Blockbuster Entertainment Limited and Blockbuster GB Limited, our Blockbuster operating subsidiaries in the United Kingdom (collectively, the Blockbuster UK Operating Entities), entered into administration proceedings in the United Kingdom on January 16, 2013 (the Administration). Administrators were appointed by the English courts to sell or liquidate the assets of the Blockbuster UK Operating Entities for the benefit of their creditors. Since we no longer exercise control over operating decisions for the Blockbuster UK Operating Entities, we were required to deconsolidate our Blockbuster entities in the United Kingdom (collectively, Blockbuster UK) on January 16, 2013. As a result of the Administration, we wrote down the assets of Blockbuster UK to their estimated net realizable value on our Consolidated Balance Sheets as of December 31, 2012. In total, we recorded charges of approximately $46 million on a pre-tax basis including $25 million in Other, net within Other Income (Expense) and $21 million in Cost of sales equipment, merchandise, services, rental and other on our Consolidated Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2012 related to the Administration.

For the three and nine months ended September 30, 2012, Blockbuster UK had $67 million and $207 million, respectively, of revenue and an operating loss of $1 million and $6 million, respectively. Upon deconsolidation on January 16, 2013, the revenue and expenses related to the operations of Blockbuster UK are no longer recorded in our Condensed Consolidated Financial Statements.

Wireless Spectrum

In 2008, we paid $712 million to acquire certain 700 MHz wireless spectrum licenses, which were granted to us by the FCC in February 2009 subject to certain interim and final build-out requirements. On March 2, 2012, the FCC approved the transfer of 40 MHz of AWS-4 wireless spectrum licenses held by DBSD North America, Inc. (DBSD North America) and TerreStar Networks, Inc. (TerreStar) to us. On March 9, 2012, we completed the acquisition of 100% of the equity of reorganized DBSD North America (the DBSD Transaction) and substantially all of the assets of TerreStar (the TerreStar Transaction), pursuant to which we acquired, among other things, certain satellite assets and wireless spectrum licenses held by DBSD North America and TerreStar. The total consideration to acquire the DBSD North America and TerreStar assets was approximately $2.860 billion. The financial results of DBSD North America and TerreStar are included in our results beginning March 9, 2012.

We generated less than $1 million of revenue for each of the three months ended September 30, 2013 and 2012 from our wireless segment and $2 million and less than $1 million of revenue for the nine months ended September 30, 2013 and 2012, respectively, from our wireless segment. In addition, we incurred operating losses of $21 million and $19 million for the three months ended September 30, 2013 and 2012, respectively, and operating losses of $564 million and $45 million for the nine months ended September 30, 2013 and 2012, respectively. The nine months ended September 30, 2013 included a $438 million impairment charge for the T2 and D1 satellites, $53 million of additional depreciation expense related to the accelerated depreciable lives of certain assets designed to support the TerreStar Mobile Satellite Service (MSS) business, which ceased operations during the second quarter 2013, and $18 million of legal and financial advisory fees related to our proposed merger with Sprint Corporation (Sprint). See Note 7 in the Notes to the Condensed Consolidated Financial Statements for further information.

We incur general and administrative expenses associated with certain satellite operations and regulatory compliance matters from our wireless spectrum assets. We also incur depreciation and amortization expenses associated with certain assets of DBSD North America and TerreStar. As we review our options for the commercialization of this wireless spectrum, we may incur significant additional expenses and may have to make significant investments related to, among other things, research and development, wireless testing and wireless network infrastructure.

Operational Liquidity

Like many companies, we make general investments in property such as satellites, set-top boxes, information technology and facilities that support our overall business. However, 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

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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.

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 how successful we are at retaining our current subscribers. As we lose subscribers from our existing base, the positive cash flow from that base is correspondingly reduced. The second factor is how successful we are at maintaining our 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 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 might 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 the weak economic conditions. Modest fluctuations in the cost of capital will not likely impact our current operational plans.

Future Liquidity

6 5/8% Senior Notes due 2014

Our 6 5/8% Senior Notes with an aggregate principal balance of $1.0 billion mature on October 1, 2014. We expect to fund this obligation from cash generated from operations and existing cash and marketable investment securities balances.

Wireless Spectrum

On March 2, 2012, the FCC approved the transfer of 40 MHz of AWS-4 wireless spectrum licenses held by DBSD North America and TerreStar to us. On March 9, 2012, we completed the DBSD Transaction and the TerreStar Transaction, pursuant to which we acquired, among other things, certain satellite assets and wireless spectrum licenses held by DBSD North America and TerreStar. The total consideration to acquire the DBSD North America and TerreStar assets was approximately $2.860 billion.

Our consolidated FCC applications for approval of the license transfers from DBSD North America and TerreStar were accompanied by requests for waiver of the FCC s MSS integrated service and spare satellite requirements and various technical provisions. On March 21, 2012, the FCC released a Notice of Proposed Rule Making proposing the elimination of the integrated service, spare satellite and various technical requirements associated with the AWS-4 licenses. On December 11, 2012, the FCC approved rules that eliminated these requirements and gave notice of its proposed modification of our AWS-4 authorizations to, among other things, allow us to offer single-mode terrestrial terminals to customers who do not desire satellite functionality. On February 15, 2013, the FCC issued an order, which became effective on March 7, 2013, modifying our AWS-4 licenses to expand our terrestrial operating authority. The FCC s order of modification has imposed certain limitations on the use of a portion of this spectrum, including interference protections for other spectrum users and power and emission limits that we presently believe could render 5 MHz of our uplink spectrum (2000-2005 MHz) effectively unusable for terrestrial services and limit our ability to fully utilize the remaining 15 MHz of our uplink spectrum (2005-2020 MHz) for terrestrial services. These limitations could, among other things, impact the ongoing development of technical standards associated with our wireless business, and may have a material adverse effect on our ability to commercialize these licenses. The new rules also mandated certain interim and final build-out requirements for the licenses. By March 2017, we must provide terrestrial signal coverage and offer terrestrial service to at least 40% of

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the aggregate population represented by all of the areas covered by the licenses (the AWS-4 Interim Build-Out Requirement). By March 2020, we must provide terrestrial signal coverage and offer terrestrial service to at least 70% of the population in each area covered by an individual license (the AWS-4 Final Build-Out Requirement). Based on an extension request we filed with the FCC, as discussed below, these build-out requirements may change. In addition, the FCC has adopted rules for a spectrum band that is adjacent to our AWS-4 licenses, known as the H Block. Depending on the outcome of the standard-setting process for the H Block, the rules that the FCC adopted could further impact the remaining 15 MHz of our uplink spectrum (2005-2020 MHz), which may have a material adverse effect on our ability to commercialize the AWS-4 licenses.

In 2008, we paid $712 million to acquire certain 700 MHz wireless spectrum licenses, which were granted to us by the FCC in February 2009. At the time they were granted, these licenses were subject to certain interim and final build-out requirements. By June 2013, we were required to provide signal coverage and offer service to at least 35% of the geographic area in each area covered by each individual license (the 700 MHz Interim Build-Out Requirement). By June 2019, we were required to provide signal coverage and offer service to at least 70% of the geographic area in each area covered by each individual license (the 700 MHz Final Build-Out Requirement). As discussed below, these requirements have since been modified by the FCC.

On September 9, 2013, we filed a letter with the FCC in support of a voluntary industry solution to resolve certain interoperability issues affecting the lower 700 MHz spectrum band (the Interoperability Solution). In connection with our letter, we also filed a petition and an extension request with the FCC that outlined certain conditions upon which we would support the Interoperability Solution.

On October 29, 2013, the FCC issued an order approving the Interoperability Solution (the Interoperability Solution Order), which requires us to reduce power emissions on our 700 MHz licenses. As part of the Interoperability Solution Order, the FCC, among other things, approved our request to modify the 700 MHz Interim Build-Out Requirement so that by March 2017 (rather than the previous deadline of June 2013), we must provide signal coverage and offer service to at least 40% of our total E Block population (the Modified 700 MHz Interim Build-Out Requirement). The FCC also approved our request to modify the 700 MHz Final Build-Out Requirement so that by March 2021 (rather than the previous deadline of June 2019), we must provide signal coverage and offer service to at least 70% of the population in each of our E Block license areas (the Modified 700 MHz Final Build-Out Requirement). These requirements replaced the previous build-out requirements associated with our 700 MHz licenses. While the modifications to our 700 MHz licenses would provide us additional time to complete the build-out requirements, the reduction in power emissions could have an adverse impact on our ability to fully utilize our 700 MHz licenses. If we fail to meet the Modified 700 MHz Interim Build-Out Requirement, the Modified 700 MHz Final Build-Out Requirement may be accelerated by one year, from March 2021 to March 2020, and we could face the reduction of license area(s). If we fail to meet the Modified 700 MHz Final Build-Out Requirement, we may be subject to automatic license termination for the geographic portion of each license in which we are not providing service.

Also in connection with our support of the Interoperability Solution, we requested that the FCC modify our AWS-4 spectrum licenses to provide flexibility to repurpose 20 MHz of our uplink spectrum (2000-2020 MHz) for downlink (the AWS-4 Waiver), and extend the AWS-4 Final Build-Out Requirement by one year to March 2021 (the AWS-4 Extension). The FCC, however, has not yet issued a ruling on the AWS-4 Waiver or the AWS-4 Extension, and we cannot predict the timing or outcome of any FCC action on the AWS-4 Waiver or the AWS-4 Extension. As a precaution, we intend to appeal the Interoperability Solution Order, reserving our right to withdraw the appeal in the event the FCC grants the AWS-4 Waiver and the AWS-4 Extension.

If the FCC grants the AWS-4 Extension and we fail to meet the AWS-4 Interim Build-Out Requirement, the AWS-4 Final Build-Out Requirement may be accelerated by one year, from March 2021 to March 2020. If we fail to meet the AWS-4 Final Build-Out Requirement, our terrestrial authorization for each license area in which we fail to meet the requirement may terminate.

In addition, contingent upon the FCC approving the AWS-4 Waiver and the AWS-4 Extension at least 30 days prior to the commencement of the FCC s planned H Block auction, we agreed to participate in the H Block auction and bid at least a net clearing price equal to an aggregate nationwide reserve price established by the FCC, not to exceed $0.50 per MHz/POP (approximately $1.56 billion).

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We will need to make significant additional investments or partner with others to, among other things, finance the commercialization and build-out requirements of these licenses and our integration efforts, including compliance with regulations applicable to the acquired licenses. Depending on the nature and scope of such commercialization, build-out, and integration efforts, any such investment or partnership could vary significantly. There can be no assurance that we will be able to develop and implement a business model that will realize a return on these spectrum licenses or that we will be able to profitably deploy the assets represented by these spectrum licenses, which may affect the carrying value of these assets and our future financial condition or results of operations.

LightSquared LP

On July 23, 2013, L-Band Acquisition, LLC (LBAC), our wholly-owned subsidiary, formed to make a bid to acquire assets of LightSquared LP, entered into a Plan Support Agreement (the PSA) with certain senior secured lenders to LightSquared LP, which contemplates the purchase by LBAC of substantially all of the assets of the LightSquared LP Entities (as defined below) for a purchase price of $2.22 billion in cash, plus the assumption of certain liabilities pursuant to the terms and conditions of a proposed asset purchase agreement (the Proposed APA). SP Special Opportunities, LLC, an entity controlled by Charles W. Ergen, our Chairman, is a senior secured lender to LightSquared LP and holds a substantial portion of LightSquared LP s senior secured debt. We are a party to the PSA solely with respect to certain guaranty obligations. Our Board of Directors (the Board) approved entering into the PSA, which would implement the Proposed APA, based, among other things, on the recommendation of a special committee of the Board (the Special Committee) and a fairness opinion that was prepared by a financial advisory firm at the request of the Special Committee.

Pursuant to the PSA, LBAC and such lenders have agreed, subject to the terms and conditions set forth therein, to support and pursue confirmation of a plan of reorganization (the LightSquared LP Plan) for LightSquared LP and certain of its subsidiaries that are debtors and debtors in possession (collectively, the LightSquared LP Entities) in pending bankruptcy cases under Chapter 11 of the United States Bankruptcy Code 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).

