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 JUNE 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 August 12, 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.

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

PART II OTHER INFORMATION

* 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
(Dollars in thousands)

	December 31, 1998	June 30, 1999
Assets		(Unaudited)
Current Assets:		
Cash and cash equivalents.................	$ 25,308	$ 202,402
Marketable investment securities..........	7,000	86,309
Trade accounts receivable, net of allowance for uncollectible accounts of $2,996 and $3,359, respectively.....................	107,743	111,447
Insurance receivable......................	-	106,000
Inventories...............................	76,708	74,893
Other current assets......................	24,823	13,861
Total current assets......................	241,582	594,912
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	1,326,917
FCC authorizations, net...................	103,266	727,058
Deferred tax assets.......................	60,638	64,190
Other noncurrent assets...................	27,212	31,006
Total assets..............................	$1,470,173	$ 2,744,083
Liabilities and Stockholder's Equity (Deficit)		
Current Liabilities:		
Trade accounts payable....................	$ 90,562	$ 110,717
Deferred revenue..........................	132,857	148,358
Accrued expenses..........................	176,158	288,651
Advances from affiliates, net.............	54,805	257,068
Current portion of long-term debt.........	22,679	20,901
Total current liabilities.................	477,061	825,695
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	33,274
Notes payable to ECC, including accumulated interest....................	59,812	-
Long-term deferred satellite services revenue and other long-term liabilities..	33,358	54,157
Total long-term obligations, net of current portion.............................	1,581,249	2,090,046
Total liabilities.........................	2,058,310	2,915,741
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)	(1,441,142)
Total stockholder's equity (deficit)..........	(588,137)	(171,658)
Total liabilities and stockholder's equity (deficit).....................	$1,470,173	$ 2,744,083

============================

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1999	1998	1999
Revenue:				
DISH Network:				
Subscription television services	$151,527	$306,023	$280,068	$566,824
Other	3,238	2,243	9,422	4,508
Total DISH Network	154,765	308,266	289,490	571,332
DTH equipment sales and integration services	80,050	25,315	146,866	56,508
Satellite services	5,774	9,499	10,369	17,320
C-band and other	5,575	6,930	13,463	14,913
Total revenue	246,164	350,010	460,188	660,073
Costs and Expenses:				
DISH Network Operating Expenses:				
Subscriber-related expenses	69,388	133,857	133,197	245,017
Customer service center and other	14,369	25,266	26,102	49,375
Satellite and transmission	5,460	10,859	10,712	20,305
Total DISH Network operating expenses	89,217	169,982	170,011	314,697
Cost of sales DTH equipment and integration services	53,749	18,803	101,000	41,946
Cost of sales C-band and other	3,282	3,384	9,224	7,434
Marketing:				
Subscriber promotion subsidies	59,993	146,110	104,828	276,827
Advertising and other	9,338	8,948	17,587	20,629
Total marketing expenses	69,331	155,058	122,415	297,456
General and administrative	23,172	30,812	42,466	59,444
Amortization of subscriber acquisition costs	5,884	-	16,855	-
Depreciation and amortization	18,635	25,256	37,005	49,818
Total costs and expenses	263,270	403,295	498,976	770,795
Operating loss	(17,106)	(53,285)	(38,788)	(110,722)
Other Income (Expense):				
Interest income	2,792	4,680	6,151	8,046
Interest expense, net of amounts capitalized	(37,996)	(48,799)	(76,656)	(99,393)
Other	(700)	(8,510)	(807)	(8,363)
Total other income (expense)	(35,904)	(52,629)	(71,312)	(99,710)
Loss before income taxes	(53,010)	(105,914)	(110,100)	(210,432)
Income tax provision, net	(112)	(22)	(283)	(88)
Net loss before extraordinary charges	(53,122)	(105,936)	(110,383)	(210,520)
Extraordinary charge for early retirement of debt, net of tax	-	-	-	(228,733)
Net loss	$(53,122)	$(105,936)	$(110,383)	$(439,253)

