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

Form 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to _______________.

Commission file number 333-31929

EchoStar DBS Corporation
(Exact Name of Registrant as Specified in its Charter)

Colorado	84-1328967
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

5701 S. Santa Fe Drive Littleton, Colorado	80120
(Address of principal executive offices)	(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 X No

As of November 11, 1999, Registrant's outstanding common stock consisted of 1,000 shares of Common Stock.

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

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PART I FINANCIAL INFORMATION

PART II OTHER INFORMATION

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* This item has been omitted pursuant to the reduced disclosure format as set forth in General Instruction (H)(1)(a) and (b) of Form 10-Q.

ECHOSTAR DBS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 1998	September 30, 1999
Assets		(Unaudited)
Current Assets:		
Cash and cash equivalents	$ 25,308	$ 74,195
Marketable investment securities	7,000	35,504
Trade accounts receivable, net of allowance for uncollectible accounts of $2,996 and $2,627, respectively	107,743	150,688
Insurance receivable	-	106,000
Inventories	76,708	89,538
Other current assets	24,823	31,515
Total current assets	241,582	487,440
Restricted Assets:		
Interest and satellite escrows and other restricted cash and marketable investment securities	77,657	-
Insurance receivable	106,000	-
Total restricted assets	183,657	-
Property and equipment, net	853,818	1,332,126
FCC authorizations, net	103,266	725,431
Deferred tax assets	60,638	63,801
Other noncurrent assets	27,212	30,486
Total assets	$1,470,173	$2,639,284
Liabilities and Stockholder's Equity (Deficit)		
Current Liabilities:		
Trade accounts payable	$ 90,562	$ 139,556
Deferred revenue	132,857	160,596
Accrued expenses	176,158	269,946
Advances from affiliates, net	54,805	257,316
Current portion of long-term debt	22,679	20,832
Total current liabilities	477,061	848,246
Long-term obligations, net of current portion:		
1994 Notes	571,674	1,503
1996 Notes	497,955	1,097
1997 Notes	375,000	15
Seven Year Notes	-	375,000
Ten Year Notes	-	1,625,000
Mortgages and other notes payable, net of current portion	43,450	28,278
Notes payable to ECC, including accumulated interest	59,812	-
Long-term deferred satellite services revenue and other long-term liabilities	33,358	58,335
Total long-term obligations, net of current portion	1,581,249	2,089,228
Total liabilities	2,058,310	2,937,474
Commitments and Contingencies (Note 8)		
Stockholder's Equity (Deficit):		
Common Stock, $.01 par value, 1,000 shares authorized, issued and outstanding	-	-
Additional paid-in capital	145,164	1,269,484
Accumulated deficit	(733,301)	(1,567,674)
Total stockholder's equity (deficit)	(588,137)	(298,190)

Total liabilities and stockholder's equity (deficit)..	$1,470,173	$2,639,284

See accompanying Notes to Condensed Consolidated Financial Statements.

ECHOSTAR DBS CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1999	1998	1999
Revenue:				
DISH Network:				
Subscription television services..................	$ 179,472	$ 356,439	$ 459,540	$ 923,263
Other......................	1,674	2,116	11,096	6,624
Total DISH Network...........	181,146	358,555	470,636	929,887
DTH equipment sales and integration services.........	43,921	49,348	190,787	105,856
Satellite services...........	5,436	12,793	15,805	30,113
C-band and other.............	6,253	9,685	19,716	24,598
Total revenue..................	236,756	430,381	696,944	1,090,454
Costs and Expenses:				
DISH Network Operating Expenses:				
Subscriber-related expenses..................	77,520	158,144	210,717	403,161
Customer service center and other.................	19,539	31,778	45,641	81,153
Satellite and transmission..	7,013	10,088	17,725	30,393
Total DISH Network operating expenses....................	104,072	200,010	274,083	514,707
Cost of sales DTH equipment and integration services.....	30,050	35,243	131,050	77,189
Cost of sales C-band and other.......................	3,331	4,436	12,555	11,870
Marketing:				
Subscriber promotion subsidies.................	60,295	184,475	165,123	461,302
Advertising and other.......	8,107	19,731	25,694	40,360
Total marketing expenses......	68,402	204,206	190,817	501,662
General and administrative....	24,370	39,199	66,836	98,643
Amortization of subscriber acquisition costs...........	1,964	-	18,819	-
Depreciation and amortization................	21,773	26,910	58,778	76,728
Total costs and expenses........	253,962	510,004	752,938	1,280,799
Operating loss.................	(17,206)	(79,623)	(55,994)	(190,345)
Other Income (Expense):				
Interest income...............	2,021	2,788	8,172	10,834
Interest expense, net of amounts capitalized..........	(45,563)	(48,223)	(122,219)	(147,616)
Other........................	108	(1,453)	(699)	(9,816)
Total other income (expense)....	(43,434)	(46,888)	(114,746)	(146,598)
Loss before income taxes........	(60,640)	(126,511)	(170,740)	(336,943)
Income tax provision, net.......	63	(21)	(220)	(109)
Net loss before extraordinary charges......................	(60,577)	(126,532)	(170,960)	(337,052)
Extraordinary charge for early retirement of debt, net of tax...................	-	-	-	(228,733)
Net loss......................	$ (60,577)	$ (126,532)	$(170,960)	$(565,785)

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended September 30,	
	1998	1999
Cash Flows From Operating Activities:		
Net loss	$(170,960)	$ (565,785)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Extraordinary charge for early retirement of debt	-	228,733
Loss on disposal of assets	-	9,770
Non-cash deferred compensation	-	5,983
Depreciation and amortization	58,778	76,728
Amortization of subscriber acquisition costs	18,819	-
Interest on notes payable to ECC added to principal	3,900	330
Amortization of debt discount and deferred financing costs	89,455	12,621
Change in reserve for excess and obsolete inventory	374	(409)
Change in long-term deferred satellite services revenue and other long-term liabilities	8,454	24,977
Changes in current assets and current liabilities	(48,888)	102,442
Net cash flows from operating activities	(40,068)	(104,610)
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(3,969)	(181,148)
Sales of marketable investment securities	5,868	152,644
Funds released from escrow and restricted cash and marketable investment securities	116,468	77,657
Investment earnings placed in escrow	(5,269)	-
Purchases of property and equipment	(133,807)	(63,338)
Other	1,400	(225)
Net cash flows from investing activities	(19,309)	(14,410)
Cash Flows From Financing Activities:		
Advances from affiliates	51,689	202,511
Proceeds from issuance of Seven Year Notes	-	375,000
Proceeds from issuance of Ten Year Notes	-	1,625,000
Debt issuance costs and prepayment premiums	-	(233,721)
Retirement of 1994 Notes	-	(575,674)
Retirement of 1996 Notes	-	(501,350)
Retirement of 1997 Notes	-	(378,110)
Capital contribution to ECC	-	(268,588)
Repayment of notes payable to ECC	-	(60,142)
Repayments of mortgage indebtedness and notes payable	(12,070)	(17,019)
Net cash flows from financing activities	39,619	169,907
Net (decrease) increase in cash and cash equivalents	(19,758)	48,887
Cash and cash equivalents, beginning of period	62,059	25,308
Cash and cash equivalents, end of period	$ 42,301	$ 74,195

Supplemental Disclosure of Cash Flow Information:		
Capitalized interest, including amounts due from affiliates..................	$ 21,619	$ -
Contribution of satellite asset.......	20,000	-
Satellite vendor financing............	12,950	-
Assets acquired from News Corporation and MCI:		
FCC licenses and other..............	-	626,120
Satellites..........................	-	451,200
Digital broadcast operations center............................	-	47,000
Capital contribution from ECC.........	-	1,124,320

See accompanying Notes to Condensed Consolidated Financial Statements.