LBAC s purchase offer under the LightSquared LP Plan is subject to the submission of higher and better offers in accordance with certain bid procedures that were approved by the Bankruptcy Court on October 1, 2013 as further discussed below. In addition, the LightSquared LP Plan is subject to confirmation by the Bankruptcy Court. The Proposed APA has not been accepted or executed by the LightSquared LP Entities. Consummation of the acquisition contemplated under the Proposed APA is subject to, among other things, Bankruptcy Court, FCC and Canadian federal Department of Industry (Industry Canada) approvals. However, funding of the purchase price under the Proposed APA is not conditioned upon receipt of approvals from the FCC or Industry Canada. We would be a party to the Proposed APA solely with respect to certain guaranty obligations.

On August 6, 2013, Harbinger Capital Partners LLC and other affiliates of Harbinger (collectively, Harbinger), the majority and controlling shareholders of LightSquared Inc. and its subsidiaries, filed an adversary proceeding against us, LBAC, EchoStar, Charles W. Ergen (our Chairman), other affiliates of Mr. Ergen, and certain other parties, in the Bankruptcy Court. On October 29, 2013, the Bankruptcy Court dismissed all of the claims in Harbinger s adversary proceeding in their entirety. See Note 12 in the Notes to the Condensed Consolidated Financial Statements for further information.

On October 1, 2013, the Bankruptcy Court issued an order confirming LBAC as a qualified bidder and establishing certain bid protections for LBAC, including payment of a break-up fee of $52 million and reimbursement of expenses of up to $2 million in the event LBAC is not the successful bidder at auction. Further, the Bankruptcy Court s order established, among other things: (i) bid procedures for the sale of all or substantially all of the assets of the LightSquared LP Entities; (ii) November 20, 2013 as the deadline for potential bidders to submit bids (the Bid Deadline), subject to extension under certain circumstances, but in no event beyond November 25, 2013; and (iii) if a qualified bid is received prior to the Bid Deadline, November 25, 2013 as the date to hold an auction to solicit higher or otherwise better bids for the LightSquared LP Entities assets, subject to extension under certain circumstances, but in no event beyond December 6, 2013. The Bankruptcy Court also scheduled a confirmation hearing on December 10, 2013 to consider the sale of the LightSquared LP Entities assets.

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There can be no assurance that we will ultimately be able to complete the acquisition contemplated under the Proposed APA. Further, to the extent that we complete the acquisition contemplated under the Proposed APA, there can be no assurance that we would be able to develop and implement a business model that would realize a return on the acquired assets or that we would be able to profitably deploy the acquired assets, which could affect the carrying value of these assets and our future financial condition or results of operations. If we are unable to successfully address these challenges and risks, our business, financial condition or results of operations could suffer.

Furthermore, if we enter into the Proposed APA, our funding of the purchase price is not conditioned upon receipt of approvals from the FCC or Industry Canada. If the required approvals are not obtained, subject to certain exceptions, we would have the right to direct and require a sale of some or all of the assets of the LightSquared LP Entities to a third party and we would be entitled to the proceeds of such a sale. These proceeds could, however, be substantially less than our proposed funding for the purchase. Therefore, if we fail to obtain these necessary regulatory approvals, we may suffer significant financial losses.

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 subscription television services, broadband services, equipment rental fees and other hardware related fees, including fees for DVRs, fees for broadband equipment, equipment upgrade fees and additional outlet fees from subscribers with receivers with multiple tuners, 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 and merchandise sales, rental and other revenue. Equipment and merchandise sales, rental and other revenue principally includes the non-subsidized sales of DBS accessories to retailers and other third party distributors of our equipment domestically and to Pay-TV subscribers, as well as other hardware sales to Pay-TV subscribers related to the iPad promotion. In addition, revenue from merchandise sold to customers including movies, video games and other items, and revenue from the rental of movies and video games and the sale of previously rented titles related to our Blockbuster segment are included in this category. Effective March 9, 2012, revenue related to our wireless segment is included in this category.

Equipment sales, services and other revenue EchoStar. Equipment sales, services and other revenue EchoStar includes revenue related to equipment sales, services, and other agreements with EchoStar.

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

Satellite and transmission expenses EchoStar. Satellite and transmission expenses EchoStar includes the cost of leasing satellite and transponder capacity from EchoStar and the cost of digital broadcast operations provided to us by EchoStar, including satellite uplinking/downlinking, signal processing, conditional access management, telemetry, tracking and control, and other professional services.

Satellite and transmission expenses other. Satellite and transmission expenses other includes executory costs associated with capital leases and costs associated with transponder leases and other related services. Effective March 9, 2012, expenses related to our wireless segment are included in this category.

Cost of sales - equipment, merchandise, services, rental and other. Cost of sales - equipment, merchandise, services, rental and other principally includes the cost of non-subsidized sales of DBS accessories to retailers and other third party distributors of our equipment domestically and to Pay-TV subscribers, as well as the cost of other hardware sales to Pay-TV subscribers related to the iPad promotion. In addition, the cost of movies and video games including rental title purchases or revenue sharing to studios, packaging and online delivery costs and cost of merchandise sold including movies, video games and other items related to our Blockbuster segment are included in

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this category. In addition, Cost of sales - equipment, merchandise, services, rental and other includes costs related to equipment sales, services, and other agreements with EchoStar.

Subscriber acquisition costs. In addition to leasing receivers, we generally subsidize installation and all or a portion of the cost of our receiver systems to attract new Pay-TV subscribers. Our Subscriber acquisition costs include the cost of subsidized sales of receiver systems to retailers and other third party distributors of our equipment, the cost of subsidized sales of 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. In addition, our Subscriber acquisition costs include the cost of sales, direct sales efforts and costs related to installations associated with our broadband services. We exclude the value of equipment capitalized under our lease program for new Pay-TV and Broadband subscribers from Subscriber acquisition costs.

Pay-TV SAC. Subscriber acquisition cost measures are commonly used by those evaluating companies in the Pay-TV industry. We are not aware of any uniform standards for calculating the average subscriber acquisition costs per new Pay-TV subscriber activation, or Pay-TV SAC, and we believe presentations of Pay-TV SAC may not be calculated consistently by different companies in the same or similar businesses. Our Pay-TV SAC is calculated as Subscriber acquisition costs, excluding Subscriber acquisition costs associated with our broadband services, plus the value of equipment capitalized under our lease program for new 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.

General and administrative expenses. General and administrative expenses consists primarily of employee-related costs associated with administrative services such as legal, information systems, accounting and finance, including non-cash, stock-based compensation expense. 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 legal settlements, judgments or accruals associated with certain significant litigation.

Interest expense, net of amounts capitalized. Interest expense, net of amounts capitalized primarily includes interest expense, prepayment premiums and amortization of debt issuance costs associated with our senior debt (net of capitalized interest), 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 and/or conversion of investments, impairment of marketable and non-marketable investment securities, unrealized gains and losses from changes in fair value of marketable and non-marketable strategic investments accounted for at fair value, unrealized gains and losses from changes in fair value of derivative financial instruments, and equity in earnings and losses of our affiliates.

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

Pay-TV subscribers. We include customers obtained through direct sales, third party retailers and other third party distribution relationships in our Pay-TV subscriber count. We also provide 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 DISH America 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.

Broadband subscribers. During the fourth quarter 2012, we elected to provide certain Broadband subscriber data. Each broadband customer is counted as one Broadband subscriber, regardless of whether they are also a Pay-

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TV subscriber. A subscriber of both our pay-TV and broadband services is counted as one Pay-TV subscriber and one Broadband subscriber.

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

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.

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 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 Pay-TV churn rate, the same methodology for calculating average number of Pay-TV subscribers is used as when calculating Pay-TV ARPU.

Free cash flow. We define free cash flow as Net cash flows from operating activities less Purchases of property and equipment, as shown on our Condensed Consolidated Statements of Cash Flows.

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

RESULTS OF OPERATIONS

Three Months Ended September 30, 2013 Compared to the Three Months Ended September 30, 2012.

Statements of Operations Data	For the Three Months Ended September 30, 2013	2012	Variance Amount	%
		(In thousands)		
Revenue:				
Subscriber-related revenue	$ 3,466,611	$ 3,267,380	$ 199,231	6.1
Equipment and merchandise sales, rental and other revenue	118,898	251,905	(133,007)	(52.8)
Equipment sales, services and other revenue - EchoStar	16,068	4,062	12,006	*
Total revenue	3,601,577	3,523,347	78,230	2.2
Costs and Expenses:				
Subscriber-related expenses	1,976,712	1,808,285	168,427	9.3
% of Subscriber-related revenue	**57.0%**	**55.3%**		
Satellite and transmission expenses - EchoStar	131,263	104,631	26,632	25.5
% of Subscriber-related revenue	**3.8%**	**3.2%**		
Satellite and transmission expenses - Other	10,177	10,915	(738)	(6.8)
% of Subscriber-related revenue	**0.3%**	**0.3%**		
Cost of sales - equipment, merchandise, services, rental and other	81,521	120,852	(39,331)	(32.5)
Subscriber acquisition costs	496,318	455,469	40,849	9.0
General and administrative expenses	247,528	330,364	(82,836)	(25.1)
% of Total revenue	**6.9%**	**9.4%**		
Litigation expense		730,457	(730,457)	*
Depreciation and amortization	260,637	235,403	25,234	10.7
Total costs and expenses	3,204,156	3,796,376	(592,220)	(15.6)
Operating income (loss)	397,421	(273,029)	670,450	*
Other Income (Expense):				
Interest income	39,994	34,304	5,690	16.6
Interest expense, net of amounts capitalized	(189,474)	(143,818)	(45,656)	(31.7)
Other, net	105,747	69,831	35,916	51.4
Total other income (expense)	(43,733)	(39,683)	(4,050)	(10.2)
Income (loss) before income taxes	353,688	(312,712)	666,400	*
Income tax (provision) benefit, net	(42,698)	149,383	(192,081)	*
Effective tax rate	**12.1%**	**47.8%**		
Net income (loss)	310,990	(163,329)	474,319	*
Less: Net income (loss) attributable to noncontrolling interest	(3,918)	(4,868)	950	19.5
Net income (loss) attributable to DISH Network	$ 314,908	$ (158,461)	$ 473,369	*

Other Data:							
Pay-TV subscribers, as of period end (in millions)		14.049		14.042		0.007	*
Pay-TV subscriber additions, gross (in millions)		0.734		0.739		(0.005)	(0.7)
Pay-TV subscriber additions, net (in millions)		0.035		(0.019)		0.054	*
Pay-TV average monthly subscriber churn rate		1.66%		1.80%		(0.14)%	(7.8)
Pay-TV average subscriber acquisition cost per subscriber (Pay-TV SAC)	$	842	$	797	$	45	5.6
Pay-TV average monthly revenue per subscriber (Pay-TV ARPU)	$	81.05	$	76.99	$	4.06	5.3
Broadband subscribers, as of period end (in millions)		0.385		0.139		0.246	*
Broadband subscriber additions, gross (in millions)		0.101		0.029		0.072	*
Broadband subscriber additions, net (in millions)		0.075		0.017		0.058	*
EBITDA (in thousands)	$	767,723	$	37,073	$	730,650	*

* Percentage is not meaningful.

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

Pay-TV subscribers. DISH added approximately 35,000 net Pay-TV subscribers during the three months ended September 30, 2013, compared to the loss of approximately 19,000 net Pay-TV subscribers during the same period in 2012. The increase in the number of net Pay-TV subscribers added versus the same period in 2012 resulted primarily from a decrease in our Pay-TV churn rate.

Our Pay-TV churn rate for the three months ended September 30, 2013 was 1.66% compared to 1.80% for the same period in 2012. While our Pay-TV churn rate improved compared to the same period in 2012, churn continues to be adversely affected by increased competitive pressures, including aggressive marketing and discounted promotional offers. 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, service interruptions driven by programming disputes, and our ability to control piracy and other forms of fraud.

During the three months ended September 30, 2013, DISH added approximately 734,000 gross new Pay-TV subscribers compared to the addition of approximately 739,000 gross new Pay-TV subscribers during the same period in 2012, a decrease of 0.7%. Our gross new Pay-TV subscriber activations continue to be negatively impacted by increased competitive pressures, including aggressive marketing, discounted promotional offers, and more aggressive retention efforts in a mature market. In addition, our gross new Pay-TV subscriber activations continue to be adversely affected by sustained economic weakness and uncertainty.

