

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

	As of	
	December 31, 2019	December 31, 2018
Assets		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 2,443,643	\$ 887,346
Marketable investment securities	416,704	1,181,471
Trade accounts receivable, net of allowance for doubtful accounts of \$ 19,280 and \$ 16,966, respectively	588,358	639,855
Inventory	322,898	290,733
Other current assets	243,497	289,800
Total current assets	4,015,100	3,289,205
<i>Noncurrent Assets:</i>		
Restricted cash, cash equivalents and marketable investment securities	61,067	67,597
Property and equipment, net	2,706,182	1,928,180
FCC authorizations	25,779,503	24,736,961
Other investment securities	160,074	118,992
Operating lease assets	144,330	—
Other noncurrent assets, net	364,679	446,077
Total noncurrent assets	29,215,835	27,297,807
Total assets	\$ 33,230,935	\$ 30,587,012
Liabilities and Stockholders' Equity (Deficit)		
<i>Current Liabilities:</i>		
Trade accounts payable	\$ 280,645	\$ 233,753
Deferred revenue and other	681,484	655,312
Accrued programming	1,308,531	1,474,207
Accrued interest	236,087	268,479
Other accrued expenses	817,978	802,388
Current portion of long-term debt and finance lease obligations	1,171,366	1,341,993
Total current liabilities	4,496,091	4,776,132
<i>Long-Term Obligations, Net of Current Portion:</i>		
Long-term debt and finance lease obligations, net of current portion	12,968,229	13,810,784
Deferred tax liabilities	2,870,655	2,474,907
Operating lease liabilities	84,795	—
Long-term deferred revenue and other long-term liabilities	695,018	470,932
Total long-term obligations, net of current portion	16,618,697	16,756,623
Total liabilities	21,114,788	21,532,755
Commitments and Contingencies (Note 15)		
Redeemable noncontrolling interests (Note 2)	552,075	460,068
<i>Stockholders' Equity (Deficit):</i>		
Class A common stock, \$.01 par value, 1,600,000,000 shares authorized, 284,603,818 and 229,448,857 shares issued and outstanding, respectively	2,846	2,295
Class B common stock, \$.01 par value, 800,000,000 shares authorized, 238,435,208 shares issued and outstanding	2,384	2,384
Additional paid-in capital	4,947,007	3,379,093
Accumulated other comprehensive income (loss)	(18)	(874)
Accumulated earnings (deficit)	6,612,302	5,212,790
Total DISH Network stockholders' equity (deficit)	11,564,521	8,595,688
Noncontrolling interests	(449)	(1,499)
Total stockholders' equity (deficit)	11,564,072	8,594,189
Total liabilities and stockholders' equity (deficit)	\$ 33,230,935	\$ 30,587,012

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

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

	For the Years Ended December 31,		
	2019	2018	2017
Revenue:			
Subscriber-related revenue	\$ 12,616,442	\$ 13,456,088	\$ 14,260,412
Equipment sales and other revenue	191,242	165,214	130,963
Total revenue	12,807,684	13,621,302	14,391,375
Costs and Expenses (exclusive of depreciation shown separately below - Note 8):			
Subscriber-related expenses	7,869,593	8,544,577	8,919,985
Satellite and transmission expenses	447,811	576,568	658,017
Cost of sales - equipment and other	192,821	145,604	95,116
<i>Subscriber acquisition costs:</i>			
Cost of sales - subscriber promotion subsidies	29,592	50,253	74,145
Other subscriber acquisition costs	444,993	292,824	579,272
Subscriber acquisition advertising	519,941	426,230	550,844
Total subscriber acquisition costs	994,526	769,307	1,204,261
General and administrative expenses	793,480	725,601	687,054
Litigation expense (Note 15)	—	—	295,695
Depreciation and amortization (Note 8)	630,577	712,024	817,564
Impairment of long-lived assets (Note 8)	—	—	145,918
Total costs and expenses	10,928,808	11,473,681	12,823,610
Operating income (loss)	1,878,876	2,147,621	1,567,765
Other Income (Expense):			
Interest income	77,214	44,759	41,006
Interest expense, net of amounts capitalized	(23,687)	(15,006)	(63,172)
Other, net	11,524	11,801	104,488
Total other income (expense)	65,051	41,554	82,322
Income (loss) before income taxes	1,943,927	2,189,175	1,650,087
Income tax (provision) benefit, net	(451,358)	(533,684)	515,320
Net income (loss)	1,492,569	1,655,491	2,165,407
Less: Net income (loss) attributable to noncontrolling interests, net of tax	93,057	80,400	66,718
Net income (loss) attributable to DISH Network	\$ 1,399,512	\$ 1,575,091	\$ 2,098,689
Weighted-average common shares outstanding - Class A and B common stock:			
Basic	479,657	467,350	466,021
Diluted	537,964	525,832	522,596
Earnings per share - Class A and B common stock:			
Basic net income (loss) per share attributable to DISH Network	\$ 2.92	\$ 3.37	\$ 4.50
Diluted net income (loss) per share attributable to DISH Network	\$ 2.60	\$ 3.00	\$ 4.07
Comprehensive Income (Loss):			
Net income (loss)	\$ 1,492,569	\$ 1,655,491	\$ 2,165,407
<i>Other comprehensive income (loss):</i>			
Foreign currency translation adjustments	223	(1,343)	1,027
Unrealized holding gains (losses) on available-for-sale securities	1,127	(529)	9,671
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	(299)	(8)	(11,129)
Deferred income tax (expense) benefit, net	(195)	124	532
Total other comprehensive income (loss), net of tax	856	(1,756)	101
Comprehensive income (loss)	1,493,425	1,653,735	2,165,508
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of tax	93,057	80,400	66,718
Comprehensive income (loss) attributable to DISH Network	\$ 1,400,368	\$ 1,573,335	\$ 2,098,790