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended June 30, 1998	Six Months Ended June 30, 1999
Cash Flows From Operating Activities:		
Net loss	$(110,383)	$(439,253)
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	-	8,378
Depreciation and amortization	37,005	49,818
Amortization of subscriber acquisition costs	16,855	-
Interest on notes payable to ECC added to principal	2,586	330
Amortization of debt discount and deferred financing costs	56,387	11,778
Change in reserve for excess and obsolete inventory	17	(383)
Change in long-term deferred satellite services revenue and other long-term liabilities	6,159	20,799
Changes in current assets and current liabilities	(4,162)	157,179
Net cash flows from operating activities	4,464	37,379
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(1,970)	(178,133)
Sales of marketable investment securities	5,868	98,824
Funds released from escrow and restricted cash and marketable investment securities	74,735	77,657
Investment earnings placed in escrow	(4,081)	-
Purchases of property and equipment	(102,362)	(31,785)
Other	879	160
Net cash flows from investing activities	(26,931)	(33,277)
Cash Flows From Financing Activities:		
Advances from affiliates	4,593	202,263
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	-	(233,452)
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	(8,167)	(11,954)
Net cash flows from financing activities	(3,574)	172,993
Net (decrease) increase in cash and cash equivalents	(26,041)	177,095
Cash and cash equivalents, beginning of period	62,059	25,308
Cash and cash equivalents, end of period	$ 36,018	$ 202,403
Supplemental Disclosure of Cash Flow Information:		
Capitalized interest, including amounts due from affiliates	$ 17,868	$ -
Accrued capital expenditures	16,050	-
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 six months ended June 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 June 30, 1999, EchoStar had approximately 2.6 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," and "EchoStar IV"), 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"). A total of 8,603,116 pre-split shares of EchoStar Class A common stock were issued, valued at approximately $1.12 billion, at the date of issuance. The original purchase price was reduced by approximately $45.6 million. The reduction consisted of $30 million as compensation to EchoStar in exchange for the elimination of a commitment by an affiliate of News Corporation to purchase a minimum of 500,000 set-top boxes from ETC, and approximately $15.6 million of commitments assumed by EchoStar related to the build-out of the digital broadcast center in Gilbert, Arizona. 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), and currently expected to be launched in September 1999 and December 1999 or January 2000, respectively;
* 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.

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 six months ended June 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	June 30, 1999
		(Unaudited)
DBS receiver components..........	$ 27,050	$ 31,665
EchoStar receiver systems........	45,025	30,113
Consigned DBS receiver components.....................	6,073	12,931
Finished goods - analog DTH equipment......................	2,656	3,617
Spare parts and other............	1,085	1,365
Reserve for excess and obsolete inventory......................	(5,181)	(4,798)
	$ 76,708	$ 74,893

4. Property and Equipment

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

	December 31, 1998	June 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	209,710
Buildings and improvements	42,121	39,180
Tooling and other	5,551	5,613
Land	1,640	1,640
Vehicles	1,288	1,312
Construction in progress	18,329	514,154
Total property and equipment	1,021,035	1,540,998
Accumulated depreciation	(167,217)	(214,081)
Property and equipment, net	$ 853,818	$ 1,326,917

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

	December 31, 1998	June 30, 1999
		(Unaudited)
Progress amounts for satellite construction, launch, and launch insurance:		
EchoStar V	$	$ 243,100
EchoStar VI	-	208,100
Digital broadcast operations center	-	47,000
Other	18,329	15,954
	$ 18,329	$ 514,154

5. EchoStar IV

As previously announced, the south solar array on EchoStar IV did not properly deploy subsequent to the launch on May 8, 1998. This anomaly resulted in a reduction of power available to operate the satellite and accelerated consumption of fuel. Available power will continue to decline over the next several years, resulting in continuing reductions in the number of available transponders. Approximately 16 transponders should be available for the entire life of the satellite. In addition, an unrelated anomaly discovered during the third quarter of 1998 resulted in the failure of six transponders during 1998. The satellite is equipped with a total of 44 transponders. In September 1998, EchoStar filed a $219.3 million insurance claim for a total constructive loss (as defined in the launch insurance policy) related to EchoStar IV. That claim is pending.