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 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 Pay-TV churn rate may be negatively impacted by these factors, which could in turn adversely affect our revenue growth.

Broadband subscribers. DISH added approximately 75,000 net Broadband subscribers during the three months ended September 30, 2013 compared to the addition of approximately 17,000 net Broadband subscribers during the same period in 2012. This increase versus the same period in 2012 primarily resulted from higher gross new Broadband subscriber activations. During the three months ended September 30, 2013, DISH added approximately 101,000 gross new Broadband subscribers compared to the addition of approximately 29,000 gross new Broadband subscribers during the same period in 2012. This increase was driven by increased advertising related to the dishNET branded broadband services.

Subscriber-related revenue. Subscriber-related revenue totaled $3.467 billion for the three months ended September 30, 2013, an increase of $199 million or 6.1% compared to the same period in 2012. The change in Subscriber-related revenue from the same period in 2012 was primarily related to the increase in Pay-TV ARPU discussed below and revenue from broadband services. Included in Subscriber-related revenue was $60 million and $24 million of revenue related to our broadband services for the three months ended September 30, 2013 and 2012, respectively.

Pay-TV ARPU. Pay-TV ARPU was $81.05 during the three months ended September 30, 2013 versus $76.99 during the same period in 2012. The $4.06 or 5.3% increase in Pay-TV ARPU was primarily attributable to the programming package price increase in February 2013, higher hardware related revenue and pay-per-view revenue.

Equipment and merchandise sales, rental and other revenue. Equipment and merchandise sales, rental and other revenue totaled $119 million for the three months ended September 30, 2013, a decrease of $133 million or 52.8% compared to the same period in 2012. This change was primarily related to the deconsolidation of Blockbuster UK on January 16, 2013 and Blockbuster domestic store closings during 2013 and 2012. See Note 9 in the Notes to the Condensed Consolidated Financial Statements for further information.

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

Subscriber-related expenses. Subscriber-related expenses totaled $1.977 billion during the three months ended September 30, 2013, an increase of $168 million or 9.3% compared to the same period in 2012. The increase in Subscriber-related expenses was primarily attributable to higher pay-TV programming costs and higher Broadband subscriber-related expenses due to the increase in our Broadband subscriber base. The increase in programming costs was driven by rate increases in certain of our programming contracts, including the renewal of certain contracts at higher rates. Included in Subscriber-related expenses was $38 million and $13 million of expense related to our broadband services for the three months ended September 30, 2013 and 2012, respectively. Subscriber-related expenses represented 57.0% and 55.3% of Subscriber-related revenue during the three months ended September 30, 2013 and 2012, respectively. The change in this expense to revenue ratio primarily resulted from higher programming costs, discussed above.

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

Satellite and transmission expenses EchoStar. Satellite and transmission expenses EchoStar totaled $131 million during the three months ended September 30, 2013, an increase of $27 million or 25.5% compared to the same period in 2012. The increase in Satellite and transmission expenses EchoStar is related to an increase in transponder capacity leased from EchoStar primarily related to the EchoStar XVI satellite, which was launched in November 2012 and QuetzSat-1, which commenced commercial operation at the 77 degree orbital slot in February 2013. This increase was partially offset by a decrease in transponder capacity leased from EchoStar primarily related to the expiration of the EchoStar VI lease in first quarter 2013. See Note 14 in the Notes to our Condensed Consolidated Financial Statements for further discussion.

Cost of sales equipment, merchandise, services, rental and other. Cost of sales equipment, merchandise, services, rental and other totaled $82 million for the three months ended September 30, 2013, a decrease of $39 million or 32.5% compared to the same period in 2012. This change was primarily related to the deconsolidation of Blockbuster UK on January 16, 2013 and Blockbuster domestic store closings during 2013 and 2012. See Note 9 in the Notes to the Condensed Consolidated Financial Statements for further information.

Subscriber acquisition costs. Subscriber acquisition costs totaled $496 million for the three months ended September 30, 2013, an increase of $41 million or 9.0% compared to the same period in 2012. This change was primarily attributable to an increase in expense related to our Broadband subscriber activations. Included in Subscriber acquisition costs was $44 million and $9 million of expenses related to our broadband services for the three months ended September 30, 2013 and 2012, respectively.

Pay-TV SAC. Pay-TV SAC was $842 during the three months ended September 30, 2013 compared to $797 during the same period in 2012, an increase of $45 or 5.6%. This increase was primarily attributable to increased equipment costs. Capitalized equipment costs increased $35 per activation, primarily due to an increase in the percentage of new subscriber activations with new Hopper receiver systems. In addition, the Hopper with Sling set-top box cost per unit is currently higher than the original Hopper set-top box.

During the three months ended September 30, 2013 and 2012, the amount of equipment capitalized under our lease program for new Pay-TV subscribers totaled $166 million and $142 million, respectively. This increase in capital expenditures under our lease program for new Pay-TV subscribers resulted primarily from the factors described 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.

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

Our Pay-TV SAC calculation does not reflect any benefit from payments we received in connection with equipment not returned to us from disconnecting lease subscribers and returned equipment that is made available for sale or used in our existing customer lease program rather than being redeployed through our new customer lease program. During the three months ended September 30, 2013 and 2012, these amounts totaled $28 million and $38 million, respectively.

We have been deploying receivers that utilize 8PSK modulation technology and receivers that utilize MPEG-4 compression technology for several years. These technologies, when fully deployed, will allow more programming channels to be carried over our existing satellites. Many of our customers today, however, do not have receivers that use MPEG-4 compression and a smaller but still significant number do not have receivers that use 8PSK modulation. We may choose to invest significant capital to accelerate the conversion of customers to MPEG-4 and/or 8PSK to realize the bandwidth benefits sooner. 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 receivers that we purchase from EchoStar have MPEG-4 technology. Although we continue to refurbish and redeploy certain MPEG-2 receivers, as a result of our HD initiatives and current promotions, we currently activate most new customers with higher priced MPEG-4 technology. This limits our ability to redeploy MPEG-2 receivers and, to the extent that our promotions are successful, will accelerate the transition to MPEG-4 technology, resulting in an adverse effect on our SAC.

Our Subscriber acquisition costs and Pay-TV SAC may materially increase in the future to the extent that we transition to newer technologies, introduce more aggressive promotions, or provide greater equipment subsidies. See further discussion under *Other Liquidity Items Subscriber Acquisition and Retention Costs.*

General and administrative expenses. General and administrative expenses totaled $248 million during the three months ended September 30, 2013, an $83 million or 25.1% decrease compared to the same period in 2012. This decrease was primarily related to the deconsolidation of Blockbuster UK on January 16, 2013 and Blockbuster domestic store closings during 2013 and 2012. See Note 9 in the Notes to the Condensed Consolidated Financial Statements for further information.

Litigation expense. Litigation expense related to the Voom Settlement Agreement totaled $730 million during the three months ended September 30, 2012.

Depreciation and amortization. Depreciation and amortization expense totaled $261 million during the three months ended September 30, 2013, a $25 million or 10.7% increase compared to the same period in 2012. The change in Depreciation and amortization expense was primarily related to increased depreciation expense from equipment leased to subscribers primarily related to subscriber activations with new Hopper receiver systems.

Interest expense, net of amounts capitalized. Interest expense, net of amounts capitalized totaled $189 million during the three months ended September 30, 2013, an increase of $46 million or 31.7% compared to the same period in 2012. This change primarily resulted from an increase in interest expense associated with the issuance of debt during 2012 and 2013. See Note 10 in the Notes to the Condensed Consolidated

Financial Statements for further information.

Other, net. Other, net income totaled $106 million during the three months ended September 30, 2013, an increase of $36 million compared to the same period in 2012. This change principally resulted from net realized and/or unrealized gains of $100 million on our marketable investment securities and derivative financial instruments during 2013, compared to net gains of $112 million on our marketable investment securities, partially offset by $43 million in impairment charges during the same period in 2012.

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

Earnings before interest, taxes, depreciation and amortization. EBITDA was $768 million during the three months ended September 30, 2013, an increase of $731 million compared to the same period in 2012. EBITDA for the three months ended September 30, 2012 was negatively impacted by $730 million of Litigation expense related to the Voom Settlement Agreement. The following table reconciles EBITDA to the accompanying financial statements.

	For the Three Months Ended September 30, 2013		2012
	(In thousands)		
EBITDA	$ 767,723		$ 37,073
Interest expense, net	(149,480)		(109,514)
Income tax (provision) benefit, net	(42,698)		149,383
Depreciation and amortization	(260,637)		(235,403)
Net income (loss) attributable to DISH Network	$ 314,908		$ (158,461)

EBITDA is not a measure determined in accordance with accounting principles generally accepted in the United States (GAAP) and should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. EBITDA is used as a measurement of operating efficiency and overall financial performance and we believe it to be a helpful measure for those evaluating companies in the pay-TV industry. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, pay taxes and fund capital expenditures. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Income tax (provision) benefit, net. Our income tax provision was $43 million during the three months ended September 30, 2013, a change of $192 million compared to a $149 million benefit during the same period in 2012. This change was primarily related to the increase in Income (loss) before income taxes, partially offset by a decrease in our effective tax rate. Our effective tax rate was favorably impacted by the $102 million reversal of an uncertain tax position that was resolved during the third quarter 2013.

Net income (loss) attributable to DISH Network. Net income (loss) attributable to DISH Network was income of $315 million during the three months ended September 30, 2013, an increase of $473 million compared to a loss of $158 million for the same period in 2012. This increase was primarily attributable to the changes in revenue and expenses discussed above.

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

Nine Months Ended September 30, 2013 Compared to the Nine Months Ended September 30, 2012.

Statements of Operations Data	For the Nine Months Ended September 30, 2013	2012	Variance Amount	%
		(In thousands)		
Revenue:				
Subscriber-related revenue	$ 10,275,697	$ 9,787,676	$ 488,021	5.0
Equipment and merchandise sales, rental and other revenue	460,043	872,899	(412,856)	(47.3)
Equipment sales, services and other revenue - EchoStar	27,194	16,407	10,787	65.7
Total revenue	10,762,934	10,676,982	85,952	0.8
Costs and Expenses:				
Subscriber-related expenses	5,812,325	5,393,202	419,123	7.8
% of Subscriber-related revenue	**56.6%**	**55.1%**		
Satellite and transmission expenses - EchoStar	369,902	321,567	48,335	15.0
% of Subscriber-related revenue	**3.6%**	**3.3%**		
Satellite and transmission expenses - Other	30,615	31,772	(1,157)	(3.6)
% of Subscriber-related revenue	**0.3%**	**0.3%**		
Cost of sales - equipment, merchandise, services, rental and other	257,830	393,175	(135,345)	(34.4)
Subscriber acquisition costs	1,394,754	1,261,649	133,105	10.6
General and administrative expenses	794,148	1,034,206	(240,058)	(23.2)
% of Total revenue	**7.4%**	**9.7%**		
Litigation expense		730,457	(730,457)	*
Depreciation and amortization	795,438	743,220	52,218	7.0
Impairment of long-lived assets	437,575		437,575	*
Total costs and expenses	9,892,587	9,909,248	(16,661)	(0.2)
Operating income (loss)	870,347	767,734	102,613	13.4
Other Income (Expense):				
Interest income	121,331	61,597	59,734	97.0
Interest expense, net of amounts capitalized	(565,730)	(391,132)	(174,598)	(44.6)
Other, net	212,728	172,665	40,063	23.2
Total other income (expense)	(231,671)	(156,870)	(74,801)	(47.7)
Income (loss) before income taxes	638,676	610,864	27,812	4.6
Income tax (provision) benefit, net	(132,084)	(188,471)	56,387	29.9
Effective tax rate	**20.7%**	**30.9%**		
Net income (loss)	506,592	422,393	84,199	19.9
Less: Net income (loss) attributable to noncontrolling interest	(12,862)	(5,188)	(7,674)	*
Net income (loss) attributable to DISH Network	$ 519,454	$ 427,581	$ 91,873	21.5
Other Data:				
Pay-TV subscribers, as of period end (in millions)	14.049	14.042	0.007	*
Pay-TV subscriber additions, gross (in millions)	2.012	2.077	(0.065)	(3.1)
Pay-TV subscriber additions, net (in millions)	(0.007)	0.075	(0.082)	*

Pay-TV average monthly subscriber churn rate		1.60%		1.58%		0.02%	1.3
Pay-TV average subscriber acquisition cost per subscriber (Pay-TV SAC)	$	868	$	782	$	86	11.0
Pay-TV average monthly revenue per subscriber (Pay-TV ARPU)	$	80.16	$	76.94	$	3.22	4.2
Broadband subscribers, as of period end (in millions)		0.385		0.139		0.246	*
Broadband subscriber additions, gross (in millions)		0.263		0.064		0.199	*
Broadband subscriber additions, net (in millions)		0.202		0.034		0.168	*
EBITDA (in thousands)	$	1,891,375	$	1,688,807	$	202,568	12.0

* Percentage is not meaningful.

