



DIRECTV



DIRECTV Investor Meeting

February 22, 2006

New York City



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This presentation may include or incorporate by reference certain statements that we believe are, or may be considered to be, “forward-looking statements” within the meaning of various provisions of the Securities Act of 1933 and of the Securities Exchange Act of 1934. These forward-looking statements generally can be identified by use of statements that include phrases such as “believe,” “expect,” “estimate,” “anticipate,” “intend,” “plan,” “foresee,” “project” or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements. All of these forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or from those expressed or implied by the relevant forward-looking statement. Such risks and uncertainties include, but are not limited to: economic conditions; product demand and market acceptance; ability to simplify aspects of our business model; improve customer service; create new and desirable programming content and interactive features; achieve anticipated economies of scale; government action; local political or economic developments in or affecting countries where we have operations, including political, economic and social uncertainties in many Latin American countries in which DTVLA operates; foreign currency exchange rates; competition; the outcome of legal proceedings; ability to achieve cost reductions; ability to renew programming contracts under favorable terms; technological risk; limitations on access to distribution channels; the success and timeliness of satellite launches; in-orbit performance of satellites, including technical anomalies; loss of uninsured satellites; theft of satellite programming signals; and our ability to access capital to maintain our financial flexibility; and we may face other risks described from time to time in periodic reports filed by us with the SEC.



Non-GAAP Financials

This presentation includes financial measures that are not determined in accordance with accounting principles generally accepted in the United States of America, or GAAP, specifically, Operating Profit before Depreciation and Amortization, Free Cash Flow, Pre-SAC margin and Cash Flow before Interest and Taxes. These financial measures should be used in conjunction with other GAAP financial measures and are not presented as an alternative measure of operating results, as determined in accordance with GAAP. DIRECTV management uses these measures to evaluate the profitability of DIRECTV U.S.' subscriber base for the purpose of allocating resources to discretionary activities such as adding new subscribers, upgrading and retaining existing subscribers and for capital expenditures. A reconciliation of these measures to the nearest GAAP measure is posted on our website.