During May 1999, EchoStar IV experienced anomalies affecting transponders, heating systems and the fuel system. In July 1999, prior to arriving at the 110 degrees WL orbital location, additional fuel system anomalies were confirmed. The recent anomalies have not caused material reductions in functionality to date. While there can be no assurance, we do not currently expect a material adverse impact on short or medium term satellite operations. It is not yet possible to conclude whether these anomalies will result in further reductions of satellite functionality or useful life in the future. We have not completed our assessment of the

additional impairment, if any, to EchoStar IV, but we currently 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 caused by anomalies and consequences of which we are currently aware. However, 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.

As a result of the recent anomalies that EchoStar IV experienced, we have instructed our broker to notify our insurance carriers of additional occurrences under the terms of the EchoStar IV launch insurance policy. The EchoStar IV launch insurance policy provides for insurance of $219.3 million covering the period from launch of the satellite on May 8, 1998 through May 8, 1999. Due to the anomalies that EchoStar IV experienced and the pending claim for a total constructive loss, we did not obtain in-orbit insurance on EchoStar IV. Consequently, in the event we do not resolve our pending insurance claim to our satisfaction, EchoStar IV will not be insured if further losses occur in the future.

6. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	December 31, 1998	June 30, 1999
		(Unaudited)
Interest	$ 24,918	$ 82,000
Royalties and copyright fees	49,400	66,523
Programming	35,472	52,846
Marketing	33,463	51,160
Other	32,905	36,122
	$ 176,158	$ 288,651

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 121/2% 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, EchoStar and News Corporation announced an agreement pursuant to which, among other thing, 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 that arose in 1997, EchoStar has a contingent fee arrangement with its attorneys, which provides for the attorneys to be paid a percentage of any net recovery obtained in its dispute with News Corporation. The attorneys have asserted that they may be entitled to receive payments in excess of $80 million to $100 million under this fee arrangement in connection with the settlement of the dispute with News Corporation. EchoStar intends to vigorously contest 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 under the fee arrangement, the fee dispute would be resolved through arbitration or litigation. It is too early to determine the outcome of 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 certain defendants which include: 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, which also include ECC and Echosphere Corporation, a wholly-owned subsidiary of 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, interim and permanent injunction prohibiting the defendants from importing hardware into Canada and from activating receivers in Canada and damages in excess of the equivalent 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

Section 119 of the Satellite Home Viewer Act authorizes EchoStar to provide satellite-delivered network channels to customers who qualify as "unserved households," defined in the Satellite Home Viewer Act as consumers who, among other things, "cannot receive, through the use of a conventional outdoor rooftop receiving antenna, an over-the-air signal of Grade B intensity, as defined by the FCC, of a primary network station affiliated with that network." Historically, EchoStar obtained distant broadcast network signals for distribution to its customers through PrimeTime 24, Joint Venture ("PrimeTime 24"). PrimeTime 24 also distributed network signals to certain of EchoStar's competitors in the satellite industry.

The national networks and local affiliate stations recently challenged, based upon copyright infringement, PrimeTime 24's methods of selling network programming to consumers. 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 that they considered EchoStar to be a "distributor" for purposes of that injunction. A federal district court in North Carolina has also issued an injunction against PrimeTime 24 prohibiting certain distant signal retransmissions in the Raleigh area. Other copyright litigation against PrimeTime 24 is pending.

EchoStar ceased delivering PrimeTime 24 programming in July 1998, and began uplinking and distributing network channels directly. EchoStar has also implemented Satellite Home Viewer Act Section 119 compliance procedures which materially restrict the market for the sale of network channels by EchoStar.

On October 19, 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. On November 5, 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 plaintiffs in that action have also requested the issuance of a preliminary injunction against EchoStar. The case filed by EchoStar was subsequently transferred to the Florida courts.