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

1. Organization and Business Activities

Principal Business

EchoStar DBS Corporation ("DBS Corp," or the "Company"), is a wholly-owned subsidiary of EchoStar Communications Corporation ("ECC" and together with its subsidiaries "EchoStar"), a publicly traded company on the Nasdaq National Market. During March 1999, EchoStar received approval from the Federal Communications Commission ("FCC") to reorganize certain of its direct and indirect wholly-owned subsidiaries in order to streamline its organization and operations. During the first quarter of 1999, EchoStar placed ownership of all of its direct broadcast satellites and related FCC licenses into EchoStar Satellite Corporation ("ESC"). DirectSat Corporation, Direct Broadcasting Satellite Corporation ("DBSC") and EchoStar Space Corporation ("Space") were merged into ESC. Dish, Ltd., and EchoStar Satellite Broadcasting Company ("ESBC") were merged into the Company. EchoStar IV and the related FCC licenses were transferred to ESC. The accompanying financial statements retroactively reflect this reorganization.

Unless otherwise stated herein, or the context otherwise requires, references herein to EchoStar shall include ECC, DBS Corp and all direct and indirect wholly-owned subsidiaries thereof. DBS Corp's management refers readers of this Quarterly Report on Form 10-Q to EchoStar's Quarterly Report on Form 10-Q for the nine months ended September 30, 1999. Substantially all of EchoStar's operations are conducted by subsidiaries of DBS Corp. The operations of EchoStar include three interrelated business units:

* The DISH Network   a direct broadcast satellite ("DBS") subscription television service in the United States. As of September 30, 1999, EchoStar had approximately 3.0 million DISH Network subscribers.

* EchoStar Technologies Corporation ("ETC")   engaged in the design, distribution and sale of DBS set-top boxes, antennae and other digital equipment for the DISH Network ("EchoStar receiver systems"), and the design and distribution of similar equipment for direct-to-home ("DTH") projects of others internationally, together with the provision of uplink center design, construction oversight and other project integration services for international DTH ventures.

* Satellite Services   engaged in the delivery of video, audio and data services to business television customers and other satellite users. These services may include satellite uplink services, satellite transponder space usage, billing, customer service and other services.

Since 1994, EchoStar has deployed substantial resources to develop the "EchoStar DBS System." The EchoStar DBS System consists of EchoStar's FCC-allocated DBS spectrum, DBS satellites ("EchoStar I," "EchoStar II," "EchoStar III," "EchoStar IV," and "EchoStar V"), digital satellite receivers, digital broadcast operations centers, customer service facilities, and other assets utilized in its operations. EchoStar's principal business strategy is to continue developing its subscription television service in the United States to provide consumers with a fully competitive alternative to cable television service.

Recent Developments

On June 24, 1999, EchoStar acquired certain high-power DBS assets from The News Corporation Limited ("News Corporation") and MCI Telecommunications Corporation/WorldCom ("MCI") in exchange for shares of its Class A common stock (the "110 Acquisition). The primary assets acquired by EchoStar from News and MCI in the transaction are:

* the rights to 28 DBS frequencies at the 110 degrees West Longitude ("WL") orbital location;
* two DBS satellites ("EchoStar V" and "EchoStar VI") to be delivered in-orbit (including construction, launch and insurance costs), EchoStar V was launched from Cape Canaveral, Florida on September 23, 1999 and EchoStar VI is currently expected to be launched in the second quarter of 2000;
* a recently-constructed digital broadcast operations center located in Gilbert, Arizona;
* a worldwide license from NDS Limited to use certain technology in connection with the manufacture and distribution of set-top boxes intended for use with the services of certain network operators; and
* a three-year retransmission consent agreement for the DISH Network to rebroadcast FOX Broadcasting Company's local station signals in those markets where FOX owns the local affiliate.

Beneficial interest in the assets and rights acquired by EchoStar in the 110 Acquisition were transferred to the Company promptly after closing.

EchoStar V was successfully launched on September 23, 1999, from Cape Canaveral, Florida and has reached its final orbit at 110 degrees WL. The solar panels were successfully deployed a few hours after launch and the communication antennas were successfully deployed, as expected. During in-orbit testing of EchoStar V, minor anomalies have been detected which are not expected to affect service. Assuming successful completion of final in-orbit testing, EchoStar V is expected to commence commercial service during November 1999.

On November 2, 1999, EchoStar entered into an exclusive multi-year agreement with Superstar/Netlink Group ("Superstar"), a subsidiary of TV Guide, Inc., to convert its 1,400,000 current and inactive C-band subscribers to EchoStar's DBS services. Under the terms of the agreement, Superstar will actively solicit its C-band subscribers to convert to EchoStar's DBS services and will not provide its subscriber lists to cable providers or other DBS providers. In exchange, on or before December 2, 1999, EchoStar will pay Superstar a $10,000,000 exclusivity fee. In addition, EchoStar will pay Superstar a commission of $250 for each of their active subscribers that converts to EchoStar's services and subscribes to DISH Network programming for at least 12 months following conversion, plus a monthly fee for a period of up to five years after conversion, so long as the subscriber purchases at least $19.99 of DISH Network programming per month. For each inactive Superstar subscriber that converts and subscribes to DISH Network programming for at least 12 months, EchoStar will pay Superstar a $100 commission and no monthly fee. To encourage conversion, Echostar will provide its dish system equipment and installation free to each converting Superstar subscriber. EchoStar will also provide approximately $50 of free programming to converting Superstar subscribers who pre-pay for one year of programming.

2. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles 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 footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. All significant intercompany accounts and transactions have been eliminated in consolidation. Operating results for the nine months ended September 30, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999. For further information, refer to the combined and consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

Certain prior year amounts have been reclassified to conform with the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management 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 revenues and expenses for each reporting period. Actual results could differ from those estimates.

3. Inventories

Inventories consist of the following (in thousands):

	December 31, 1998	September 30, 1999
		(Unaudited)
Finished goods - DBS	$ 44,936	$ 39,257
Raw materials	8,473	22,673
Finished goods - reconditioned and other	18,406	18,697
Consignment	7,654	9,019
Work-in-process	2,420	4,664
Reserve for excess and obsolete inventory	(5,181)	(4,772)
	$ 76,708	$ 89,538

4. Property and Equipment

Property and equipment consist of the following (in thousands):

	December 31, 1998	September 30, 1999
		(Unaudited)
EchoStar I	$ 201,607	$ 201,607
EchoStar II	228,694	228,694
EchoStar III	234,083	234,083
EchoStar IV	105,005	105,005
Furniture, fixtures and equipment	182,717	215,937
Buildings and improvements	42,121	39,836
Tooling and other	5,551	5,656
Land	1,640	1,640
Vehicles	1,288	1,234
Construction in progress	18,329	537,383
Total property and equipment	1,021,035	1,571,075
Accumulated depreciation	(167,217)	(238,949)
Property and equipment, net	$ 853,818	$ 1,332,126

Construction in progress consists of the following (in thousands):

	December 31, 1998	September 30, 1999
		(Unaudited)
Progress amounts for satellite construction, launch, and launch insurance:		
EchoStar V	$ -	$ 243,130
EchoStar VI	-	208,130
Digital broadcast operations center	-	47,000
Other	18,329	39,123
	$ 18,329	$ 537,383

5. EchoStar IV

As previously announced, as a result of the partial failure of EchoStar IV solar arrays to deploy, a maximum of approximately 18 transponders on EchoStar IV are currently available for use at any one time. The number of available transponders will decrease over time. Additionally, six of the 44 transponders on EchoStar IV have failed, resulting in the loss of use of a total of 12 transponders. In addition to transponder failures, EchoStar IV has experienced anomalies affecting its heating systems and fuel system. Based on existing data, EchoStar expects that approximately 16 transponders will probably be available over the entire expected life of the satellite, absent significant additional transponder problems or other failures. In September 1998, EchoStar filed a $219.3 million insurance claim for a constructive total loss under the launch insurance policy related to EchoStar IV. However, if we receive $219.3 million for a constructive total loss on the satellite, the insurers would obtain the sole right to the benefits of salvage from EchoStar IV under the terms of the launch insurance policy. Although we believe we have suffered a total loss of EchoStar IV under that definition in the launch insurance policy, we intend to negotiate a settlement with the insurers to compensate us for the reduced satellite transmission capacity and allow us to retain title to the asset.