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

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

	For the Years Ended December 31,		
	2019	2018	2017
Cash Flows From Operating Activities:			
Net income (loss)	\$ 1,492,569	\$ 1,655,491	\$ 2,165,407
<i>Adjustments to reconcile net income (loss) to net cash flows from operating activities:</i>			
Depreciation and amortization	630,577	712,024	817,564
Impairment of long-lived assets	—	—	145,918
Realized and unrealized losses (gains) on investments	(4,121)	(11,908)	(99,997)
Non-cash, stock-based compensation	14,262	36,261	29,941
Deferred tax expense (benefit)	228,250	454,699	(485,973)
Change in long-term deferred revenue and other long-term liabilities	228,557	(3,303)	29,750
Other, net	92,471	(70,900)	(29,632)
Changes in current assets and current liabilities, net			
Trade accounts receivable	49,183	14,724	126,848
Allowance for doubtful accounts	2,314	(1,270)	(2,888)
Prepaid and accrued income taxes	50,101	93,618	(46,599)
Inventory	(79,542)	14,788	37,895
Other current assets	67,398	(46,772)	(63,154)
Trade accounts payable	46,892	(160,952)	(131,399)
Deferred revenue and other	26,172	(98,179)	(64,909)
Accrued programming and other accrued expenses	(182,682)	(70,480)	350,735
Net cash flows from operating activities	2,662,401	2,517,841	2,779,507
Cash Flows From Investing Activities:			
Purchases of marketable investment securities	(1,029,858)	(1,403,890)	(566,373)
Sales and maturities of marketable investment securities	1,799,966	730,210	206,272
Purchases of property and equipment	(581,081)	(393,938)	(431,795)
Capitalized interest related to FCC authorizations (Note 2)	(901,367)	(922,759)	(953,498)
Purchases of FCC authorizations, including deposits (Note 15)	(12,155)	(2,500)	(4,711,154)
Purchases of strategic investments	—	—	(90,381)
Other, net	6,659	17,604	25,376
Net cash flows from investing activities	(717,836)	(1,975,273)	(6,521,553)
Cash Flows From Financing Activities:			
Proceeds from issuance of convertible notes (Note 10)	—	—	1,000,000
Redemption and repurchases of senior notes	(1,317,372)	(1,108,489)	(1,074,139)
Repayment of long-term debt and finance lease obligations	(41,548)	(42,767)	(42,422)
Payments made to parent of transferred businesses	—	—	(7,098)
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	36,435	19,981	28,574
Stock Rights Offering	998,408	—	—
Debt issuance costs	—	—	(6,158)
Other, net	(4,092)	(3,270)	(1,994)
Net cash flows from financing activities	(328,169)	(1,134,545)	(103,237)
Net increase (decrease) in cash, cash equivalents, restricted cash and cash equivalents	1,616,396	(591,977)	(3,845,283)
Cash, cash equivalents, restricted cash and cash equivalents, beginning of period (Note 6)	887,924	1,479,901	5,325,184
Cash, cash equivalents, restricted cash and cash equivalents, end of period (Note 6)	\$ 2,504,320	\$ 887,924	\$ 1,479,901

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