Agenda

Opening Remarks

Chase Carey

President and CEO

Financial Overview

Michael Palkovic

Chief Financial Officer

Technology Strategy

Romulo Pontual

Chief Technology Officer

Programming and Content

David Hill

President of DIRECTV Entertainment

Eric Shanks

Executive Vice President of DIRECTV Entertainment

Sales and Service

John Suranyi

President of DIRECTV Sales and Service

Closing

Chase Carey

President and CEO





DIRECTV



Mike Palkovic
Chief Financial Officer

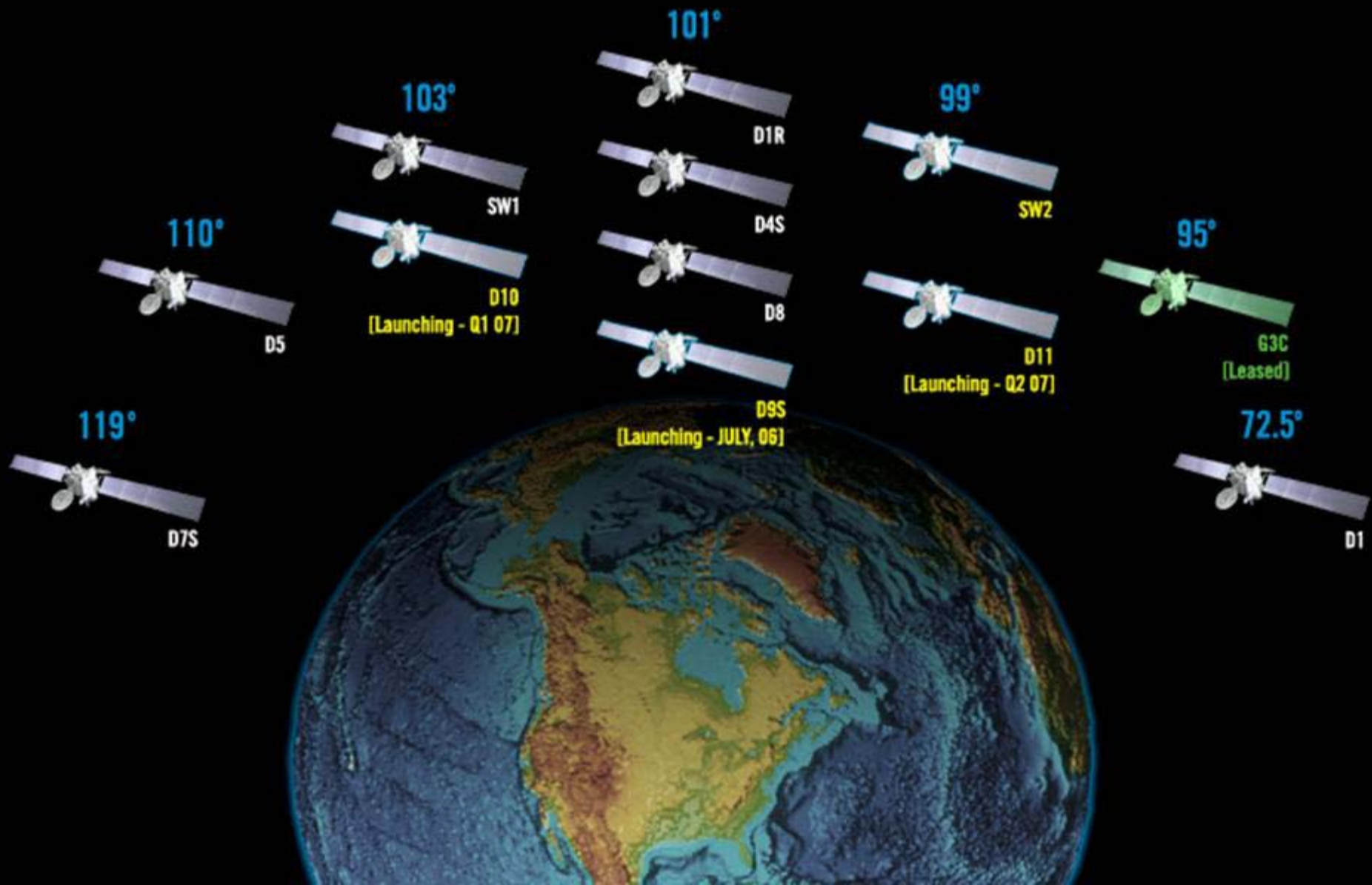


Agenda

- Infrastructure
 - Satellites and ground
 - Channel capacity
 - Customer service network
- 2005 financial results
- Key operating metrics



Planned 2007 Satellite Fleet



2007 Satellite Fleet Capacity

Total Channel Capacity (YE 2007)

| | |
|---------------------|---------------------------------|
| Standard Definition | ~1,550 (mostly Ku-Band) |
| High Definition | ~ <u>1,650</u> (mostly Ka-Band) |
| <hr/> | |
| Total Channels | <u>3,200</u> |
| Local Channels | ~2,650 |
| National Channels | ~550 |

- 11 DIRECTV-owned satellites each with an average life of over 10 years
- Significant backup capacity



Nationwide Service Infrastructure

Call Center Network

Highlights

(YE 2005)

3 DIRECTV Centers

4,200 employees

19 Outsourced Centers

(15 Domestic)

10,500 employees

22 Total Call Centers

14,700 employees

Home Services Provider (HSP)

Highlights

(YE 2005)

- 11 companies
- 14,150 technicians
- 8M work orders
- 85% of total DIRECTV volume
- 5-6 days to activation



DIRECTV U.S. Subscribers

15M+ Subscribers and Growing

Subscriber Highlights

- 2.5M Digital Video Recorders (DVR)
- 1M High Definition (HD)
- 1M Telco
- 1M International
- >5M have broadband