EchoStar's satellite insurance policy for EchoStar IV consists of separate identical policies with different carriers for varying amounts which, in combination, create a total insured amount of $219.3 million. We anticipate meeting with many of our insurance carriers during late 1999. However, two of the participants in our insurance line have notified EchoStar they believe that EchoStar's alleged delay in providing required insurance claim information may reduce their obligation to pay any settlement related to the claim. One carrier recently asserted it has no obligation to pay. We strongly disagree with the position taken by those insurers and continue to believe that the EchoStar IV insurance claim will be resolved in a manner satisfactory to EchoStar. However, no assurance can be given that we will receive the amount claimed or, if we do, that we will retain title to EchoStar IV with its reduced capacity.

While there can be no assurance, we do not currently expect a material adverse impact on short or medium term satellite operations. Although we have not fully assessed the impairment to EchoStar IV from the transponder failures and other anomalies, we continue to believe that insurance proceeds will be sufficient to offset all write-downs of satellite assets that might ultimately be necessary because of lost functionality. However, there can be no assurance that additional material failures will not occur, and we can provide no assurance as to the ultimate amount that may be received from the insurance claim, or that coverage will be available. We will continue to evaluate the performance of EchoStar IV and may modify our loss assessment as new events or circumstances develop.

6. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	December 31, 1998	September 30, 1999
		(Unaudited)
Royalties and copyright fees.........	$ 49,400	$ 75,246
Programming..........................	35,472	60,917
Marketing............................	33,463	54,929
Interest.............................	24,918	31,627
Other................................	32,905	47,227
	$ 176,158	$ 269,946

7. Long-Term Debt

On January 25, 1999, the Company sold $375 million principal amount of 9 1/4% Senior Notes due 2006 (the "Seven Year Notes") and $1.625 billion principal amount of 9 3/8% Senior Notes due 2009 (the "Ten Year Notes," and together with the Seven Year Notes, the "Notes"). Concurrent with the closing of these offerings, the Company used approximately $1.658 billion of net proceeds received from the sale of the Notes to complete tender offers for the outstanding 12 7/8% Senior Secured Discount Notes due June 1, 2004 issued by Dish, Ltd. ("the 1994 Notes"), the 13 1/8% Senior Secured Discount Notes due 2004 issued by ESBC ("the 1996 Notes") and the 12 1/2% Senior Secured Notes due 2002 issued by the Company ("the 1997 Notes"). In February 1999, ECC used approximately $268 million of net proceeds received from the sale of the Notes to complete a tender offer related to the 12 1/8% Senior Preferred Exchange Notes due 2004, issued on January 4, 1999, in exchange for all of its issued and outstanding 12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock. Substantially all of the restrictive covenants contained in each of the respective indentures were removed upon closing of the tender offers. The consummation of the tender offers resulted in a one-time extraordinary charge to the Company's net income of $229 million (approximately $203 million of tender premiums and consent fees and approximately $26 million associated with the write-off of unamortized deferred financing costs and other transaction-related costs).

8. Commitments and Contingencies

The News Corporation Limited

During February 1997, News Corporation agreed to acquire approximately 50% of the outstanding capital stock of EchoStar. During late April 1997, substantial disagreements arose between the parties regarding their obligations under this agreement. Those substantial disagreements led to litigation which the parties subsequently settled. In connection with the News Corporation litigation, EchoStar has a contingent fee arrangement with the attorneys who represented EchoStar in that litigation, which provides for the attorneys to be paid a percentage of any net recovery obtained in the News Corporation litigation. The attorneys have asserted that they may be entitled to receive payments totaling hundreds of millions of dollars under this fee arrangement. EchoStar is vigorously contesting the attorneys' interpretation of the fee arrangement, which EchoStar believes significantly overstates the magnitude of its liability. If the attorneys and EchoStar are unable to resolve this fee dispute, it would be resolved through arbitration or litigation. It is too early to determine the outcome of negotiations, arbitration or litigation regarding this fee dispute.

WIC Premium Television Ltd.

On July 28, 1998, a lawsuit was filed by WIC Premium Television Ltd. ("WIC"), an Alberta corporation, in the Federal Court of Canada Trial Division, against General Instrument Corporation, HBO, Warner Communications, Inc., John Doe, Showtime, United States Satellite Broadcasting Company, Inc., EchoStar, and two of EchoStar's wholly-owned subsidiaries. The lawsuit seeks, among other things, an interim and permanent injunction prohibiting the defendants from activating receivers in Canada and from infringing any copyrights held by WIC. It is too early to determine whether or when any other lawsuits or claims will be filed. It is also too early to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages.

On September 28, 1998, WIC filed another lawsuit in the Court of Queen's Bench of Alberta Judicial District of Edmonton against certain defendants, including EchoStar. WIC is a company authorized to broadcast certain copyrighted work, such as movies and concerts, to residents of Canada. WIC alleges that the defendants engaged in, promoted, and/or allowed satellite dish equipment from the United States to be sold in Canada and to Canadian residents and that some of the defendants allowed and profited from Canadian residents purchasing and viewing subscription television programming that is only authorized for viewing in the United States. The lawsuit seeks, among other things, an interim and permanent injunction prohibiting the defendants from importing hardware into Canada and from activating receivers in Canada, together with damages in excess of $175 million. It is too early to determine whether or when any other lawsuits or claims will be filed. It is also too early to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages.

Broadcast Network Programming

The Satellite Home Viewer Act permits satellite retransmission of distant network signals only to "unserved households."

The national networks and local affiliate stations recently challenged, based upon copyright infringement, PrimeTime 24's methods of selling network programming to consumers. Historically, EchoStar obtained distant broadcast network signals for distribution to its customers through PrimeTime 24. The United States District Court for the Southern District of Florida entered a nationwide permanent injunction preventing PrimeTime 24 from selling its programming to consumers unless the programming was sold in accordance with certain stipulations in the injunction. The injunction covers "distributors" as well. The plaintiffs in the Florida litigation informed EchoStar they considered EchoStar a "distributor" for purposes of that injunction. A federal district court in North Carolina also issued an injunction against PrimeTime 24 prohibiting certain distant signal retransmissions in the Raleigh area. The Fourth Circuit Court of Appeals recently affirmed the North Carolina Court's decision. EchoStar has implemented Satellite Home Viewer Act compliance procedures which materially restrict the market for the sale of network channels by the Company.

In October 1998, EchoStar filed a declaratory judgment action in the United States District Court for the District of Colorado against the four major networks. EchoStar asked the court to enter a judgment declaring that its method of providing distant network programming does not violate the Satellite Home Viewer Act and hence does not infringe the networks' copyrights. In November 1998, the four major broadcast networks and their affiliate groups filed a complaint against EchoStar in federal court in Miami alleging, among other things, copyright infringement. The court combined the case that EchoStar filed in Colorado with the case in Miami and transferred it to the Miami court.

In February 1999, CBS, NBC, Fox and ABC filed a "Motion for Temporary Restraining Order, Preliminary Injunction and Contempt Finding" against DIRECTV, Inc. in Miami related to the delivery of distant network channels to DIRECTV customers by satellite. Under the terms of a settlement between DIRECTV and the networks, some DIRECTV customers were scheduled to lose access to their satellite-provided network channels by July 31, 1999, while other DIRECTV customers are to be disconnected by December 31, 1999. Subsequently, PrimeTime 24 and substantially all providers of satellite-delivered network programming other than us agreed to this cut-off schedule.

The networks are pursuing a Motion for Preliminary Injunction in the Miami Court, asking the Court to enjoin EchoStar from providing network programming except under very limited circumstances. In general, the networks want EchoStar to turn off programming to its customers on the same schedule agreed to by DIRECTV.