On February 24, 1999, CBS, NBC, Fox, and ABC filed a "Motion for Temporary Restraining Order, Preliminary Injunction, and Contempt Finding" against DIRECTV, Inc. ("DIRECTV") in Miami relating to the delivery of distant network channels to DIRECTV customers by satellite. On March 12, 1999, DIRECTV and the four networks announced that they had reached a settlement of that dispute. Under the terms of the settlement, DIRECTV customers predicted to receive a strong signal of Grade A intensity from their local stations will lose access to their satellite provided network channels by July 31, 1999, while DIRECTV customers predicted to receive a weaker, but allegedly adequate signal of Grade B intensity from their local stations will be disconnected by December 31, 1999. Subsequently, PrimeTime 24 and substantially all providers of satellite delivered network programming other than EchoStar agreed to this cut off schedule.

The Networks are currently pursuing a Motion for Preliminary Injunction in the Miami Court, asking that 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. EchoStar intends to vigorously contest the issuance of such an injunction. In the event of a decision adverse to EchoStar in this case, significant material restrictions on the sale of distant ABC, NBC, CBS and Fox channels by EchoStar could result. Among other things, EchoStar could be required to terminate delivery of network signals to a material portion of its subscriber base. 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. While there can be no assurance, any such decrease 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 launches of EchoStar V and EchoStar VI later this year. While there can be no assurance, legislation pending in the Senate would, if passed into law, reduce the number of customers whose network channels EchoStar might otherwise be required to terminate.

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 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
Six Months Ended June 30, 1998							
Revenue......	$305,158	$141,247	$10,794	$3,078	$460,277	$(89)	$460,188
Net income (loss)......	(75,195)	19,579	9,480	(49,467)	(95,603)	(14,780)	(110,383)
Six Months Ended June 30, 1999							
Revenue......	$593,988	$49,405	$23,158	$(7,309)	$659,242	$831	$660,073
Net income (loss) before extraordinary charges.......	(203,113)	(7,018)	12,183	18,487	(179,461)	(31,059)	(210,520)

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

Revenue. Total revenue for the three months ended June 30, 1999 was $350 million, an increase of $104 million compared to total revenue for the three months ended June 30, 1998 of $246 million. The increase in total revenue was primarily attributable to DISH Network subscriber growth, partially offset by a decrease in EchoStar Technologies Corporation's or ETC's DTH equipment sales and integration services revenue. We expect that our revenues will continue to increase as the number of DISH Network subscribers increases.

DISH Network subscription television services revenue totaled $306 million for the three months ended June 30, 1999, an increase of $154 million or 102% 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 June 30, 1999 increased approximately 89% compared to the same period in 1998. As of June 30, 1999, we had approximately 2.6 million DISH Network subscribers compared to 1.4 million at June 30, 1998. Monthly revenue per subscriber approximated $42 and $39 during the three months ended June 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 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 June 30, 1999, DTH equipment sales and integration services totaled $25 million, a decrease of $55 million compared to 1998. DTH equipment sales consist of sales of digital set-top boxes and other digital satellite broadcasting equipment by us to international DTH service operators. We currently have agreements to provide equipment to DTH service operators in Spain and Canada. This decrease in DTH equipment sales and integration services revenue, which was expected, was primarily attributable to decreased shipments to the Spanish DTH service operator as a result of lower demand.

Substantially all of our ETC revenues have resulted from sales to two international DTH providers. 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 the continued decrease in the sales price of digital set-top boxes and increasing competition, 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.

During July 1998, Telefonica, one of the two DTH service providers described above, announced its intention to merge with Sogecable (Canal Plus Satellite), one of its primary competitors. In October 1998, Telefonica announced that the merger negotiations had been suspended. Subsequently, negotiations between Telefonica and Canal Plus Satellite were resumed and again suspended. Currently, we do not expect that merger negotiations will resume. Although we have binding purchase orders from Telefonica for 1999 deliveries of DTH equipment, we cannot yet predict the impact, if any, eventual consummation of this often discussed merger might have on our future sales to Telefonica.