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Pay-TV subscribers. DISH lost approximately 7,000 net Pay-TV subscribers during the nine months ended September 30, 2013, compared to the addition of approximately 75,000 net Pay-TV subscribers during the same period in 2012. The decrease versus the same period in 2012 resulted from lower gross new Pay-TV subscriber activations and an increase in our Pay-TV churn rate. During the nine months ended September 30, 2013, DISH added approximately 2.012 million gross new Pay-TV subscribers compared to approximately 2.077 million gross new Pay-TV subscribers during the same period in 2012, a decrease of 3.1%. Our gross new Pay-TV subscriber activations continue to be negatively impacted by increased competitive pressures, including aggressive marketing, discounted promotional offers, and more aggressive retention efforts in a mature market. In addition, our gross new Pay-TV subscriber activations continue to be adversely affected by sustained economic weakness and uncertainty. Our Pay-TV churn rate for the nine months ended September 30, 2013 was 1.60% compared to 1.58% for the same period in 2012. Our Pay-TV churn rate was negatively impacted in part because we had a programming package price increase in the first quarter 2013 and did not during the same period in 2012.

Broadband subscribers. DISH added approximately 202,000 net Broadband subscribers during the nine months ended September 30, 2013 compared to the addition of approximately 34,000 net Broadband subscribers during the same period in 2012. This increase versus the same period in 2012 primarily resulted from higher gross new Broadband subscriber activations. During the nine months ended September 30, 2013, DISH added approximately 263,000 gross new Broadband subscribers compared to the addition of approximately 64,000 gross new Broadband subscribers during the same period in 2012. This increase was driven by increased advertising related to the dishNET branded broadband services.

Subscriber-related revenue. Subscriber-related revenue totaled $10.276 billion for the nine months ended September 30, 2013, an increase of $488 million or 5.0% compared to the same period in 2012. The change in Subscriber-related revenue from the same period in 2012 was primarily related to the increase in Pay-TV ARPU discussed below and revenue from broadband services. Included in Subscriber-related revenue was $148 million and $66 million of revenue related to our broadband services for the nine months ended September 30, 2013 and 2012, respectively.

Pay-TV ARPU. Pay-TV ARPU was $80.16 during the nine months ended September 30, 2013 versus $76.94 during the same period in 2012. The $3.22 or 4.2% increase in Pay-TV ARPU was primarily attributable to the programming package price increase in February 2013 and higher hardware related revenue.

Equipment and merchandise sales, rental and other revenue. Equipment and merchandise sales, rental and other revenue totaled $460 million for the nine months ended September 30, 2013, a decrease of $413 million compared to the same period in 2012. This change was primarily related to the deconsolidation of Blockbuster UK on January 16, 2013 and Blockbuster domestic store closings during 2013 and 2012.

Subscriber-related expenses. Subscriber-related expenses totaled $5.812 billion during the nine months ended September 30, 2013, an increase of $419 million or 7.8% compared to the same period in 2012. The increase in Subscriber-related expenses was primarily attributable to higher pay-TV programming and retention costs and higher Broadband subscriber-related expenses due to the increase in our Broadband subscriber base. The increase in programming costs was driven by rate increases in certain of our programming contracts, including the renewal of certain contracts at higher rates. Included in Subscriber-related expenses was $99 million and $34 million of expense related to our broadband services for the nine months ended September 30, 2013 and 2012, respectively. Subscriber-related expenses represented 56.6% and 55.1% of Subscriber-related revenue during the nine months ended September 30, 2013 and 2012, respectively. The change in this expense to revenue ratio primarily resulted from higher programming costs, discussed above.

Satellite and transmission expenses EchoStar. Satellite and transmission expenses EchoStar totaled $370 million during the nine months ended September 30, 2013, an increase of $48 million or 15.0% compared to the same period in 2012. The increase in Satellite and transmission expenses EchoStar is related to an increase in transponder capacity leased from EchoStar primarily related to the EchoStar XVI satellite, which was launched in November 2012 and QuetzSat-1, which commenced commercial operation at the 77 degree orbital slot in February

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2013. This increase was partially offset by a decrease in transponder capacity leased from EchoStar primarily related to the expiration of the EchoStar VI lease in first quarter 2013.

Cost of sales equipment, merchandise, services, rental and other. Cost of sales equipment, merchandise, services, rental and other totaled $258 million for the nine months ended September 30, 2013, a decrease of $135 million compared to the same period in 2012. This change was primarily related to the deconsolidation of Blockbuster UK on January 16, 2013 and Blockbuster domestic store closings during 2013 and 2012.

Subscriber acquisition costs. Subscriber acquisition costs totaled $1.395 billion for the nine months ended September 30, 2013, an increase of $133 million or 10.6% compared to the same period in 2012. This change was primarily attributable to an increase in expense related to our Broadband subscriber activations and an increase in Pay-TV SAC described below, partially offset by a decrease in gross new Pay-TV subscriber activations. Included in Subscriber acquisition costs was $116 million and $19 million of expenses related to our broadband services for the nine months ended September 30, 2013 and 2012, respectively.

Pay-TV SAC. Pay-TV SAC was $868 during the nine months ended September 30, 2013 compared to $782 during the same period in 2012, an increase of $86 or 11.0%. This increase was primarily attributable to increased equipment and advertising costs. Capitalized equipment costs increased primarily due to an increase in the percentage of new subscriber activations with new Hopper receiver systems. In addition, the Hopper with Sling set-top box cost per unit is currently higher than the original Hopper set-top box. Advertising costs increased due to brand spending related to the launch of our new Hopper with Sling set-top box in February 2013.

During the nine months ended September 30, 2013 and 2012, the amount of equipment capitalized under our lease program for new Pay-TV subscribers totaled $467 million and $381 million, respectively. This increase in capital expenditures under our lease program for new Pay-TV subscribers resulted primarily from the factors described above.

Our Pay-TV SAC calculation does not reflect any benefit from payments we received in connection with equipment not returned to us from disconnecting lease subscribers and returned equipment that is made available for sale or used in our existing customer lease program rather than being redeployed through our new customer lease program. During the nine months ended September 30, 2013 and 2012, these amounts totaled $105 million and $104 million, respectively.

General and administrative expenses. General and administrative expenses totaled $794 million during the nine months ended September 30, 2013, a $240 million or 23.2% decrease compared to the same period in 2012. This decrease was primarily related to the deconsolidation of Blockbuster UK on January 16, 2013 and Blockbuster domestic store closings during 2013 and 2012, partially offset by $18 million of legal and financial advisory fees related to our proposed merger with Sprint.

Litigation expense. Litigation expense related to the Voom Settlement Agreement totaled $730 million during the nine months ended September 30, 2012.

Depreciation and amortization. Depreciation and amortization expense totaled $795 million during the nine months ended September 30, 2013, a $52 million or 7.0% increase compared to the same period in 2012. This change in Depreciation and amortization expense was primarily due to $53 million of additional depreciation expense as a result of the accelerated depreciable lives of certain assets designed to support the TerreStar MSS business, which ceased operations during the second quarter 2013, and increased depreciation expense from equipment leased to subscribers primarily related to subscriber activations with new Hopper receiver systems. The second quarter 2012 was impacted by the $68 million of depreciation expense related to the 148 degree orbital location.

Impairment of long-lived assets. Impairment of long-lived assets of $438 million during the nine months ended September 30, 2013 resulted from an impairment of the T2 and D1 satellites during the second quarter 2013. See Note 7 in the Notes to the Condensed Consolidated Financial Statements for further information.

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

Interest income. Interest income totaled $121 million during the nine months ended September 30, 2013, an increase of $60 million compared to the same period in 2012. This increase principally resulted from higher percentage returns earned on our cash and marketable investment securities and higher average cash and marketable investment securities balances during the nine months ended September 30, 2013.

Interest expense, net of amounts capitalized. Interest expense, net of amounts capitalized totaled $566 million during the nine months ended September 30, 2013, an increase of $175 million or 44.6% compared to the same period in 2012. This change primarily resulted from an increase in interest expense associated with the issuance of debt during 2012 and 2013 as well as the redemption of debt during the second quarter of 2013. This change was partially offset by an increase in capitalized interest in 2013 of $29 million primarily related to our wireless spectrum licenses.

Other, net. Other, net income totaled $213 million during the nine months ended September 30, 2013, an increase of $40 million compared to the same period in 2012. This change principally resulted from net realized and/or unrealized gains of $210 million on our marketable investment securities and derivative financial instruments during 2013 compared to net gains of $117 million on our marketable investment securities, partially offset by $45 million in impairment charges during the same period in 2012. In addition, the nine months ended September 30, 2012 was positively impacted by the non-cash gain of $99 million related to the conversion of our DBSD North America 7.5% Convertible Senior Secured Notes due 2009 in connection with the completion of the DBSD Transaction.

Earnings before interest, taxes, depreciation and amortization. EBITDA was $1.891 billion during the nine months ended September 30, 2013, an increase of $203 million or 12.0% compared to the same period in 2012. EBITDA for the nine months ended September 30, 2013 was negatively impacted by the $438 million impairment charge for the T2 and D1 satellites during the second quarter 2013. The nine months ended September 30, 2012 was negatively impacted by $730 million of Litigation expense related to the Voom Settlement Agreement. The following table reconciles EBITDA to the accompanying financial statements.

	For the Nine Months Ended September 30, 2013		2012	
	(In thousands)			
EBITDA	$	1,891,375	$	1,688,807
Interest expense, net		(444,399)		(329,535)
Income tax (provision) benefit, net		(132,084)		(188,471)
Depreciation and amortization		(795,438)		(743,220)
Net income (loss) attributable to DISH Network	$	519,454	$	427,581

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 $132 million during the nine months ended September 30, 2013, a decrease of $56 million compared to the same period in 2012. The decrease in the provision was primarily related to the decrease in our effective tax rate, partially offset by an increase in "Income (loss) before income taxes." Our effective tax rate was favorably impacted by the $102 million reversal of an uncertain tax position that was resolved during the third quarter 2013.

Net income (loss) attributable to DISH Network. "Net income (loss) attributable to DISH Network" was $519 million during the nine months ended September 30, 2013, an increase of $92 million compared to $428 million for the same period in 2012. This increase was primarily attributable to the changes in revenue and expenses discussed above.

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

LIQUIDITY AND CAPITAL RESOURCES

Cash, Cash Equivalents and Current Marketable Investment Securities

We consider all liquid investments purchased within 90 days of their maturity to be cash equivalents. See Item 3. Quantitative and Qualitative Disclosures About Market Risk for further discussion regarding our marketable investment securities. As of September 30, 2013, our cash, cash equivalents and current marketable investment securities totaled $10.302 billion compared to $7.238 billion as of December 31, 2012, an increase of $3.064 billion. This increase in cash, cash equivalents and current marketable investment securities primarily resulted from net proceeds of $2.292 billion from the issuance in April 2013 of our 4 1/4% Senior Notes due 2018 and 5 1/8% Senior Notes due 2020 and cash generated from operations of $1.632 billion, partially offset by capital expenditures of $913 million.

Cash Flow

The following discussion highlights our cash flow activities during the nine months ended September 30, 2013.

Cash flows from operating activities

For the nine months ended September 30, 2013, we reported Net cash flows from operating activities of $1.632 billion primarily attributable to $1.532 billion of net income adjusted to exclude non-cash charges for Depreciation and amortization expense, Impairment of long-lived assets, and Realized and unrealized losses (gains) on investments.