A preliminary injunction hearing was held on September 21, 1999. The Court took the issues under advisement to consider the networks' request for an injunction, whether to hear live testimony before ruling upon the request, and whether to hear argument on why the Satellite Home Viewer Act may be unconstitutional, among other things. The Court did not say when a decision will be made, or whether an additional hearing will be necessary prior to ruling on the networks' preliminary injunction motion.

If this case is decided against EchoStar, or a preliminary injunction is issued, significant material restrictions on the sale of distant ABC, NBC, CBS and Fox channels by EchoStar could result. The litigation and legislation pending in Congress, among other things, could require the Company to terminate delivery of network signals to a material portion of its subscriber base, which could cause these subscribers to cancel EchoStar's services. While the networks have not sought monetary damages, they have sought to recover attorney fees if they prevail. EchoStar has commenced sending letters to some of its subscribers warning that their access to distant broadcast network channels might be terminated this year. Such terminations would result in a small reduction in average monthly revenue per subscriber and could result in increased subscriber turnover.

Under the Satellite Home Viewer Act, the determination of whether a household qualifies as "unserved" for the purpose of eligibility to receive a distant network channel depends, in part, on whether that household can receive a signal of "Grade B intensity" as defined by the FCC.

In February 1999, the FCC released a report and order on these matters. Although the FCC declined to change the values of Grade B intensity, it adopted a method for measuring it at particular households. The FCC also endorsed a method for predicting Grade B intensity at particular households. The FCC recently denied in part and granted in part EchoStar's petition for reconsideration, allowing EchoStar some additional flexibility in the method for measuring Grade B intensity but denying the Company's requests on other matters. EchoStar cannot be sure whether these methods are favorable to the Company or what weight, if any, the courts will give to the FCC's decision. EchoStar also cannot be certain whether the application of these methods by the courts will result in termination of distant signal delivery to a material portion of its subscribers or decreases in future subscriber activations.

In addition, the Satellite Home Viewer Act is set to expire at the end of 1999 if the currently pending legislation is not passed into law. If that legislation does not pass, EchoStar would lose the right to transmit all network programming and superstation signals by satellite.

EchoStar is subject to various other legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to those actions will not materially affect the Company's financial position or results of operations.

Meteoroid Events

In November 1998 certain meteoroid events occurred as the earth's orbit passed through the particulate trail of Comet 55P (Tempel-Tuttle). EchoStar believes that its DBS satellites did not incur any significant damage as a result of these events. Similar meteoroid events are expected to occur again in November 1999. These meteoroid events continue to pose a potential threat to all in-orbit geosynchronous satellites, including EchoStar's DBS satellites. While the probability that EchoStar's spacecraft will be damaged by space debris is very small, that probability will increase by several orders of magnitude during the November 1999 meteoroid events. EchoStar is presently evaluating the potential effects that the November 1999 meteoroid events may have on its DBS satellites. While there can be no assurance, due to its significant satellite capacity, EchoStar is relatively well positioned to avoid any material interruption of service due to any potential damage resulting from these meteoroid events.

9. Segment Reporting

The Company adopted Financial Accounting Standard No. 131, "Disclosures About Segments of an Enterprise and Related Information" ("FAS No. 131") effective as of the year ended December 31, 1998. FAS No. 131 establishes standards for reporting information about operating segments in annual financial statements of public business enterprises and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders.

	Dish Network	ETC	Satellite Services	Eliminations and Other	EchoStar Consolidated Total	Other EchoStar Activity	DBS Corp Affiliates And Subsidiaries
Nine Months Ended September 30, 1998							
Revenue...	$497,155	$186,377	$16,913	$(4,761)	$695,684	$1,260	$696,944
Net income (loss)...	(233,008)	25,461	14,283	45,690	(147,574)	(23,386)	(170,960)
Nine Months Ended September 30, 1999							
Revenue...	$962,854	$94,306	$43,497	$(13,919)	$1,086,738	$3,716	$1,090,454
Net income (loss) before extraordinary charges..	(562,740)	(8,086)	22,028	244,936	(303,862)	(33,190)	(337,052)

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

All statements contained herein, as well as statements made in press releases and oral statements that may be made by us or by officers, directors or employees acting on our behalf, that are not statements of historical fact constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Among the factors that could cause our actual results to differ materially are the following: a total or partial loss of a satellite due to operational failures, space debris or otherwise; an unsuccessful launch or deployment of our fifth or sixth satellite, EchoStar V and EchoStar VI, respectively; a decrease in sales of digital equipment and related services to international direct-to-home or DTH service providers; a decrease in DISH Network subscriber growth; an increase in subscriber turnover; an increase in subscriber acquisition costs; impediments to the retransmission of local or distant broadcast network signals which could result from pending litigation or legislation; lower than expected demand for our delivery of local broadcast network signals; an unexpected business interruption due to the failure of third-parties to remediate Year 2000 issues; our inability to retain necessary authorizations from the FCC; an increase in competition from cable, direct broadcast satellite, other satellite system operators, and other providers of subscription television services; the introduction of new technologies and competitors into the subscription television business; a change in the regulations governing the subscription television service industry; the outcome of any litigation in which we may be involved; general business and economic conditions; and other risk factors described from time to time in our reports filed with the Securities and Exchange Commission. In addition to statements that explicitly describe such risks and uncertainties, readers are urged to consider statements that include the terms "believes," "belief," "expects," "plans," "anticipates," "intends" or the like to be uncertain and forward-looking. All cautionary statements made herein should be read as being applicable to all forward-looking statements wherever they appear. In this connection, investors should consider the risks described herein and should not place undue reliance on any forward-looking statements.

Results of Operations

Three Months Ended September 30, 1999 Compared to the Three Months Ended September 30, 1998.

Revenue. Total revenue for the three months ended September 30, 1999 was $430 million, an increase of $193 million compared to total revenue for the three months ended September 30, 1998 of $237 million. The increase in total revenue was primarily attributable to DISH Network subscriber growth. We expect that our revenues will continue to increase as the number of DISH Network subscribers increases.

DISH Network subscription television services revenue totaled $356 million for the three months ended September 30, 1999, an increase of $177 million or 99% compared to the same period in 1998. This increase was directly attributable to the increase in the number of DISH Network subscribers and higher average revenue per subscriber. Average DISH Network subscribers for the three months ended September 30, 1999 increased approximately 86% compared to the same period in 1998. As of September 30, 1999, we had approximately 3.0 million DISH Network subscribers compared to 1.6 million at September 30, 1998. Monthly revenue per subscriber approximated $43 and $40 during the three months ended September 30, 1999 and 1998, respectively. DISH Network subscription television services revenue principally consists of revenue from basic, premium and pay-per-view subscription television services. DISH Network subscription television services revenue will continue to increase to the extent we are successful in increasing the number of DISH Network subscribers and maintaining or increasing revenue per subscriber.

For the three months ended September 30, 1999, DTH equipment sales and integration services totaled $49 million, an increase of $5 million compared to the same period during 1998. DTH equipment sales consist of sales of digital set-top boxes and other digital satellite broadcasting equipment to international DTH service operators and sales of DBS accessories. The increase in DTH equipment sales and integration services revenue was primarily attributable to an increase in sales of DBS accessories, partially offset by a decrease in shipments to international DTH service operators during the three months ended September 30, 1999 as compared to the same period in 1998.

Substantially all of our EchoStar Technologies Corporation, or ETC, revenues have resulted from sales to two international DTH providers. We currently have agreements to provide equipment to DTH service operators in Spain and Canada. As a result, our ETC business currently is economically dependent on these two DTH providers. Our future revenue from the sale of DTH equipment and integration services in international markets depends largely on the success of these DTH operators and continued demand for our digital set-top boxes. Due to increasing competition and the continued decrease in the sales price of digital set-top boxes, we expect that our DTH equipment and integration services revenue for the year ended December 31, 1999 may decline as much as 50% as compared to 1998. Although we continue to actively pursue additional distribution and integration service opportunities internationally, no assurance can be given that any such efforts will be successful.