DIRECTV U.S. Subscribers

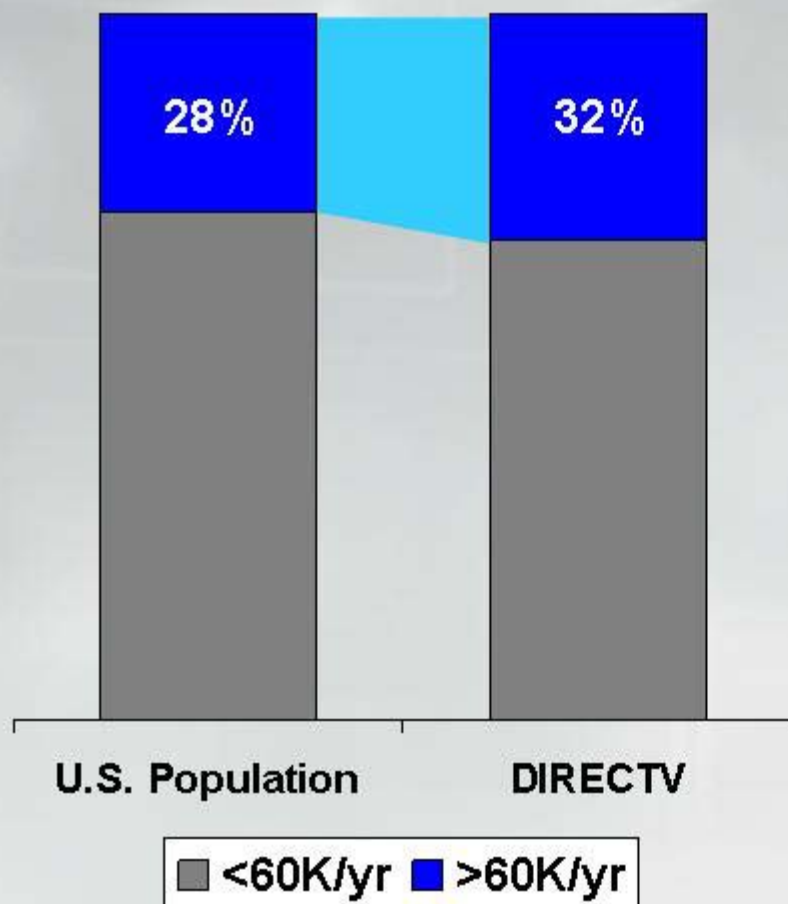
Geographic Composition

| | U.S. Population | DIRECTV (YE 2005) |
|-----------------|-----------------|----------------------|
| A County | 40% | 36% |
| B County | 30% | 26% |
| Subtotal | 70% | 62% |
| C County | 15% | 16% |
| D County | 15% | 22% |
| Subtotal | 30% | 38% |
| TOTAL | 100% | 100% |



Attractive Subscriber Base

Population by
Income Level



Key Characteristics

- Married male
- 35-55 years old
- Wealthy
- College and/or graduate school
- Homeowner



2005 Highlights

- Strong revenue, earnings and subscriber growth
- Built-out critical infrastructure
 - Introduced DIRECTV Plus[®], HD (mpeg-4) receivers
 - Launched 3 satellites
 - HD broadcast centers and backhaul
- Enhanced content services
 - Increased local channel coverage
 - 12 standard definition markets including Hawaii and Alaska
 - 12 high definition markets
 - Launched DIRECTV interactive platform
 - Significantly expanded international programming



DIRECTV U.S.

2005 Financial Results

| | 2004 | 2005 |
|-------------------------------|----------|----------|
| Customers | | |
| Gross Additions | 4.2M | 4.2M |
| Monthly Churn % | 1.59% | 1.70% |
| Net Additions | 1.7M | 1.2M |
| Cumulative, Year-end | 13.9M | 15.1M |
| Financial | | |
| Revenue | \$9.8B | \$12.2B |
| Operating Profit Before D & A | \$583M | \$1,500M |
| Capital Expenditures | \$672M | \$747M |
| Free Cash Flow | (\$247M) | \$536M |