Cash flows from investing activities

For the nine months ended September 30, 2013, we reported net cash outflows from investing activities of $2.743 billion primarily related to net purchases of marketable investment securities of $1.802 billion and capital expenditures of $913 million. The capital expenditures included $635 million for new and existing pay-TV subscriber equipment, $58 million for new and existing Broadband subscriber equipment, $43 million for satellites and $177 million of other corporate capital expenditures.

Cash flows from financing activities

For the nine months ended September 30, 2013, we reported net cash inflows from financing activities of $2.298 billion primarily related to the issuance and redemption of our long-term debt.

Free Cash Flow

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

During the nine months ended September 30, 2013 and 2012, free cash flow was significantly impacted by changes in operating assets and liabilities and in Purchases of property and equipment as shown in the Net cash flows from operating activities and Net cash flows from investing activities sections, respectively, of our Condensed Consolidated Statements of Cash Flows included herein. Operating asset and liability balances can fluctuate significantly from period to period and there can be no assurance that free cash flow will not be negatively impacted by material changes in operating assets and liabilities in future periods, since these changes depend upon, among other

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

things, management s timing of payments and control of inventory levels, and cash receipts. In addition to fluctuations resulting from changes in operating assets and liabilities, free cash flow can vary significantly from period to period depending upon, among other things, subscriber growth, subscriber revenue, subscriber churn, subscriber acquisition costs including amounts capitalized under our equipment lease programs, operating efficiencies, increases or decreases in purchases of property and equipment, and other factors.

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

	For the Nine Months Ended September 30,	
	2013	2012
	(In thousands)	
Free cash flow	$ 719,412	$ 1,352,117
Add back:		
Purchases of property and equipment	912,904	681,925
Net cash flows from operating activities	$ 1,632,316	$ 2,034,042

Subscriber Base

DISH lost approximately 7,000 net Pay-TV subscribers during the nine months ended September 30, 2013, compared to the addition of approximately 75,000 net Pay-TV subscribers during the same period in 2012. The decrease versus the same period in 2012 primarily resulted from an increase in our Pay-TV churn rate and lower gross new Pay-TV subscriber activations. See Results of Operations above for further discussion. There are a number of factors that impact our future cash flow compared to the cash flow we generate at any given point in time, including 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.

Satellites

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

Security Systems

Increases in theft of our signal or our competitors signals could, in addition to reducing new subscriber activations, also cause subscriber churn to increase. We use microchips embedded in credit card sized access cards, called smart cards, or security chips in our receiver systems to control access to authorized programming content (Security Access Devices). Our signal encryption has been compromised in the past and may be compromised in the future even though we continue to respond with significant investment in security measures, such as Security Access Device replacement programs and updates in security software, that are intended to make signal theft more difficult. It has been our prior experience that security measures may only be effective for short periods of time or not at all and that we remain susceptible to additional signal theft. During 2009, we completed the replacement of our Security Access Devices and re-secured our system. We expect additional future replacements of these devices will be necessary to keep our system secure. We cannot ensure that we will be successful in reducing or controlling theft of our programming content and we may incur additional costs in the future if our system s security is compromised.

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

Stock Repurchases

Our Board of Directors previously authorized the repurchase of up to $1.0 billion of our Class A common stock. On November 5, 2013, our Board of Directors extended this authorization such that we are currently authorized to repurchase up to $1.0 billion of outstanding shares of our Class A common stock through and including December 31, 2014. As of September 30, 2013, we may repurchase up to $1.0 billion of our Class A common stock under this plan.

Subscriber Acquisition and Retention Costs

We incur significant upfront costs to acquire subscribers, including advertising, retailer incentives, equipment subsidies, installation services, and new customer promotions. While we attempt to recoup these upfront costs over the lives of their subscription, there can be no assurance that we will. We employ business rules such as minimum credit requirements and we strive to provide outstanding customer service, to increase the likelihood of customers keeping their DISH service over longer periods of time. Our subscriber acquisition costs may vary significantly from period to period.

We incur significant costs to retain our existing customers, mostly by upgrading their equipment to HD and DVR receivers. As with our subscriber acquisition costs, our retention spending includes the cost of equipment and installation services. In certain circumstances, we also offer free programming and/or promotional pricing for limited periods for existing customers in exchange for a commitment to receive service for a minimum term. A component of our retention efforts includes the installation of equipment for customers who move. Our subscriber retention costs may vary significantly from period to period.

Seasonality

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

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 the ability of DISH DBS Corporation (DISH DBS) and its restricted subsidiaries to: (i) incur additional indebtedness; (ii) enter into sale and leaseback transactions; (iii) pay dividends or make distributions on DISH DBS capital stock or repurchase DISH DBS capital stock; (iv) make certain investments; (v) create liens; (vi) enter into certain transactions with affiliates; (vii) merge or consolidate with another company; and (viii) transfer or sell assets. Should we fail to comply with these covenants, all or a portion of the debt under the senior notes 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, DISH DBS was in compliance with the covenants.

Other

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

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

Obligations and Future Capital Requirements

Future Capital Requirements

We expect to fund our future working capital, capital expenditures and debt service requirements from cash generated from operations, existing cash and marketable investment securities balances, and cash generated through raising additional capital. The amount of capital required to fund our future working capital and capital expenditure needs varies, depending on, among other things, the rate at which we acquire new subscribers and the cost of subscriber acquisition and retention, including capitalized costs associated with our new and existing subscriber equipment lease programs. The amount of capital required will also depend on the levels of investment necessary to support potential strategic initiatives, including our plans to expand our national HD offerings and other strategic opportunities that may arise from time to time. Our capital expenditures vary depending on the number of satellites leased or under construction at any point in time, and could increase materially as a result of increased competition, significant satellite failures, or sustained economic weakness. These factors could require that we raise additional capital in the future.

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

Wireless Spectrum

On March 2, 2012, the FCC approved the transfer of 40 MHz of AWS-4 wireless spectrum licenses held by DBSD North America and TerreStar to us. On March 9, 2012, we completed the DBSD Transaction and the TerreStar Transaction, pursuant to which we acquired, among other things, certain satellite assets and wireless spectrum licenses held by DBSD North America and TerreStar. The total consideration to acquire the DBSD North America and TerreStar assets was approximately $2.860 billion.

Our consolidated FCC applications for approval of the license transfers from DBSD North America and TerreStar were accompanied by requests for waiver of the FCC s MSS integrated service and spare satellite requirements and various technical provisions. On March 21, 2012, the FCC released a Notice of Proposed Rule Making proposing the elimination of the integrated service, spare satellite and various technical requirements associated with the AWS-4 licenses. On December 11, 2012, the FCC approved rules that eliminated these requirements and gave notice of its proposed modification of our AWS-4 authorizations to, among other things, allow us to offer single-mode terrestrial terminals to customers who do not desire satellite functionality. On February 15, 2013, the FCC issued an order, which became effective on March 7, 2013, modifying our AWS-4 licenses to expand our terrestrial operating authority. The FCC s order of modification has imposed certain limitations on the use of a portion of this spectrum, including interference protections for other spectrum users and power and emission limits that we presently believe could render 5 MHz of our uplink spectrum (2000-2005 MHz) effectively unusable for terrestrial services and limit our ability to fully utilize the remaining 15 MHz of our uplink spectrum (2005-2020 MHz) for terrestrial services. These limitations could, among other things, impact the ongoing development of technical standards associated with our wireless business, and may have a material adverse effect on our ability to commercialize these licenses. The new rules also mandated certain interim and final build-out requirements for the licenses. By

March 2017, we must provide terrestrial signal coverage and offer terrestrial service to at least 40% of the aggregate population represented by all of the areas covered by the licenses (the AWS-4 Interim Build-Out Requirement). By March 2020, we must provide terrestrial signal coverage and offer terrestrial service to at least 70% of the population in each area covered by an individual license (the AWS-4 Final Build-Out Requirement). Based on an extension request we filed with the FCC, as discussed below, these build-out requirements may change. In addition, the FCC has adopted rules for a spectrum band that is adjacent to our AWS-4 licenses, known as the H Block. Depending on the outcome of the standard-setting process for the H Block, the rules that the FCC adopted could further impact the remaining 15 MHz of our uplink spectrum (2005-2020 MHz), which may have a material adverse effect on our ability to commercialize the AWS-4 licenses.

In 2008, we paid $712 million to acquire certain 700 MHz wireless spectrum licenses, which were granted to us by the FCC in February 2009. At the time they were granted, these licenses were subject to certain interim and final

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

build-out requirements. By June 2013, we were required to provide signal coverage and offer service to at least 35% of the geographic area in each area covered by each individual license (the 700 MHz Interim Build-Out Requirement). By June 2019, we were required to provide signal coverage and offer service to at least 70% of the geographic area in each area covered by each individual license (the 700 MHz Final Build-Out Requirement). As discussed below, these requirements have since been modified by the FCC.

On September 9, 2013, we filed a letter with the FCC in support of a voluntary industry solution to resolve certain interoperability issues affecting the lower 700 MHz spectrum band (the Interoperability Solution). In connection with our letter, we also filed a petition and an extension request with the FCC that outlined certain conditions upon which we would support the Interoperability Solution.

On October 29, 2013, the FCC issued an order approving the Interoperability Solution (the Interoperability Solution Order), which requires us to reduce power emissions on our 700 MHz licenses. As part of the Interoperability Solution Order, the FCC, among other things, approved our request to modify the 700 MHz Interim Build-Out Requirement so that by March 2017 (rather than the previous deadline of June 2013), we must provide signal coverage and offer service to at least 40% of our total E Block population (the Modified 700 MHz Interim Build-Out Requirement). The FCC also approved our request to modify the 700 MHz Final Build-Out Requirement so that by March 2021 (rather than the previous deadline of June 2019), we must provide signal coverage and offer service to at least 70% of the population in each of our E Block license areas (the Modified 700 MHz Final Build-Out Requirement). These requirements replaced the previous build-out requirements associated with our 700 MHz licenses. While the modifications to our 700 MHz licenses would provide us additional time to complete the build-out requirements, the reduction in power emissions could have an adverse impact on our ability to fully utilize our 700 MHz licenses. If we fail to meet the Modified 700 MHz Interim Build-Out Requirement, the Modified 700 MHz Final Build-Out Requirement may be accelerated by one year, from March 2021 to March 2020, and we could face the reduction of license area(s). If we fail to meet the Modified 700 MHz Final Build-Out Requirement, we may be subject to automatic license termination for the geographic portion of each license in which we are not providing service.

Also in connection with our support of the Interoperability Solution, we requested that the FCC modify our AWS-4 spectrum licenses to provide flexibility to repurpose 20 MHz of our uplink spectrum (2000-2020 MHz) for downlink (the AWS-4 Waiver), and extend the AWS-4 Final Build-Out Requirement by one year to March 2021 (the AWS-4 Extension). The FCC, however, has not yet issued a ruling on the AWS-4 Waiver or the AWS-4 Extension, and we cannot predict the timing or outcome of any FCC action on the AWS-4 Waiver or the AWS-4 Extension. As a precaution, we intend to appeal the Interoperability Solution Order, reserving our right to withdraw the appeal in the event the FCC grants the AWS-4 Waiver and the AWS-4 Extension.

If the FCC grants the AWS-4 Extension and we fail to meet the AWS-4 Interim Build-Out Requirement, the AWS-4 Final Build-Out Requirement may be accelerated by one year, from March 2021 to March 2020. If we fail to meet the AWS-4 Final Build-Out Requirement, our terrestrial authorization for each license area in which we fail to meet the requirement may terminate.

In addition, contingent upon the FCC approving the AWS-4 Waiver and the AWS-4 Extension at least 30 days prior to the commencement of the FCC s planned H Block auction, we agreed to participate in the H Block auction and bid at least a net clearing price equal to an aggregate nationwide reserve price established by the FCC, not to exceed $0.50 per MHz/POP (approximately $1.56 billion).

We will need to make significant additional investments or partner with others to, among other things, finance the commercialization and build-out requirements of these licenses and our integration efforts, including compliance with regulations applicable to the acquired licenses. Depending on the nature and scope of such commercialization, build-out, and integration efforts, any such investment or partnership could vary significantly. There can be no assurance that we will be able to develop and implement a business model that will realize a return on these spectrum licenses or that we will be able to profitably deploy the assets represented by these spectrum licenses, which may affect the carrying value of these assets and our future financial condition or results of operations.