As previously reported, since 1998, Telefonica, one of the two DTH service providers described above, has had recurrent discussions and negotiations for a possible merger with Sogecable (Canal Plus Satellite), one of its primary competitors. Currently, we are not aware of any ongoing negotiations between Telefonica and Canal Plus Satellite. Although we have binding purchase orders from Telefonica for 1999 deliveries of DTH equipment, we cannot predict the impact, if any, eventual consummation of this possible merger might have on our future sales to Telefonica.

Satellite services revenue totaled $13 million during the three months ended September 30, 1999, an increase of $8 million as compared to the same period during 1998. These revenues principally include fees charged to content providers for signal carriage and revenues earned from business television, or BTV customers. The increase in satellite services revenue was primarily attributable to increased BTV revenue due to the addition of new full-time BTV customers. Satellite services revenue is expected to increase during the remainder of 1999 to the extent we are successful in increasing the number of our BTV customers and developing and implementing new services.

In order, among other things, to prepare for a potential adverse result in our pending litigation with the four major broadcast networks and their affiliate groups, we have sent letters to some of our subscribers warning that their access to CBS, NBC, Fox and ABC distant network channels might be terminated this year. Such terminations would result in a small reduction in average monthly revenue per subscriber and possibly increased subscriber turnover. While there can be no assurance, any such decreases could be offset by increases in average monthly revenue per subscriber resulting from the delivery of local network channels by satellite, and increases in programming offerings that will follow the scheduled operation of EchoStar V later this year and launch of EchoStar VI during 2000. While there can be no assurance, legislation pending would, if passed into law, reduce the number of customers whose network channels we may otherwise be required to terminate.

DISH Network Operating Expenses. DISH Network operating expenses totaled $200 million during the three months ended September 30, 1999, an increase of $96 million or 92%, compared to the same period in 1998. The increase in DISH Network operating expenses was consistent with, and primarily attributable to, the increase in the number of DISH Network subscribers. DISH Network operating expenses represented 56% and 58% of subscription television services revenue during the three months ended September 30, 1999 and 1998, respectively.

Subscriber-related expenses totaled $158 million during the three months ended September 30, 1999, an increase of $80 million compared to the same period in 1998. Such expenses, which include programming expenses, copyright royalties, residuals payable to retailers and distributors, and billing, lockbox and other variable subscriber expenses, represented 44% of subscription television services revenues during the three months ended September 30, 1999 compared to 43% during the same period in 1998. Although we do not currently expect subscriber-related expenses as a percentage of subscription television services revenue to increase materially in future periods, there can be no assurance this expense to revenue ratio will not materially increase.

Customer service center and other expenses principally consist of costs incurred in the operation of our DISH Network customer service centers, such as personnel and telephone expenses, as well as subscriber equipment installation and other operating expenses. Customer service center and other expenses totaled $32 million during the three months ended September 30, 1999, an increase of $12 million as compared to the same period in 1998. The increase in customer service center and other expenses resulted from increased personnel and telephone expenses to support the growth of the DISH Network. Customer service center and other expenses totaled 9% of subscription television services revenue during the three months ended September 30, 1999, as compared to 11% during the same period in 1998. Although we do not expect customer service center and other expenses as a percentage of subscription television services revenue to increase materially in future periods, there can be no assurance this expense to revenue ratio will not materially increase.

Satellite and transmission expenses include expenses associated with the operation of our digital broadcast center, contracted satellite telemetry, tracking and control services, and satellite in-orbit insurance. Satellite and transmission expenses totaled $10 million during the three months ended September 30, 1999, a $3 million increase compared to the same period in 1998. This increase resulted from higher satellite and other digital broadcast center operating expenses due to an increase in the number of operational satellites. We expect satellite and transmission expenses to continue to increase in the future as additional satellites or digital broadcast centers are placed in service. Satellite and transmission expenses totaled 3% and 4% of subscription television services revenue during the three months ended September 30, 1999 and 1998, respectively. While we can provide no assurance, we expect this expense to revenue ratio to decline to the extent we are successful in increasing the number of DISH Network subscribers and maintaining or increasing revenue per subscriber.

Cost of sales DTH equipment and Integration Services. Cost of sales DTH equipment and integration services totaled $35 million during the three months ended September 30, 1999, an increase of $5 million compared to the same period in 1998. This increase is consistent with the increase in DTH equipment revenue. Cost of sales DTH equipment and integration services principally includes costs associated with digital set-top boxes and related components sold to international DTH operators and DBS accessories. Cost of sales DTH equipment and integration services represented 71% and 68% of DTH equipment revenue, during the three months ended September 30, 1999 and 1998, respectively. We expect that cost of sales DTH equipment and integration services may increase as a percentage of DTH equipment revenue in the future, due to price pressure resulting from increased competition from other providers of DTH equipment.

Marketing Expenses. Marketing expenses totaled $204 million during the three months ended September 30, 1999, an increase of $136 million compared to the same period in 1998. The increase in marketing expenses was primarily attributable to an increase in subscriber promotion subsidies. Subscriber promotion subsidies include the excess of transaction costs over transaction proceeds at the time of sale of EchoStar receiver systems, activation allowances paid to retailers, and other promotional incentives. Advertising and other expenses totaled $20 million and $8 million during the three months ended September 30, 1999 and 1998, respectively.

During the three months ended September 30, 1999, our total subscriber acquisition costs, inclusive of acquisition marketing expenses, totaled $195 million, or approximately $390 per new subscriber activation. Comparatively, our subscriber acquisition costs during the three months ended September 30, 1998, inclusive of acquisition marketing expenses and deferred subscriber acquisition costs, totaled $64 million, or approximately $240 per new subscriber activation. The increase in our subscriber acquisition costs, on a per new subscriber activation basis, principally resulted from the introduction of several aggressive marketing promotions to acquire new subscribers.

During the third quarter of 1999, we continued our C-band bounty program, our Great Rewards program (PrimeStar bounty), and our DISH Network One-Rate Plan. Our subscriber acquisition costs under these programs are significantly higher than those under our other marketing programs. Under the DISH Network One-Rate Plan, consumers are eligible to receive a rebate that ranges from $100 up to $299 on the purchase of certain EchoStar receiver systems. To be eligible for this rebate, a subscriber must make a one-year commitment to subscribe to our America's Top 100 CD programming package plus additional channels. The amount of the monthly programming commitment determines the amount of the rebate. Although subscriber acquisition costs are materially higher under this plan compared to previous promotions, DISH Network One-Rate Plan customers generally provide materially greater average revenue per subscriber than a typical DISH Network subscriber. In addition, we believe that these customers represent lower credit risk and therefore may be marginally less likely to disconnect their service than other DISH Network subscribers. Under the DISH Network One-Rate Plan, we presently expect the participation rate to approximate 20% to 30% of new subscriber activations during the duration of the promotion. To the extent that actual consumer participation levels exceed present expectations, subscriber acquisition costs may materially increase. Although there can be no assurance as to the ultimate duration of the DISH Network One-Rate Plan, it will continue through at least December 1999.

Under our bounty programs, current C-band and PrimeStar customers are eligible to receive a free base-level EchoStar receiver system, free installation and six months of our America's Top 40 programming (which retails for $19.99 per month) without charge. A subscriber must make a one-year commitment to subscribe to either our America's Top 40 or our America's Top 100 CD programming package and prove that they are a current C-band or PrimeStar customer to be eligible for this program.

Based upon our current promotions we expect a modest increase in average subscriber acquisition costs during the remainder of 1999. However our subscriber acquisition costs, both in aggregate and on a per new subscriber activation basis, may materially increase to the extent that we expand our bounty programs or the DISH Network One-Rate Plan, or if we determine that more aggressive promotions are necessary to respond to competition, or for other reasons. Further, subscriber acquisition costs will increase in connection with the agreement to convert Superstar/Netlink Group C-band subscribers to our DISH Network.