Satellite services revenue totaled $9 million during the three months ended June 30, 1999, an increase of $3 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. 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 launches of EchoStar V and EchoStar VI later this year. While there can be no assurance, legislation pending in the Senate 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 $170 million during the three months ended June 30, 1999, an increase of $81 million or 91%, 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 59% of subscription television services revenue during the three months ended June 30, 1999 and 1998, respectively.

Subscriber-related expenses totaled $134 million during the three months ended June 30, 1999, an increase of $65 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 June 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 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 $25 million during the three months ended June 30, 1999, an increase of $11 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 8% of subscription television services revenue during the three months ended June 30, 1999, as compared to 9% 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 $11 million during the three months ended June 30, 1999, a $6 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 4% of subscription television services revenue during the three months ended June 30, 1999 and 1998. 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 $19 million during the three months ended June 30, 1999, a decrease of $35 million 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 principally includes costs associated with digital set-top boxes and related components sold to international DTH operators. Cost of sales   DTH equipment and integration services represented 74% and 67% of DTH equipment revenue, during the three months ended June 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 $155 million during the three months ended June 30, 1999, an increase of $86 million or 124%, 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 $9 million during each of the three months ended June 30, 1999 and 1998.

During the three months ended June 30, 1999, our subscriber acquisition costs, inclusive of acquisition marketing expenses, totaled $151 million, or approximately $365 per new subscriber activation. Comparatively, our subscriber acquisition costs during the three months ended June 30, 1998, inclusive of acquisition marketing expenses and deferred subscriber acquisition costs, totaled $66 million, or approximately $280 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 second quarter of 1999, we introduced the C-band bounty program, continued our PrimeStar bounty program and further enhanced 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 enhanced 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 enhanced DISH Network One-Rate Plan, we presently expect the participation rate to remain at approximately 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 September 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.

General and Administrative Expenses. General and administrative expenses totaled $31 million during the three months ended June 30, 1999, an increase of $8 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 represented 9% during each of the three months ended June 30, 1999 and 1998. Although we expect G&A expenses as a percentage of total revenue to remain near this 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 $26 million during the three months ended June 30, 1999 compared to $2 million during the three months ended June 30, 1998. EBITDA, as adjusted to exclude amortization of subscriber acquisition costs, was negative $26 million for the three months ended June 30, 1999 compared to $7 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 three months ended June 30, 1999 does not include approximately $1.7 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, excluding amortization of subscriber acquisition costs, aggregated $25 million during the three months ended June 30, 1999, a $6 million increase compared to the same period in 1998. This increase 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. Amortization of subscriber acquisition costs totaled $6 million during the three months ended June 30, 1998. These costs became fully amortized during the third quarter of 1998, as we began expensing subscriber acquisition costs at the time of sale during October 1997.

Other Income and Expense. Other expense, net totaled $53 million during the three months ended June 30, 1999, an increase of $17 million compared to the same period in 1998. This increase was primarily the result of a loss on disposal of assets 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 $11

million because we raised additional debt to cover tender premiums and consent and other fees related to the refinancing.

Six Months Ended June 30, 1999 Compared to the Six Months Ended June 30, 1998.

Revenue. Total revenue for the six months ended June 30, 1999 was $660 million, an increase of $200 million compared to total revenue for the six months ended June 30, 1998 of $460 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 $567 million for the six months ended June 30, 1999, an increase of $287 million or 102% 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 six months ended June 30, 1999 increased approximately 88% compared to the same period in 1998.

For the six months ended June 30, 1999, DTH equipment sales and integration services totaled $57 million, a decrease of $90 million compared to 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 $17 million during the six months ended June 30, 1999, an increase of $7 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 $315 million during the six months ended June 30, 1999, an increase of $145 million or 85%, 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 61% of subscription television services revenue during the six months ended June 30, 1999 and 1998, respectively.