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LightSquared LP

On July 23, 2013, L-Band Acquisition, LLC (LBAC), our wholly-owned subsidiary, formed to make a bid to acquire assets of LightSquared LP, entered into a Plan Support Agreement (the PSA) with certain senior secured lenders to LightSquared LP, which contemplates the purchase by LBAC of substantially all of the assets of the LightSquared LP Entities (as defined below) for a purchase price of $2.22 billion in cash, plus the assumption of certain liabilities pursuant to the terms and conditions of a proposed asset purchase agreement (the Proposed APA). SP Special Opportunities, LLC, an entity controlled by Charles W. Ergen, our Chairman, is a senior secured lender to LightSquared LP and holds a substantial portion of LightSquared LP s senior secured debt. We are a party to the PSA solely with respect to certain guaranty obligations. Our Board of Directors (the Board) approved entering into the PSA, which would implement the Proposed APA, based, among other things, on the recommendation of a special committee of the Board (the Special Committee) and a fairness opinion that was prepared by a financial advisory firm at the request of the Special Committee.

Pursuant to the PSA, LBAC and such lenders have agreed, subject to the terms and conditions set forth therein, to support and pursue confirmation of a plan of reorganization (the LightSquared LP Plan) for LightSquared LP and certain of its subsidiaries that are debtors and debtors in possession (collectively, the LightSquared LP Entities) in pending bankruptcy cases under Chapter 11 of the United States Bankruptcy Code 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).

LBAC s purchase offer under the LightSquared LP Plan is subject to the submission of higher and better offers in accordance with certain bid procedures that were approved by the Bankruptcy Court on October 1, 2013 as further discussed below. In addition, the LightSquared LP Plan is subject to confirmation by the Bankruptcy Court. The Proposed APA has not been accepted or executed by the LightSquared LP Entities. Consummation of the acquisition contemplated under the Proposed APA is subject to, among other things, Bankruptcy Court, FCC and Canadian federal Department of Industry (Industry Canada) approvals. However, funding of the purchase price under the Proposed APA is not conditioned upon receipt of approvals from the FCC or Industry Canada. We would be a party to the Proposed APA solely with respect to certain guaranty obligations.

On August 6, 2013, Harbinger filed an adversary proceeding against us, LBAC, EchoStar, Charles W. Ergen (our Chairman), other affiliates of Mr. Ergen, and certain other parties, in the Bankruptcy Court. On October 29, 2013, the Bankruptcy Court dismissed all of the claims in Harbinger s adversary proceeding in their entirety. See Note 12 in the Notes to the Condensed Consolidated Financial Statements for further information.

On October 1, 2013, the Bankruptcy Court issued an order confirming LBAC as a qualified bidder and establishing certain bid protections for LBAC, including payment of a break-up fee of $52 million and reimbursement of expenses of up to $2 million in the event LBAC is not the successful bidder at auction. Further, the Bankruptcy Court s order established, among other things: (i) bid procedures for the sale of all or substantially all of the assets of the LightSquared LP Entities; (ii) November 20, 2013 as the deadline for potential bidders to submit bids (the Bid Deadline), subject to extension under certain circumstances, but in no event beyond November 25, 2013; and (iii) if a qualified bid is received prior to the Bid Deadline, November 25, 2013 as the date to hold an auction to solicit higher or otherwise better bids for the LightSquared LP Entities assets, subject to extension under certain circumstances, but in no event beyond December 6, 2013. The Bankruptcy Court also scheduled a confirmation hearing on December 10, 2013 to consider the sale of the LightSquared LP Entities assets.

There can be no assurance that we will ultimately be able to complete the acquisition contemplated under the Proposed APA. Further, to the extent that we complete the acquisition contemplated under the Proposed APA, there can be no assurance that we would be able to develop and implement a business model that would realize a return on the acquired assets or that we would be able to profitably deploy the acquired assets, which could affect the carrying value of these assets and our future financial condition or results of operations. If we are unable to successfully address these challenges and risks, our business, financial condition or results of operations could suffer.

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

Furthermore, if we enter into the Proposed APA, our funding of the purchase price is not conditioned upon receipt of approvals from the FCC or Industry Canada. If the required approvals are not obtained, subject to certain exceptions, we would have the right to direct and require a sale of some or all of the assets of the LightSquared LP Entities to a third party and we would be entitled to the proceeds of such a sale. These proceeds could, however, be substantially less than our proposed funding for the purchase. Therefore, if we fail to obtain these necessary regulatory approvals, we may suffer significant financial losses.

Debt Maturity

7% Senior Notes due 2013

On October 1, 2013, we redeemed the remaining $451 million principal balance of our 7% Senior Notes due 2013 with cash on hand at September 30, 2013.

6 5/8% Senior Notes due 2014

Our 6 5/8% Senior Notes with an aggregate principal balance of $1.0 billion mature on October 1, 2014. We expect to fund this obligation from cash generated from operations and existing cash and marketable investment securities balances.

Strategic Investments or Acquisitions

From time to time we evaluate opportunities for strategic investments or acquisitions that may complement our current services and products, enhance our technical capabilities, improve or sustain our competitive position, or otherwise offer growth opportunities. We may make investments in or partner with others to, among other things, expand our business into mobile and portable video, IPTV and wireline and wireless data and voice services. Future material investments or acquisitions may require that we obtain additional capital, assume third party debt or incur other long-term obligations.

Investments in ARS

A portion of our investment portfolio is invested in auction rate securities (ARS), and other strategic investments, and as a result a portion of our portfolio has restricted liquidity. Liquidity in the markets for these investments has been adversely impacted. If the credit ratings of these securities deteriorate or the lack of liquidity in the marketplace continues, we may be required to record impairment charges. Moreover, the sustained uncertainty of domestic and global financial markets has greatly affected the volatility and value of our marketable investment securities. To the extent we require access to funds, we may need to sell these securities under unfavorable market conditions, record further impairment charges and fall short of our financing needs.

New Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2013-11, Income Taxes (Topic 740) - Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carryforward or Tax Credit Carryforward Exists. ASU 2013-11 requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, with certain exceptions. This standard is effective for reporting periods beginning after December 15, 2013, with early adoption permitted. We do not expect the adoption of ASU 2013-11 to have a material impact on our financial position or results of operations.

Off-Balance Sheet Arrangements

Other than the Guarantees disclosed in Note 12 in the Notes to our Condensed Consolidated Financial Statements, we generally do not engage in off-balance sheet financing activities.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks Associated With Financial Instruments

Our investments and debt are exposed to market risks, discussed below.

Cash, Cash Equivalents and Current Marketable Investment Securities

As of September 30, 2013, our cash, cash equivalents and current marketable investment securities had a fair value of $10.302 billion. Of that amount, a total of $8.924 billion was invested in: (a) cash; (b) VRDNs convertible into cash at par value plus accrued interest generally in five business days or less; (c) debt instruments of the United States Government and its agencies; (d) commercial paper and corporate notes with an overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; and/or (e) instruments with similar risk, duration and credit quality characteristics to the commercial paper and corporate obligations described above. The primary purpose of these investing activities has been to preserve principal until the cash is required to, among other things, fund operations, make strategic investments and expand the business. Consequently, the size of this portfolio fluctuates significantly as cash is received and used in our business. The value of this portfolio is negatively impacted by credit losses; however, this risk is mitigated through diversification that limits our exposure to any one issuer.

Interest Rate Risk

A change in interest rates would affect the fair value of our cash, cash equivalents and current marketable investment securities portfolio; however, we normally hold these investments to maturity. Based on our September 30, 2013 current non-strategic investment portfolio of $8.924 billion, a hypothetical 10% change in average interest rates would not have a material impact on the fair value due to the limited duration of our investments.

Our cash, cash equivalents and current marketable investment securities had an average annual rate of return for the nine months ended September 30, 2013 of 0.5%. A change in interest rates would affect our future annual interest income from this portfolio, since funds would be re-invested at different rates as the instruments mature. A hypothetical 10% decrease in average interest rates during 2013 would result in a decrease of approximately $4 million in annual interest income.

Strategic Marketable Investment Securities

As of September 30, 2013, we held strategic and financial debt and equity investments in public companies with a fair value of $1.378 billion for strategic and financial purposes which are highly speculative and have experienced and continue to experience volatility. As of September 30, 2013, our strategic investment portfolio consisted of securities of a small number of issuers, and as a result the value of that portfolio depends, among other things, on the performance of those issuers. For example, a significant portion of the value of these investments was concentrated in the debt securities of Clearwire. The fair value of these Clearwire securities as of September 30, 2013 was $932 million. Clearwire has multiple call options on certain of these debt securities upon 30 days notice. The call option price may be less than the fair market value of these debt securities and, if exercised, proceeds could be less than our recorded fair market value as of September 30, 2013 and therefore, reduce our unrealized gains recorded as a separate component of Accumulated other comprehensive income (loss) within Total stockholders equity (deficit), on our Condensed Consolidated Balance Sheets. The fair value of certain of the debt and equity securities in our investment portfolio, including the debt securities of Clearwire, can be adversely impacted by, among other things, the issuers respective performance and ability to obtain any necessary additional financing on acceptable terms, or at all.

The fair value of our strategic and financial debt and equity investments can be significantly impacted by the risk of adverse changes in securities markets generally, as well as risks related to the performance of the companies whose securities we have invested in, risks associated with specific industries, and other factors. These investments are subject to significant fluctuations in fair value due to the volatility of the securities markets and of the underlying businesses. In general, the debt instruments held in our strategic marketable investment securities portfolio are not significantly impacted by interest rate fluctuations as their value is more closely related to factors specific to the underlying business. A hypothetical 10% adverse change in the price of our public strategic debt and equity investments would result in a decrease of approximately $138 million in the fair value of these investments.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK - Continued

Restricted Cash and Marketable Investment Securities and Noncurrent Marketable and Other Investment Securities

Restricted Cash and Marketable Investment Securities

As of September 30, 2013, we had $95 million of restricted cash and marketable investment securities invested in: (a) cash; (b) VRDNs convertible into cash at par value plus accrued interest generally in five business days or less; (c) debt instruments of the United States Government and its agencies; (d) commercial paper and corporate notes with an overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; and/or (e) instruments with similar risk, duration and credit quality characteristics to the commercial paper described above. Based on our September 30, 2013 investment portfolio, a hypothetical 10% increase in average interest rates would not have a material impact in the fair value of our restricted cash and marketable investment securities.

Noncurrent Auction Rate and Other Investment Securities

As of September 30, 2013, we held investments in ARS of $127 million, which are reported at fair value. Events in the credit markets have reduced or eliminated current liquidity for certain of our ARS investments. As a result, we classify these investments as noncurrent assets as we intend to hold these investments until they recover or mature, and therefore interest rate risk associated with these securities is mitigated. A hypothetical 10% adverse change in the price of these investments would result in a decrease of approximately $13 million in the fair value of these investments.

Derivative Financial Instruments

From time to time, we speculate using derivative financial instruments.

Long-Term Debt

As of September 30, 2013, we had long-term debt of $13.884 billion, excluding capital lease obligations, on our Condensed Consolidated Balance Sheets. We estimated the fair value of this debt to be approximately $14.384 billion using quoted market prices for our publicly traded debt, which constitutes approximately 99% of our debt. The fair value of our debt is affected by fluctuations in interest rates. A hypothetical 10% decrease in assumed interest rates would increase the fair value of our debt by approximately $343 million. To the extent interest rates increase, our costs of financing would increase at such time as we are required to refinance our debt or raise additional debt. As of September 30, 2013, a hypothetical 10% increase in assumed interest rates would increase our annual interest expense by approximately $86 million.

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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

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.

c4cast.com, Inc.

On May 7, 2012, c4cast.com, Inc. filed a complaint against us and our wholly-owned subsidiary, Blockbuster L.L.C., in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 7,958,204 (the 204 patent), which is entitled Community-Selected Content. The 204 patent relates to systems, methods and techniques for providing resources to participants over an electronic network. On August 29, 2013, c4cast.com, Inc. dismissed the action with prejudice, pursuant to a settlement under which we made an immaterial payment in exchange for a license to EchoStar and us of certain patents and patent applications.