General and Administrative Expenses. General and administrative expenses totaled $39 million during the three months ended September 30, 1999, an increase of $15 million as compared to the same period in 1998. The increase in G&A expenses was principally attributable to increased personnel expenses to support the growth of the DISH Network. G&A expenses as a percentage of total revenue decreased to 9% during the three months ended September 30, 1999 compared to 10% during the same period in 1998. Although we expect G&A expenses as a percentage of total revenue to remain near the current level or decline modestly in future periods, this expense to revenue ratio could increase.

EBITDA. EBITDA represents earnings before interest, taxes, depreciation, amortization, and non-cash deferred compensation. EBITDA was negative $48 million during the three months ended September 30, 1999 compared to $5 million during the three months ended September 30, 1998. EBITDA, as adjusted to exclude amortization of subscriber acquisition costs, was negative $48 million for the three months ended September 30, 1999 compared to $7 million for the same period in 1998. This decline in EBITDA principally resulted from an increase in DISH Network operating and marketing expenses. It is important to note that EBITDA does not represent cash provided or used by operating activities. Further, our calculation of EBITDA for the three months ended September 30, 1999 does not include approximately $4.3 million of non-cash compensation resulting from appreciation of stock options granted to employees. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

As previously discussed, to the extent we expand our current marketing promotions and our subscriber acquisition costs materially increase, our EBITDA results will be negatively impacted because subscriber acquisition costs are expensed as incurred.

Depreciation and Amortization. Depreciation and amortization expenses aggregated $27 million during the three months ended September 30, 1999, a $3 million increase compared to the same period in 1998, during which subscriber acquisition costs were amortized. Commencing October 1997, we instead expensed all of these costs at the time of sale. The increase in depreciation and amortization expenses principally resulted from an increase in depreciation related to the commencement of operation of EchoStar IV in August of 1998 and other depreciable assets placed in service during 1998, partially offset by subscriber acquisition costs becoming fully amortized during the third quarter of 1998.

Other Income and Expense. Other expense, net totaled $47 million during the three months ended September 30, 1999, an increase of $4 million compared to the same period in 1998. This increase resulted from a decrease in interest income and an increase in interest expense. In January 1999, we refinanced our outstanding 12 1/2% Senior Secured Notes due 2002 issued in June 1997, referred to herein as the 1997 notes; our 12 7/8% Senior Secured Discount Notes due 2004 issued in 1994, referred to herein as the 1994 notes; and our 13 1/8% Senior Secured Discount Notes due 2004 issued in 1996, referred to herein as the 1996 notes, at more favorable interest rates and terms. In connection with the refinancing, we consummated an offering of 9 1/4% Senior Notes due 2006, referred to herein as the seven year notes, and

9 3/8% Senior Notes due 2009, referred to herein as the ten year notes.

Although the seven and ten year notes have lower interest rates than the debt securities we repurchased, interest expense increased by approximately $4 million because we raised additional debt to cover tender premiums and consent and other fees related to the refinancing.

Nine Months Ended September 30, 1999 Compared to the Nine Months Ended September 30, 1998.

Revenue. Total revenue for the nine months ended September 30, 1999 was $1.09 billion, an increase of $393 million compared to total revenue for the nine months ended September 30, 1998 of $697 million. The increase in total revenue was primarily attributable to DISH Network subscriber growth and higher average revenue per subscriber.

DISH Network subscription television services revenue totaled $923 million for the nine months ended September 30, 1999, an increase of $463 million or 101%, compared to the same period in 1998. This increase was directly attributable to the increase in the number of DISH Network subscribers and higher average revenue per subscriber. Average DISH Network subscribers for the nine months ended September 30, 1999 increased approximately 87% compared to the same period in 1998.

For the nine months ended September 30, 1999, DTH equipment sales and integration services totaled $106 million, a decrease of $85 million compared to the same period during 1998. This expected decrease in DTH equipment sales and integration services revenue was primarily attributable to a decrease in demand combined with a decrease in the sales price of digital set-top boxes attributable to increased competition.

Satellite services revenue totaled $30 million during the nine months ended September 30, 1999, an increase of $14 million as compared to the same period during 1998. The increase in satellite services revenue was primarily attributable to increased BTV revenue due to the addition of new full-time BTV customers.

DISH Network Operating Expenses. DISH Network operating expenses totaled $515 million during the nine months ended September 30, 1999, an increase of $241 million or 88%, compared to the same period in 1998. The increase in DISH Network operating expenses was consistent with, and primarily attributable to, the increase in the number of DISH Network subscribers. DISH Network operating expenses represented 56% and 60% of subscription television services revenue during the nine months ended September 30, 1999 and 1998, respectively.

Subscriber-related expenses totaled $403 million during the nine months ended September 30, 1999, an increase of $192 million compared to the same period in 1998. Such expenses represented 44% of subscription television services revenues during the nine months ended September 30, 1999 compared to 46% during the same period in 1998. The decrease in this expense to revenue ratio resulted from subscription television services revenue increasing at a greater rate than subscriber-related expenses, due to greater premium channel penetration and subscription price increases. Although we expect subscriber-related expenses as a percentage of subscription television services revenue to remain near this level in future periods, this expense to revenue ratio could increase.

Customer service center and other expenses totaled $81 million during the nine months ended September 30, 1999, an increase of $35 million as compared to the same period in 1998. The increase in customer service center and other expenses resulted from increased personnel and telephone expenses to support the growth of the DISH Network. Customer service center and other expenses totaled 9% and 10% of subscription television services revenue during the nine months ended September 30, 1999 and 1998, respectively.

Satellite and transmission expenses totaled $30 million during the nine months ended September 30, 1999, a $12 million increase compared to the same period in 1998. This increase resulted from higher satellite and other digital broadcast center operating expenses due to an increase in the number of operational satellites. Satellite and transmission expenses represented 3% and 4% of subscription television services revenue during the nine months ended September 30, 1999 and 1998, respectively.

Cost of sales   DTH equipment and Integration Services. Cost of sales DTH equipment and integration services totaled $77 million during the nine months ended September 30, 1999, a decrease of $54 million or 41% compared to

the same period in 1998. This decrease is consistent with the decrease in DTH equipment revenue. Cost of sales DTH equipment and integration services represented 73% of DTH equipment revenue during the nine months ended September 30, 1999 as compared to 69% during the same period in 1998.

Marketing Expenses. Marketing expenses totaled $502 million during the nine months ended September 30, 1999, an increase of $311 million compared to the same period in 1998. The increase in marketing expenses was primarily attributable to an increase in subscriber promotion subsidies. Advertising and other expenses totaled $40 million during the nine months ended September 30, 1999, an increase of $14 million over the same period in 1998.

During the nine months ended September 30, 1999, our total subscriber acquisition costs, inclusive of acquisition marketing expenses, totaled $488 million. Comparatively, our subscriber acquisition costs during the nine months ended September 30, 1998, inclusive of acquisition marketing expenses and deferred subscriber acquisition costs, totaled $160 million. The increase in our subscriber acquisition costs, on a per new subscriber activation basis, principally resulted from the introduction of several aggressive marketing promotions to acquire new subscribers.

General and Administrative Expenses. General and administrative expenses totaled $99 million during the nine months ended September 30, 1999, an increase of $32 million as compared to the same period in 1998. The increase in G&A expenses was principally attributable to increased personnel expenses to support the growth of the DISH Network. G&A expenses as a percentage of total revenue totaled 9% and 10% during the nine months ended September 30, 1999 and 1998, respectively.