Subscriber-related expenses totaled $245 million during the six months ended June 30, 1999, an increase of $112 million compared to the same period in 1998. Such expenses represented 43% of subscription television services revenues during the six months ended June 30, 1999 compared to 48% 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 $49 million during the six months ended June 30, 1999, an increase of $23 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 each of the six months ended June 30, 1999 and 1998.

Satellite and transmission expenses totaled $20 million during the six months ended June 30, 1999, a $9 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 4% of subscription television services revenue during the six months ended June 30, 1999 and 1998.

Cost of sales   DTH equipment and Integration Services. Cost of sales DTH equipment and integration services totaled $42 million during the six months ended June 30, 1999, a decrease of $59 million 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 74% of DTH equipment revenue during the six months ended June 30, 1999 as compared to 69% during the same period in 1998.

Marketing Expenses. Marketing expenses totaled $297 million during the six months ended June 30, 1999, an increase of $175 million or 143%, 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 $21 million during the six months ended June 30, 1999, an increase of $3 million over the same period in 1998.

During the six months ended June 30, 1999, our subscriber acquisition costs, inclusive of acquisition marketing expenses, totaled $293 million. Comparatively, our subscriber acquisition costs during the six months ended June 30, 1998, inclusive of acquisition marketing expenses and deferred subscriber acquisition costs, totaled $102 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 $59 million during the six months ended June 30, 1999, an increase of $17 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% during each of the six months ended June 30, 1999 and 1998.

EBITDA. EBITDA represents earnings before interest, taxes, depreciation, amortization, and other non-cash deferred compensation. EBITDA was negative $59 million and negative $2 million, during the six months ended June 30, 1999 and 1998, respectively. EBITDA, as adjusted to exclude amortization of subscriber acquisition costs, was negative $59 million for the six months ended June 30, 1999 compared to $15 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 six months ended June 30, 1999 does not include approximately $1.7 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 $50 million during the six months ended June 30, 1999, a $4 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 $100 million during the six months ended June 30, 1999, an increase of $29 million as compared to the same period in 1998. This increase was primarily the result of a loss on disposal of assets and an increase in interest expense associated with our seven and ten year notes.

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 will attempt to correct all problems detected while performing the assessment phase. During the validation/testing phase, we will create a parallel environment of all internal and administrative systems. We will run tests on the parallel environment to assess its reaction to changes in dates and times relating to the Year 2000 issue. We currently expect the remediation and validation/testing phases to be complete by the end of August 1999, for most of our corporate systems.

Once all known problems are corrected within the parallel environment, we will make changes to the actual operating environment of our internal financial and administrative systems during the implementation phase. We currently expect to complete the implementation phase by mid October 1999. While we presently believe that our internal financial and administrative systems are Year 2000 ready, we will not be able to certify our Year 2000 readiness until the successful completion of the implementation phase. 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 the third quarter of 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 75% 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

We have not yet determined the full cost of our Year 2000 readiness plan and its related impact on our financial condition. 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. We currently have budgeted $300,000 for the completion of our Year 2000 readiness plan. While there can be no assurance, we believe our 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, our parent company and News Corporation announced an agreement pursuant to which, among other thing, News Corporation agreed to acquire approximately 50% of the outstanding capital stock of our parent company. 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 that arose in 1997, our parent company has a contingent fee arrangement with its attorneys, which provides for the attorneys to be paid a percentage of any net recovery obtained in its dispute with News Corporation. The attorneys have asserted that they may be entitled to receive payments in excess of $80 million to $100 million under this fee arrangement in connection with the settlement of the dispute with News Corporation. Our parent company intends to vigorously contest the attorneys' interpretation of the fee arrangement, which EchoStar believes significantly overstates the magnitude of its liability. If the attorneys and our parent company are unable to resolve this fee dispute under the fee arrangement, the fee dispute would be resolved through arbitration or litigation. It is too early to determine the outcome of 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 certain defendants which include: General Instrument Corporation, HBO, Warner Communications, Inc., John Doe, Showtime, United States Satellite Broadcasting Company, Inc., EchoStar Communications Corporation, or ECC, and two of our 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, which also include ECC and Echosphere Corporation, our wholly-owned subsidiary. 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, interim and permanent injunction prohibiting the defendants from importing hardware into Canada and from activating receivers in Canada and damages in excess of the equivalent 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