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PART II OTHER INFORMATION Continued

California Institute of Technology

On October 1, 2013, the California Institute of Technology (Caltech) filed complaints against us and our wholly-owned subsidiaries, DISH Network L.L.C. and dishNET Satellite Broadband L.L.C., as well as EchoStar subsidiaries Hughes Communications, Inc, and Hughes Network Systems, LLC, in the United States District Court for the Central District of California. The complaint alleges infringement of U.S. Patent Nos. 7,116,710 (the 710 patent), 7,421,032 (the 032 patent), 7,916,781 (the 781 patent) and 8,284,833 (the 833 patent), each of which is entitled Serial Concatenation of Interleaved Convolutional Codes forming Turbo-Like Codes. Caltech alleges that encoding data as specified by the DVB-S2 standard infringes each of the asserted 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.

Custom Media Technologies LLC

On August 15, 2013, Custom Media Technologies LLC (Custom Media Technologies) filed complaints against us, AT&T, Inc., Charter Communications, Inc., Comcast Corp., Cox Communications, Inc., DirecTV, 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. 6,269,275. The patent, which is entitled Method and System for Customizing and Distributing Presentations for User Sites, relates to the provision of customized presentations to viewers over a network, such as a cable television network, an Internet or other computer network, a broadcast television network, and/or a satellite system. Custom Media Technologies is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted 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.

ESPN

During 2008, our wholly-owned subsidiary, DISH Network L.L.C., filed a lawsuit against ESPN, Inc., ESPN Classic, Inc., ABC Cable Networks Group, Soapnet L.L.C. and International Family Entertainment (collectively, ESPN) for breach of contract in New York State Supreme Court. Our complaint alleges that ESPN failed to provide us with certain HD feeds of the Disney Channel, ESPN News, Toon and ABC Family. In October 2011, the jury returned a verdict in favor of the defendants, which the New York State Supreme Court, Appellate

Division, First Department (the First Department) affirmed on April 2, 2013. We sought leave to further appeal, which the New York Court of Appeals denied on August 27, 2013 on jurisdictional grounds. On September 19, 2013, we appealed the trial court s final judgment to the First Department. The parties have submitted a stipulation to adjourn our appeal pending resolution of a motion by ESPN to strike our appeal.

ESPN had asserted a counterclaim alleging that we owed approximately $35 million under the applicable affiliation agreements. On April 15, 2009, the New York State Supreme Court granted, in part, ESPN s motion for summary judgment on the counterclaim, finding that we are liable for some of the amount alleged to be owing but that the actual amount owing is disputed. On December 29, 2010, the First Department affirmed the partial grant of ESPN s motion for summary judgment on the counterclaim. After the partial grant of ESPN s motion for summary judgment, ESPN sought an additional $30 million under the applicable affiliation agreements. On March 15, 2010, the New York State Supreme Court ruled that we owe the full amount of approximately $66 million under the applicable affiliation agreements. As of December 31, 2010, we had $42 million recorded as a Litigation accrual on our Consolidated Balance Sheets.

On June 21, 2011, the First Department affirmed the New York State Supreme Court s ruling that we owe approximately $66 million under the applicable affiliation agreements and, on October 18, 2011, denied our motion

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PART II OTHER INFORMATION Continued

for leave to appeal that decision to New York s highest court, the New York Court of Appeals. We sought leave to appeal directly to the New York Court of Appeals and, on January 10, 2012, the New York Court of Appeals dismissed our motion for leave on the ground that the ruling upon which we appealed does not fully resolve all claims in the action. As a result of the First Department s June 2011 ruling, during 2011, we recorded $24 million of Litigation Expense on our Consolidated Statements of Operations and Comprehensive Income (Loss). On October 11, 2012, the New York State Supreme Court awarded ESPN $5 million in attorneys fees as the prevailing party on both our claim and ESPN s counterclaim. As a result, we recorded $5 million of General and administrative expenses and increased our Litigation accrual to a total of $71 million related to this case as of December 31, 2012. During the first quarter 2013, we paid $71 million to ESPN related to the counterclaim and attorneys fees and $12 million for accrued interest, which amounts we may be able to recover if our further appeals are successful. We intend to vigorously prosecute and defend this case.

Garnet Digital, LLC

On September 9, 2013, Garnet Digital, LLC (Garnet Digital) filed a complaint against us and our wholly-owned subsidiary, DISH Network L.L.C., in the United States District Court for the Eastern District of Texas, alleging infringement of United States Patent No. 5,379,421 (the 421 patent), which is entitled Interactive Terminal for the Access of Remote Database Information. The 421 patent relates to methods for accessing information from a remote computerized database and related devices. On the same day, Garnet Digital filed similar complaints in the same court against 15 other defendants, including AT&T, Inc., Comcast Corp., DirecTV, TiVo, Inc., and Verizon Communications, Inc. Garnet Digital is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted 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.

Harbinger Capital Partners LLC (LightSquared Bankruptcy)

On August 6, 2013, Harbinger Capital Partners LLC and other affiliates of Harbinger (collectively, Harbinger), the majority and controlling shareholders of LightSquared Inc. and its subsidiaries, filed an adversary proceeding against us, LBAC, EchoStar, Charles W. Ergen (our Chairman), other affiliates of Mr. Ergen, and certain other parties, 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). Harbinger has 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 SP Special Opportunities, LLC (SPSO), an entity controlled by Mr. Ergen. Subsequently, LightSquared intervened to join in certain claims alleged against certain defendants other than us, LBAC and EchoStar. Harbinger has alleged damages in excess of $4 billion.

On October 29, 2013, the Bankruptcy Court dismissed all of the claims in Harbinger s adversary proceeding in their entirety. The Bankruptcy Court Judge granted leave for LightSquared to file an amended pleading solely related to certain contract and other related claims under the credit agreement pursuant to which SPSO made certain purchases of LightSquared secured debt and dismissed all other claims alleged by LightSquared in the adversary proceeding.

We intend to vigorously defend 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.

The Hopper Litigation

On May 24, 2012, our wholly-owned subsidiary, DISH Network L.L.C., filed a lawsuit in the United States District Court for the Southern District of New York against American Broadcasting Companies, Inc., CBS Corporation, Fox Entertainment Group, Inc., Fox Television Holdings, Inc., Fox Cable Network Services, L.L.C. and NBCUniversal, LLC. In the lawsuit, we are seeking a declaratory judgment that we are not infringing any defendant s copyright, or breaching any defendant s retransmission consent agreement, by virtue of the PrimeTime

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PART II OTHER INFORMATION Continued

Anytime and AutoHop features of our Hopper® set-top box. A consumer can use the PrimeTime Anytime feature, at his or her option, to record certain primetime programs airing on ABC, CBS, Fox, and/or NBC up to every night, and to store those recordings for up to eight days. A consumer can use the AutoHop feature, at his or her option, to watch certain recordings the subscriber made with our PrimeTime Anytime feature, commercial-free, if played back the next day after the show s original airing.

Later on May 24, 2012, (i) Fox Broadcasting Company, Twentieth Century Fox Film Corp. and Fox Television Holdings, Inc. filed a lawsuit against us and DISH Network L.L.C. in the United States District Court for the Central District of California, alleging that the PrimeTime Anytime feature, the AutoHop feature, as well as Sling placeshifting functionality infringe their copyrights and breach their retransmission consent agreements, (ii) NBC Studios LLC, Universal Network Television, LLC, Open 4 Business Productions LLC and NBCUniversal LLC filed a lawsuit against us and DISH Network L.L.C. in the United States District Court for the Central District of California, alleging that the PrimeTime Anytime feature and the AutoHop feature infringe their copyrights, and (iii) CBS Broadcasting Inc., CBS Studios Inc. and Survivor Productions LLC filed a lawsuit against us and DISH Network L.L.C. in the United States District Court for the Central District of California, alleging that the PrimeTime Anytime feature and the AutoHop feature infringe their copyrights. The Central District of California matters have been assigned to a single judge, but remain separate cases.

As a result of certain parties competing venue-related motions brought in both the New York and California actions, and certain networks filing various counterclaims and amended complaints, the claims are presently pending in the following venues: (1) the copyright and contract claims regarding the ABC and CBS parties are pending in New York; and (2) the copyright and contract claims regarding the Fox and NBC parties are pending in California. The NBC plaintiffs and Fox plaintiffs have filed amended complaints in their respective California actions adding copyright claims against EchoStar and EchoStar Technologies L.L.C. (EchoStar Technologies), a wholly-owned subsidiary of EchoStar. In addition, the Fox plaintiffs amended complaint added claims challenging the Hopper Transfers feature of our second-generation Hopper set-top box. Additionally, both the ABC and CBS parties have filed counterclaims in the New York action adding copyright claims against EchoStar Technologies, and the CBS parties have filed a counterclaim alleging that we fraudulently concealed the AutoHop feature when negotiating renewal of our CBS retransmission consent agreement.

On November 7, 2012, the California court denied the Fox plaintiffs motion for a preliminary injunction to enjoin the Hopper set-top box s PrimeTime Anytime and AutoHop features. The Fox plaintiffs appealed and, on July 24, 2013, the United States Court of Appeals for the Ninth Circuit affirmed the denial of the Fox plaintiffs motion for a preliminary injunction as to the PrimeTime Anytime and AutoHop features. On August 7, 2013, the Fox plaintiffs filed a petition for rehearing and rehearing en banc. On March 27, 2013, at the request of the parties, the Central District of California granted a stay of all proceedings in the action brought by the NBC plaintiffs, pending resolution of the appeal by the Fox plaintiffs.

On November 23, 2012, the ABC plaintiffs filed a motion in the New York action for a preliminary injunction to enjoin the Hopper set-top box s PrimeTime Anytime and AutoHop features, and, on September 18, 2013, the New York court denied that motion. The ABC plaintiffs have filed a notice of appeal. On February 21, 2013, the Fox plaintiffs filed a second motion for preliminary injunction against: (i) us seeking to enjoin the Hopper Transfers feature in our second-generation Hopper set-top box, alleging breach of their retransmission consent agreement; and (ii) us and EchoStar Technologies seeking to enjoin the Sling placeshifting functionality in our second-generation Hopper set-top box, alleging copyright infringement and breach of their retransmission consent agreement. On September 23, 2013, the California court denied the Fox plaintiffs motion and on October 22, 2013, the Fox plaintiffs filed a notice of appeal.

We intend to vigorously prosecute and defend our position in these cases. In the event that a court ultimately determines that we infringe the asserted copyrights, or are in breach of any of the retransmission consent agreements, we may be subject to substantial damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. In addition, as a result of this litigation, we may not be able to renew certain of our retransmission consent agreements and other programming agreements on favorable terms or at all. If we are unable to renew these agreements, there can be no assurance that we would be able to obtain substitute programming, or that such substitute programming would be comparable in quality or cost to our existing programming. Loss of access to existing programming could have a material adverse effect on our

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PART II OTHER INFORMATION Continued

business, financial condition and results of operations, including, among other things, our gross new subscriber activations and subscriber churn rate. We cannot predict with any degree of certainty the outcome of these suits or determine the extent of any potential liability or damages.

LightSquared Transaction Shareholder Derivative Actions

On August 9, 2013, an alleged shareholder of the Company, Jacksonville Police and Fire Pension Fund (Jacksonville PFPF), filed a putative shareholder derivative action in the District Court for Clark County, Nevada alleging, among other things, breach of fiduciary duty claims against the members of the Company s Board of Directors as of that date: Charles W. Ergen; Joseph P. Clayton; James DeFranco; Cantey M. Ergen; Steven R. Goodbarn; David K. Moskowitz; Tom A. Ortolf; and Carl E. Vogel (collectively, the Director Defendants). In its operative amended complaint, Jacksonville PFPF claims that Mr. Ergen breached his fiduciary duty to the Company as a result of 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. Jacksonville PFPF claims that the debt purchases created a conflict of interest and allegedly put at risk the Company s bid to acquire LightSquared s spectrum assets at the auction that will occur in connection with the LightSquared bankruptcy proceeding. Jacksonville PFPF further claims that most members of the Company s Board of Directors are not sufficiently independent from Mr. Ergen to guide the Company through the LightSquared auction process. Jacksonville PFPF is seeking an unspecified amount of damages and a preliminary injunction that would enjoin Mr. Ergen and all of the Director Defendants other than Mr. Goodbarn from influencing the Company s ongoing efforts to acquire assets of LightSquared in the bankruptcy proceeding. The Court has set a hearing on the preliminary injunction motion for November 25, 2013. Jacksonville PFPF dismissed its claims against Mr. Goodbarn on October 8, 2013.