Adding High-Value Subscribers

| DIRECTV Gross Subscriber Additions | | | | |
|------------------------------------|------------|------------|------------|------------|
| | 2004 | | 2005 | |
| | Gross Adds | % of Total | Gross Adds | % of Total |
| DVRs | 290K | 7% | 450K | 11% |
| HD & HD-DVRs | 80K | 2% | 150K | 4% |
| Telco | 190K | 5% | 670K | 16% |
| Total Platform Gross Adds | 4.2M | | 4.2M | |



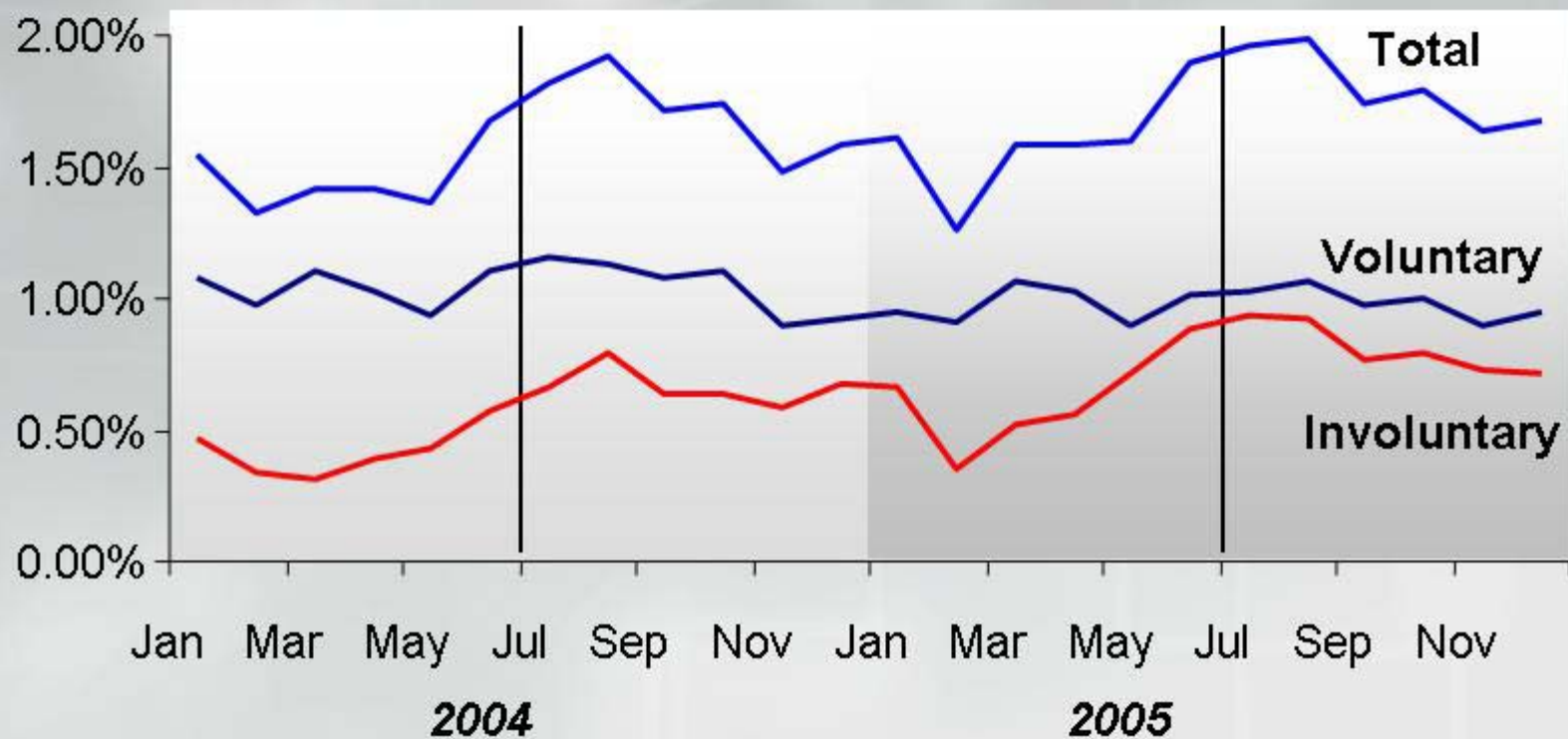
DIRECTV U.S. ARPU

| | 2004 | 2005 | Key 2005 Metrics |
|----------------------------------|----------------|----------------|--|
| Packages/Premiums /Sports | \$52.10 | \$53.00 | <ul style="list-style-type: none"> • 1.3 Premium movies/sub – 55% of subs take at least 1 Premium |
| Mirroring Fees | 4.80 | 5.90 | <ul style="list-style-type: none"> • 2.6 boxes/new customer |
| Pay-Per-View | 2.70 | 2.50 | <ul style="list-style-type: none"> • 33% PPV rate |
| Ad Sales | 1.10 | 1.30 | <ul style="list-style-type: none"> • Fast growing/high margin |
| Advanced Products | 0.30 | 0.90 | <ul style="list-style-type: none"> • DVR/HD growth |
| Other | 5.95 | 6.01 | <ul style="list-style-type: none"> • Commercial, late fees, etc. |
| Total ARPU | \$66.95 | \$69.61 | |