Section 119 of the Satellite Home Viewer Act authorizes us to provide satellite-delivered network channels to customers who qualify as "unserved households," defined in the Satellite Home Viewer Act as consumers who, among other things, "cannot receive, through the use of a conventional outdoor rooftop receiving antenna, an over-the-air signal of Grade B intensity, as defined by the FCC, of a primary network station affiliated with that network." Historically, we obtained distant broadcast network signals for distribution to our customers through PrimeTime 24, Joint Venture. PrimeTime 24 also distributed network signals to certain of our competitors in the satellite industry.

The national networks and local affiliate stations recently challenged, based upon copyright infringement, PrimeTime 24's methods of selling network programming to consumers. 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 that they considered us a "distributor" for purposes of

that injunction. A federal district court in North Carolina has also issued an injunction against PrimeTime 24 prohibiting certain distant signal retransmissions in the Raleigh area. Other copyright litigation against PrimeTime 24 is pending.

We ceased delivering PrimeTime 24 programming in July 1998, and began uplinking and distributing network channels directly. We have also implemented Satellite Home Viewer Act Section 119 compliance procedures which materially restrict the market for the sale of network channels by us.

On October 19, 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. On November 5, 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 plaintiffs in that action have also requested the issuance of a preliminary injunction against us. The case filed by us was subsequently transferred to the Florida courts.

On February 24, 1999, CBS, NBC, Fox, and ABC filed a "Motion for Temporary Restraining Order, Preliminary Injunction, and Contempt Finding" against DIRECTV, Inc. in Miami relating to the delivery of distant network channels to DIRECTV customers by satellite. On March 12, 1999, DIRECTV and the four networks announced that they had reached a settlement of that dispute. Under the terms of the settlement, DIRECTV customers predicted to receive a strong signal of Grade A intensity from their local stations will lose access to their satellite provided network channels by July 31, 1999, while DIRECTV customers predicted to receive a weaker, but allegedly adequate signal of Grade B intensity from their local stations will 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 currently pursuing a Motion for Preliminary Injunction in the Miami Court, asking that 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. We intend to vigorously contest the issuance of such an injunction. In the event of a decision adverse to us in this case, significant material restrictions on the sale of distant ABC, NBC, CBS and Fox channels by us could result. Among other things, we could be required to terminate delivery of network signals to a material portion of our subscriber base. 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. While there can be no assurance, any such decrease 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 launches of EchoStar V and EchoStar VI later this year. While there can be no assurance, legislation pending in the Senate would, if passed into law, reduce the number of customers whose network channels we might otherwise be required to terminate.

Environmental Protection Agency

In connection with a recent 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 has 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 has proposed to assess a civil penalty of $9,500. In accordance with our construction contract for the digital broadcast center, the general contractor has agreed to defend and indemnify us and to hold us harmless for any costs involved with resolving the complaint. While there can be no assurance, we expect to resolve this complaint in the near-term.

PART II - OTHER INFORMATION

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 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

This information is incorporated by reference to Item 1 of Part I of this document.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

27* Financial Data Schedule.

---

* Filed herewith.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the second 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: August 16, 1999

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

6-MOS
DEC-31-1999
JUN-30-1999
202,402
86,309
111,447
3,359
74,893
594,912
1,326,917
214,081
2,744,083
825,695
2,035,889
0
0
0
(171,658)
2,744,083
642,752
660,073
364,077
770,795
99,710
8,379
99,393
(210,432)
(88)
(210,520)
0
(228,733)
0
(439,253)
0
0

INCLUDES SALES OF PROGRAMMING.
INCLUDES COST OF PROGRAMMING.