Five alleged shareholders have filed duplicative putative derivative complaints in state and federal courts alleging the same 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. None of the plaintiffs in these actions is seeking a preliminary injunction. 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.

The Company has established a Special Litigation Committee to review the factual allegations and legal claims in these actions. We cannot predict with any degree of certainty the outcome of these suits or determine the extent of any potential liability or damages.

Norman IP Holdings, LLC

On September 15, 2011, Norman IP Holdings, LLC (Norman) filed a patent infringement complaint (the 2011 Action) against Lexmark International Corporation (Lexmark) and Brother International Corporation (Brother) in the United States District Court for the Eastern District of Texas alleging infringement of U.S. Patent No. 5,592,555 (the 555 patent), U.S. Patent No. 5,530,597 (the 597 patent) and U.S. Patent

No. 5,502,689 (the 689 patent) by Lexmark, and infringement of the 555 patent and the 689 patent by Brother. On January 27, 2012, Norman filed a second amended complaint in the 2011 Action that added us as a defendant, among others, in which it asserted the 555 patent and the 689 patent against us. On September 21, 2012, Norman served us with preliminary infringement contentions related to the 555 patent and the 689 patent, as well as the 597 patent, which outlined Norman s claims with respect to certain DISH products. On February 8, 2013, Norman filed a third amended complaint in the 2011 Action, in which it added claims against us alleging infringement of the 597 patent. On April 8, 2013, Norman filed a fourth amended complaint in the 2011 Action, in which it added new claims against us alleging infringement of additional DISH products. On May 1, 2013, Norman filed a fifth amended complaint in the 2011 Action, in which it named Mercedes-Benz USA, LLC, Volkswagen Group of America, Inc., Xerox Corporation, ZTE (USA) Inc., and ZTE Solutions, Inc. as defendants, in addition to us. On July 9, 2013, the Court ordered Norman to file a new sixth amended complaint limiting Norman s claims against us to those specifically

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PART II OTHER INFORMATION Continued

referenced in its September 21, 2012 preliminary infringement contentions. As a result, on July 10, 2013, Norman filed a sixth amended complaint in the 2011 Action, in which it asserted claims against our wholly-owned subsidiary, DISH Network L.L.C., replacing us as defendant, alleging that the use of certain Broadcom chipsets in DISH DVR systems infringes the 689 patent. In addition, Norman withdrew all infringement claims against us regarding the 555 patent and the 597 patent. On July 12, 2013, we filed a motion to dismiss the 2011 Action, because Norman failed to comply with the Court s July 9, 2013 order.

In addition, on May 10, 2013, Norman filed a separate patent infringement complaint (the 2013 Action) against us in the United States District Court for the Eastern District of Texas, asserting infringement of the 555, 597 and 689 patents, as well as U.S. Patent No. 5,608,873 (the 873 patent) and U.S. Patent Number 5,771,394 (the 394 patent). The infringement claims asserted in the 2013 Action relate to different DISH products than Norman identified in the 2011 Action. On June 26, 2013, we filed a motion to dismiss the 2013 Action, because Norman failed to join necessary parties. Our motion to dismiss is pending, and no trial date has been set for the 2013 Action.

On October 18, 2013, the parties stipulated that Norman will dismiss all of its claims against DISH Network L.L.C. in the 2011 Action, and re-assert them in the 2013 Action.

The 689 patent relates to a clock generator capable of shut-down mode and clock generation method, the 555 patent relates to a wireless communications privacy method and system, the 597 patent relates to an interrupt enable circuit that allows devices to exit processes without using a hardware reset, the 873 patent relates to a device and method for providing inter-processor communication in a multi-processor architecture, and the 394 patent relates to a servo loop control apparatus having a master microprocessor and at least one autonomous streamlined signal processor. Norman is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

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

Olympic Developments AG, LLC

On January 20, 2011, Olympic Developments AG, LLC (Olympic) filed suit against our wholly-owned subsidiary, DISH Network L.L.C., Atlantic Broadband, Inc., Bright House Networks, LLC, Cable One, Inc., Cequel Communications Holdings I, LLC, CSC Holdings, LLC, GCI Communication Corp., Insight Communications Company, Inc., Knology, Inc., Mediacom Communications Corporation and RCN Telecom Services, LLC in the United States District Court for the Central District of California alleging infringement of United States Patent Nos. 5,475,585 and 6,246,400. The patents relate to on-demand services. Olympic is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. On June 13, 2011, the case was transferred to the Northern District of California. On November 7, 2011, the case was stayed pending reexamination by the U.S. Patent and Trademark Office. On March 12, 2013, Olympic voluntarily dismissed its claims against us without prejudice.

Personalized Media Communications, Inc.

During 2008, Personalized Media Communications, Inc. (PMC) filed suit against us, EchoStar and Motorola Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent Nos. 5,109,414, 4,965,825, 5,233,654, 5,335,277, and 5,887,243, which relate to satellite signal processing. PMC is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. Subsequently, Motorola Inc. settled with PMC, leaving EchoStar and us as defendants. On July 18, 2012, pursuant to a Court order, PMC filed a Second Amended Complaint that added Rovi Guides, Inc. (f/k/a/ Gemstar-TV Guide International, Inc.) and TVG-PMC, Inc. (collectively, Gemstar) as a party, and added a new claim against all defendants seeking a declaratory judgment as to the scope of Gemstar s license to the patents in suit, under which we and EchoStar are sublicensees. A new trial date has not yet been set.

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We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could cause 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.

Pragmatus Telecom, LLC

On December 5, 2012, Pragmatus Telecom, LLC (Pragmatus) filed a patent infringement lawsuit against us in the United States District Court for the District of Delaware alleging infringement of United States Patent Nos. 6,311,231, 6,668,286, and 7,159,043. Pragmatus alleges that the click-to-chat and click-to-call customer support features of the DISH website and call center management systems infringe these patents. Pragmatus has brought similar complaints against more than 40 other companies, including Comcast, AT&T, Sprint, Frontier Communications, Bright House, UPS, FedEx, GM and Ford. Pragmatus is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. On March 5, 2013, Pragmatus voluntarily dismissed with prejudice all claims in the action relating to allegedly infringing features provided by certain of our vendors. Pragmatus also voluntarily dismissed without prejudice all remaining claims in the action.

Premier International Associates, LLC

On August 3, 2012, Premier International Associates, LLC (Premier International Associates) filed a complaint against us, our wholly-owned subsidiaries, DISH DBS and DISH Network L.L.C., and EchoStar and its wholly-owned subsidiary, EchoStar Technologies L.L.C., in the United States District Court for the Northern District of Illinois alleging infringement of United States Patent No. 6,243,725 (the 725 patent), which is entitled List Building System. The 725 patent relates to a system for building an inventory of audio/visual works. Premier International Associates is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. On March 27, 2013, Premier International Associates dismissed the action against us and the EchoStar defendants with prejudice, pursuant to a settlement under which we and the EchoStar defendants made an immaterial payment in exchange for a license to certain patents and patent applications.

Preservation Technologies, LLC

In December 2011, Preservation Technologies, LLC (Preservation Technologies) filed suit against us in the United States District Court for the Central District of California. In the Operative Seventh Amended Complaint, filed on March 22, 2013, Preservation Technologies also names Netflix, Inc., Hulu, LLC, AT&T Services, Inc., Cox Communications, Inc., Disney Online, American Broadcasting Companies, Inc., Yahoo! Inc., Wal-Mart Stores, Inc., Vudu, Inc. and ESPN Internet Ventures as defendants. Preservation Technologies alleges that our BLOCKBUSTER On Demand, DISH branded pay-TV and DISH Online services and our Hopper and Joey® set-top boxes infringe U.S. Patent Nos. 5,813,014, 5,832,499, 6,092,080, 6,353,831, 6,574,638, 6,199,060, 5,832,495, 6,549,911, 6,212,527 and 6,477,537. The patents relate to digital libraries, the management of multimedia assets, and the cataloging of multimedia data. Preservation Technologies is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could cause 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.

Ronald A. Katz Technology Licensing, L.P.

During 2007, Ronald A. Katz Technology Licensing, L.P. (Katz) filed a patent infringement action against our wholly-owned subsidiary, DISH Network L.L.C., in the United States District Court for the Northern District of California. The suit originally alleged infringement of 19 patents owned by Katz. The patents relate to interactive voice response, or IVR, technology. The case has been transferred and consolidated for pretrial purposes in the United States District Court for the Central District of California by order of the Judicial Panel on Multidistrict

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Litigation. Only four patents remain in the case against us, of which all are expired and two are subject to granted reexamination proceedings before the U.S. Patent and Trademark Office.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could cause 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 us and EchoStar in the United States District Court for the Northern District of Illinois alleging infringement of United States Patent No. Re. 35,952, 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. In July 2009, the Court granted our motion to stay the case pending two reexamination petitions before the U.S. 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 cause 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.

TQP Development, LLC

On April 4, 2012, TQP Development, LLC (TQP Development) filed suit against our wholly-owned subsidiary, DISH Network L.L.C., in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 5,412,730 titled Encrypted Data Transmission System Employing Means for Randomly Altering the Encryption Keys. TQP Development is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. On August 9, 2013, all claims in the action were dismissed with prejudice.

Tse

On May 30, 2012, Ho Keung Tse filed a complaint against our wholly-owned subsidiary, Blockbuster L.L.C., in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 6,665,797, which is entitled Protection of Software Again

[sic] Against Unauthorized Use.   Mr. Tse is the named inventor on the patent. On the same day that he sued Blockbuster, Mr. Tse filed a separate action in the same court alleging infringement of the same patent against Google, Samsung and HTC. He also has earlier-filed litigation on the same patent pending in the United States District Court for the Northern District of California against Sony Connect, Inc., Napster, Inc., Apple Computer, Inc., Realnetworks, Inc., and MusicMatch, Inc. On March 8, 2013, the Court granted Blockbuster L.L.C.   s motion to transfer the matter to the United States District Court for the Northern District of California, the same venue where the matter against Google, Samsung and HTC also was transferred. On July 26, 2013, we filed a summary judgment motion. The Court held a hearing on our motion on September 6, 2013.

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.

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

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PART II OTHER INFORMATION Continued

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 which 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 position, 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.

Item 1A. RISK FACTORS

Item 1A, Risk Factors, of our Annual Report on Form 10-K for the year ended December 31, 2012 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 include a detailed discussion of our risk factors.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table provides information regarding repurchases of our Class A common stock from July 1, 2013 through September 30, 2013.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (1)
		(In thousands, except share data)		
July 1 - July 31, 2013		$		$ 1,000,000
August 1 - August 31, 2013		$		$ 1,000,000
September 1 - September 30, 2013		$		$ 1,000,000
Total		$		$ 1,000,000

(1) Our Board of Directors previously authorized stock repurchases of up to $1.0 billion of our Class A common stock. On November 5, 2013, our Board of Directors extended the plan and authorized the maximum dollar value of shares that may be repurchased under the plan, such that we are currently authorized to repurchase up to $1.0 billion of our outstanding Class A common stock through and including December 31, 2014. Purchases under our repurchase program may be made through open market purchases, privately negotiated transactions, or Rule 10b5-1 trading plans, subject to market conditions and other factors. We may elect not to purchase the maximum amount of shares allowable under this program and we may also enter into additional share repurchase programs authorized by our Board of Directors.

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PART II OTHER INFORMATION Continued

Item 6. EXHIBITS

(a) Exhibits.

31.1o	Section 302 Certification of Chief Executive Officer.
31.2o	Section 302 Certification of Chief Financial Officer.
32.1o	Section 906 Certification of Chief Executive Officer.
32.2o	Section 906 Certification of Chief Financial Officer.
101o	The following materials from the Quarterly Report on Form 10-Q of DISH Network for the quarter ended September 30, 2013, filed on November 12, 2013, 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.

o Filed herewith.

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SIGNATURES

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

DISH NETWORK CORPORATION

By: /s/ *Joseph P. Clayton*
Joseph P. Clayton
President and Chief Executive Officer
(Duly Authorized Officer)

By: /s/ *Robert E. Olson*
Robert E. Olson
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: November 12, 2013