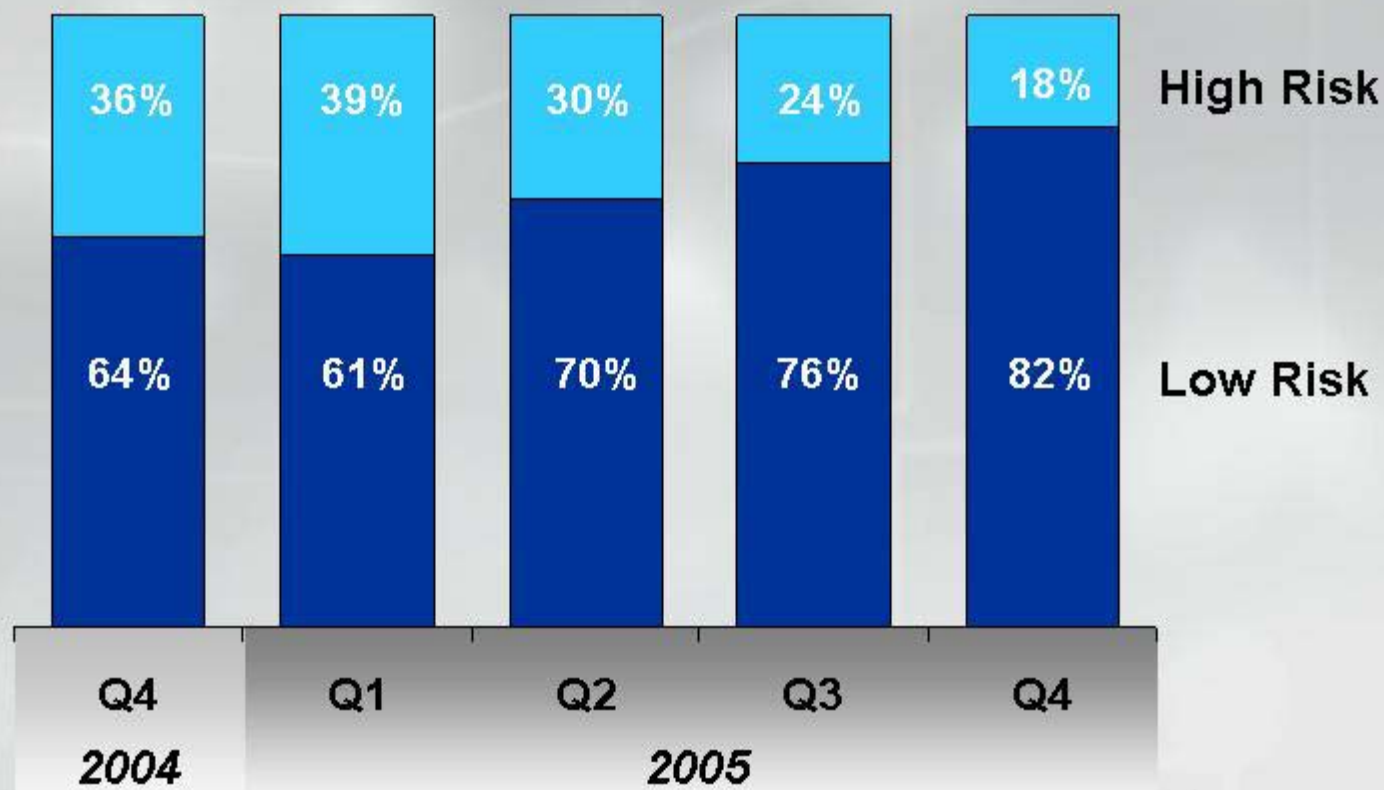
DIRECTV U.S. Churn

(2004-2005)



Improving Subscriber Quality

(Residential Subscribers)



| | | | | | |
|---------------------------|------|------|------|------|------|
| # of High Risk Gross Adds | 380K | 430K | 280K | 250K | 170K |
| # of Low Risk Gross Adds | 680K | 660K | 640K | 790K | 740K |

Subscriber Acquisitions Costs (SAC)

| | 2004 | 2005 |
|-------------------|--------------|--------------|
| Hardware | \$273 | \$272 |
| Installation | 173 | 167 |
| Dealer Commission | 154 | 153 |
| Marketing | 43 | 50 |
| TOTAL | \$643 | \$642 |



Upgrade and Retention

| | 2004 | 2005 |
|----------------------------|----------------|----------------|
| Basic Boxes/Local Upgrades | \$440M | \$420M |
| DVR/HD/HD-DVR | 320 | 360 |
| Movers | 140 | 210 |
| Other Marketing | 95 | 115 |
| TOTAL | \$990 M | \$1.1 B |
| Takers (# of transactions) | 4M | 5M |
| Equipment Revenues | \$200M | \$230M |



Pre-SAC Margin

| Cost as a % of Revenue | 2004 | 2005 | Variance Explanations |
|---------------------------------------|--------------|--------------|--|
| Programming | 38.1% | 38.6% | • 7% programming cost increase partially offset by ARPU growth |
| Other Costs | 3.0% | 2.7% | |
| Total Programming/ Other Costs | 41.1% | 41.3% | |
| Subscriber services | 7.6% | 7.7% | • Hurricanes |