EBITDA. EBITDA represents earnings before interest, taxes, depreciation, amortization, and other non-cash deferred compensation. EBITDA was negative $108 million and $3 million, during the nine months ended September 30, 1999 and 1998, respectively. EBITDA, as adjusted to exclude amortization of subscriber acquisition costs, was negative $108 million for the nine months ended September 30, 1999 compared to $22 million for the same period in 1998. This decline in EBITDA principally resulted from a decrease in DTH equipment revenue and an increase in subscriber promotion subsidies. It is important to note that EBITDA does not represent cash provided or used by operating activities. Further, our calculation of EBITDA for the nine months ended September 30, 1999 does not include approximately $6.0 million of non-cash compensation resulting from appreciation of stock options granted to employees. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

Depreciation and Amortization. Depreciation and amortization expenses aggregated $77 million during the nine months ended September 30, 1999, a $1 million decrease compared to the same period in 1998, during which subscriber acquisition costs were amortized. The decrease in depreciation and amortization expenses principally resulted from subscriber acquisition costs becoming fully amortized during the third quarter of 1998, offset by an increase in depreciation related to the commencement of operation of EchoStar IV in August of 1998 and other depreciable assets placed in service during 1998.

Other Income and Expense. Other expense, net totaled $147 million during the nine months ended September 30, 1999, an increase of $32 million as compared to the same period in 1998. The increase in other expense resulted primarily from an increase in interest expense associated with our seven and ten year notes, partially offset by a gain on the sale of the investments.

Year 2000 Readiness Disclosure

We have assessed and continue to assess the impact of the Year 2000 issue on our computer systems and operations. The Year 2000 issue exists because many computer systems and applications currently use two-digit date fields to designate a year. Thus, as the century date approaches, date sensitive systems may recognize the year 2000 as 1900 or not at all. The inability to recognize or properly treat the year 2000 may cause computer systems to process critical financial and operational information incorrectly. If our Year 2000 remediation plan is not successful or is not completed in a timely manner, the Year 2000 issue could significantly disrupt our ability to transact business with our customers and suppliers, and could have a material impact on our operations. Even if our Year 2000 remediation plan is

successful or completed on time, there can be no assurance that the systems of other companies with which our systems interact will be timely converted, or that any such failure to convert by another company would not have an adverse effect on our business or operations.

We have established a five-phase plan to address potential Year 2000 issues:

* Inventory the identification of all relevant hardware and software to establish the scope of subsequent testing;
* Assessment the process of evaluating the current level of Year 2000 readiness of all components identified in the inventory phase, defining actions necessary to retire, replace or otherwise correct all non-conforming components and estimating resources and timelines required by action plans;
* Remediation the correction of previously identified Year 2000 issues;
* Validation/testing the evaluation of each component's performance as the date is rolled forward to January 1, 2000 and other dates and times relating to the Year 2000 issue; and
* Implementation the process of updating components and correcting Year 2000 issues in the production operating environment of a system.

In connection with this effort, we have segregated our computer systems and corresponding Year 2000 readiness risk into three categories: internal financial and administrative systems, service-delivery systems, and third-party systems.

Internal Financial and Administrative Systems

With respect to our internal financial and administrative systems, we have completed the inventory phase of the Year 2000 readiness plan by identifying all systems with potential Year 2000 problems. We have also completed the process of assessing these systems by communicating with our outside software and hardware vendors and reviewing their certifications of Year 2000 readiness, as well as reviewing internal custom programming codes.

Upon completion of the assessment phase, we began the remediation and validation/testing phases. During the remediation phase, we corrected all problems detected while performing the assessment phase. During the validation/testing phase, we created a parallel environment of all internal and administrative systems. This parallel environment was tested to assess its reaction to changes in dates and times relating to the Year 2000 issue. All problems encountered during these tests were fixed. As of September 30, 1999, the remediation and validation/testing phases were complete for all of our corporate systems, except two non-business critical applications. These applications have recently been upgraded to Year 2000 compliant versions and will be tested during November 1999.

During the implementation phase software upgrades and patches were implemented in the actual operating environment of our internal financial and administrative systems for all known problems detected in previous phases. While there can be no guarantee we presently believe that our internal financial and administrative systems are Year 2000 ready. As new or enhanced technology and software are integrated into our financial and administrative systems we will perform additional testing to attempt to ensure continued Year 2000 readiness.

Service-Delivery Systems

We have defined service-delivery systems as all internal systems necessary to deliver DISH Network programming to our subscribers. During the inventory phase we initially identified our set-top boxes, compression and conditional access systems at our digital broadcast center, DBS satellites and third-party billing system as systems with potential Year 2000 issues.

Given the interdependent nature of the receiver and broadcast systems used to deliver our service, we previously implemented a smaller, offline version of our overall system to aid in the evaluation and test of hardware and software changes that normally occur over time. This system gives us the ability to perform "real-time" testing of the various elements of the system by simulating the year 2000 rollover, and confirming system operation. This ability to perform accurate offline simulations has provided a tremendous benefit to our Year 2000 test process.

We have completed initial testing of our set-top receivers. During these tests, the dates in the broadcast system, and hence the set-top receivers were rolled forward to each of the dates and times affected by the Year 2000 issue. We deemed these initial tests successful, as no problems were detected during thorough testing of the set-top receivers when the dates were rolled forward. These tests also affirm the integrity of the broadcast systems supplying the set-top receivers with critical operational system information. As new technology and software are integrated into our set-top receivers, we will perform additional testing to attempt to ensure continued Year 2000 readiness.

In addition to the practical testing performed above, we have completed an independent inventory and assessment of the systems at our digital broadcast center and have substantially completed the remediation phase of our Year 2000 readiness plan. We will continue to perform validation and testing of communications within our digital broadcast center and expect to complete this testing during November 1999. The validation and testing of our digital broadcast center is not expected to cause interruption of programming to DISH Network subscribers.

During the assessment of our DBS satellites, we determined that our satellites do not operate under a calendar-driven system. Therefore, we do not expect changes in dates and times to affect the operation of our DBS satellites.

We are currently working with the vendor of our third-party billing system to attempt to ensure its Year 2000 readiness. This vendor has indicated it has substantially completed all testing and remediation activities on its core systems and is currently testing its custom interfaces. The vendor has indicated it believes it is currently Year 2000 ready, however we can not provide any assurance in this regard.

Third-Party Systems

We also are currently assessing our vulnerability to unexpected business interruptions due to the failure of third-parties to remediate Year 2000 readiness issues associated with products or services on which our business relies. In connection with this assessment, we sent letters to third-party business partners, suppliers and vendors which we deemed significant requesting that they certify their Year 2000 readiness. To date, we have received responses from approximately 85% of these vendors. We are presently in the process of contacting our critical suppliers and vendors who have either not responded or have not responded adequately to our requests for proof of certification and will continue to follow-up on unresolved issues thereafter. There can be no assurance that third-parties who have responded, or will respond, to our request regarding Year 2000 readiness have responded, or will respond, accurately or satisfactorily, or that anticipated Year 2000 actions set forth in their responses will be properly conducted.

Contingency Planning

We also are involved in limited contingency planning. In the event that previously undetected Year 2000 issues arise, contingency plans will be used to try to mitigate potential system problems. Our internal financial and administrative and service-delivery contingency plan includes making back-up copies of certain systems as well as using standby power generators at our digital broadcasting center. With respect to other third-party systems, we will continue to contact our critical vendors in order to obtain certification of their Year 2000 readiness. However, no assurance can be made that such contingency plans will resolve any Year 2000 problems that may occur, in a manner which is satisfactory or desirable to us.

Costs

In the ordinary course of business, we have made capital expenditures over the past few years to improve our systems, for reasons other than Year 2000 remediation. Because these upgrades also resulted in improved Year 2000 readiness, replacement and remediation costs have not been material. To date we have incurred approximately $1.4 million in costs associated with the Year 2000 issue. While there can be no assurance, we believe our total costs to successfully mitigate the Year 2000 issue will not be material to our operations. No assurance can be made, however, as to the total cost for the Year 2000 plan until the plan has been completed.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The News Corporation Limited

During February 1997, News Corporation agreed to acquire approximately 50% of the outstanding capital stock of EchoStar. During late April 1997, substantial disagreements arose between the parties regarding their obligations under this agreement. Those substantial disagreements led to litigation which the parties subsequently settled. In connection with the News Corporation litigation, EchoStar has a contingent fee arrangement with the attorneys who represented EchoStar in that litigation, which provides for the attorneys to be paid a percentage of any net recovery obtained in the News Corporation litigation. The attorneys have asserted that they may be entitled to receive payments totaling hundreds of millions of dollars under this fee arrangement. EchoStar is vigorously contesting the attorneys' interpretation of the fee arrangement, which EchoStar believes significantly overstates the magnitude of its liability. If the attorneys and EchoStar are unable to resolve this fee dispute, it would be resolved through arbitration or litigation. It is too early to determine the outcome of negotiations, arbitration or litigation regarding this fee dispute.

WIC Premium Television Ltd.

On July 28, 1998, a lawsuit was filed by WIC Premium Television Ltd., an Alberta corporation, in the Federal Court of Canada Trial Division, against General Instrument Corporation, HBO, Warner Communications, Inc., John Doe, Showtime, United States Satellite Broadcasting Company, Inc., EchoStar, and two of EchoStar's wholly-owned subsidiaries. The lawsuit seeks, among other things, an interim and permanent injunction prohibiting the defendants from activating receivers in Canada and from infringing any copyrights held by WIC. It is too early to determine whether or when any other lawsuits or claims will be filed. It is also too early to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages.

On September 28, 1998, WIC filed another lawsuit in the Court of Queen's Bench of Alberta Judicial District of Edmonton against certain defendants, including EchoStar. WIC is a company authorized to broadcast certain copyrighted work, such as movies and concerts, to residents of Canada. WIC alleges that the defendants engaged in, promoted, and/or allowed satellite dish equipment from the United States to be sold in Canada and to Canadian residents and that some of the defendants allowed and profited from Canadian residents purchasing and viewing subscription television programming that is only authorized for viewing in the United States. The lawsuit seeks, among other things, an interim and permanent injunction prohibiting the defendants from importing hardware into Canada and from activating receivers in Canada, together with damages in excess of $175 million. It is too early to determine whether or when any other lawsuits or claims will be filed. It is also too early to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages.

Broadcast network programming

The Satellite Home Viewer Act permits satellite retransmission of distant network signals only to "unserved households."

The national networks and local affiliate stations recently challenged, based upon copyright infringement, PrimeTime 24's methods of selling network programming to consumers. Historically, we obtained distant broadcast network signals for distribution to our customers through PrimeTime 24. The United States District Court for the Southern District of Florida entered a nationwide permanent injunction preventing PrimeTime 24 from selling its programming to consumers unless the programming was sold in accordance with certain stipulations in the injunction. The injunction covers "distributors" as well. The plaintiffs in the Florida litigation informed us they considered us a "distributor" for purposes of that injunction. A federal district court in North Carolina also issued an injunction against PrimeTime 24 prohibiting certain distant signal retransmissions in the Raleigh area. The Fourth Circuit Court of Appeals recently affirmed the North Carolina Court's decision. We have implemented Satellite Home Viewer Act compliance procedures which materially restrict the market for the sale of network channels by us.

PART II - OTHER INFORMATION

In October 1998, we filed a declaratory judgment action in the United States District Court for the District of Colorado against the four major networks. We asked the court to enter a judgment declaring that our method of providing distant network programming does not violate the Satellite Home Viewer Act and hence does not infringe the networks' copyrights. In November 1998, the four major broadcast networks and their affiliate groups filed a complaint against us in federal court in Miami alleging, among other things, copyright infringement. The court combined the case that we filed in Colorado with the case in Miami and transferred it to the Miami court.

In February 1999, CBS, NBC, Fox and ABC filed a "Motion for Temporary Restraining Order, Preliminary Injunction and Contempt Finding" against DIRECTV, Inc. in Miami related to the delivery of distant network channels to DIRECTV customers by satellite. Under the terms of a settlement between DIRECTV and the networks, some DIRECTV customers were scheduled to lose access to their satellite-provided network channels by July 31, 1999, while other DIRECTV customers are to be disconnected by December 31, 1999. Subsequently, PrimeTime 24 and substantially all providers of satellite-delivered network programming other than us agreed to this cut-off schedule.

The networks are pursuing a Motion for Preliminary Injunction in the Miami Court, asking the Court to enjoin us from providing network programming except under very limited circumstances. In general, the networks want us to turn off programming to our customers on the same schedule agreed to by DIRECTV.

A preliminary injunction hearing was held on September 21,1999. The Court took the issues under advisement to consider the networks' request for an injunction, whether to hear live testimony before ruling upon the request, and whether to hear argument on why the Satellite Home Viewer Act may be unconstitutional, among other things. The Court did not say when a decision will be made, or whether an additional hearing will be necessary prior to ruling on the networks' preliminary injunction motion.

If this case is decided against us, or a preliminary injunction is issued, significant material restrictions on the sale of distant ABC, NBC, CBS and Fox channels by us could result. The litigation and legislation pending in Congress, among other things, could require us to terminate delivery of network signals to a material portion of our subscriber base, which could cause these subscribers to cancel our services. While the networks have not sought monetary damages, they have sought to recover attorney fees if they prevail. We have commenced sending letters to some of our subscribers warning that their access to distant broadcast network channels might be terminated this year. Such terminations would result in a small reduction in average monthly revenue per subscriber and could result in increased subscriber turnover.

Under the Satellite Home Viewer Act, the determination of whether a household qualifies as "unserved" for the purpose of eligibility to receive a distant network channel depends, in part, on whether that household can receive a signal of "Grade B intensity" as defined by the FCC.

In February 1999, the FCC released a report and order on these matters. Although the FCC declined to change the values of Grade B intensity, it adopted a method for measuring it at particular households. The FCC also endorsed a method for predicting Grade B intensity at particular households. The FCC recently denied in part and granted in part our petition for reconsideration, allowing us some additional flexibility in the method for measuring Grade B intensity but denying our requests on other matters. We cannot be sure whether these methods are favorable to us or what weight, if any, the courts will give to the FCC's decision. We also cannot be certain whether the application of these methods by the courts will result in termination of distant signal delivery to a material portion of our subscribers or decreases in future subscriber activations.

In addition, the Satellite Home Viewer Act is set to expire at the end of 1999 if the currently pending legislation is not passed into law. If that legislation does not pass, we would lose the right to transmit all network programming and superstation signals by satellite.

PART II - OTHER INFORMATION

Environmental Protection Agency

In connection with the expansion of our digital broadcast center in Cheyenne, Wyoming, two additional underground storage tanks were installed by a contractor. The underground storage tanks were properly installed and are being operated in accordance with Environmental Protection Agency regulations. However, the EPA alleged that the State of Wyoming was not timely advised of the installation of those tanks, and that a certificate of compliance was not timely filed following installation. As a result, during May 1999, we received notice that the EPA filed a complaint against us and proposed to assess a civil penalty of $9,500. During August 1999, the matter was settled without admission or denial of the factual allegations contained in the complaint and all counts against us were dropped. The total civil penalty was reduced to $3,600 and, in accordance with our construction contract for the digital broadcast center, the general contractor paid the penalty to the EPA.

We are subject to various other legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to those actions will not materially affect our financial position or results of operations.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

27* Financial Data Schedule.

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* Filed herewith.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the third quarter of 1999.

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.

ECHOSTAR DBS CORPORATION

By: /s/ David K. Moskowitz

David K. Moskowitz
Senior Vice President, General Counsel,
Secretary and Director
(Duly Authorized Officer)

By: /s/ Steven B. Schaver

Steven B. Schaver
Chief Financial Officer
(Principal Financial Officer)

Date: November 11, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
FINANCIAL STATEMENTS OF ECHOSTAR DBS CORPORATION AS OF AND FOR THE QUARTER ENDED
SEPTEMBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH
FINANCIAL STATEMENTS.

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SEP-30-1999
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(228,733)
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(565,785)
0
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INCLUDES SALES OF PROGRAMMING.
INCLUDES COSTS OF PROGRAMMING.