| G&A/Broadcast Ops | 8.1% | 7.8% | • Improved scale partially offset by higher bad debt expense |
| Upgrade & Retention | 10.2% | 9.1% | • See prior charts |
| Total Cost as a % of Revenue | 66.9% | 65.8% | |
| Pre-SAC Margin | 33.1% | 34.2% | |

Strong Balance Sheet

- \$1B net cash position as of YE 2005:

| | |
|----------------------|-------------|
| Cash and Cash Equiv. | \$4.4B |
| Total Debt | <u>3.4B</u> |
| Net Cash | \$1.0B |

- Expect significant cash flow growth
- Comfortable with current credit rating
 - Have significant borrowing capacity



Lease Program Summary

- Only set-top boxes are capitalized
 - For new and existing customers
 - 3-year depreciable life
 - Install costs, dishes, commissions are expensed
- Lease fee is comparable to mirroring fee
- Most other policies remain the same:
 - 1 and 2 year commitments
 - DVR and HD programming fees
 - Stricter credit policy
 - Upfront payments for high-risk customers



Summary

DIRECTV is poised for profitable growth and increasing cash flow

- **Leading digital multichannel TV service provider**
 - 100% digital platform
 - Unique and exclusive programming
 - New products/services expected to further differentiate
- **Strong revenue, OPBD&A, and subscriber growth**
 - Increasing margins due to cost controls and operating leverage
- **Strong balance sheet with substantial liquidity**





DIRECTV



Rômulo Pontual

Chief Technology Officer

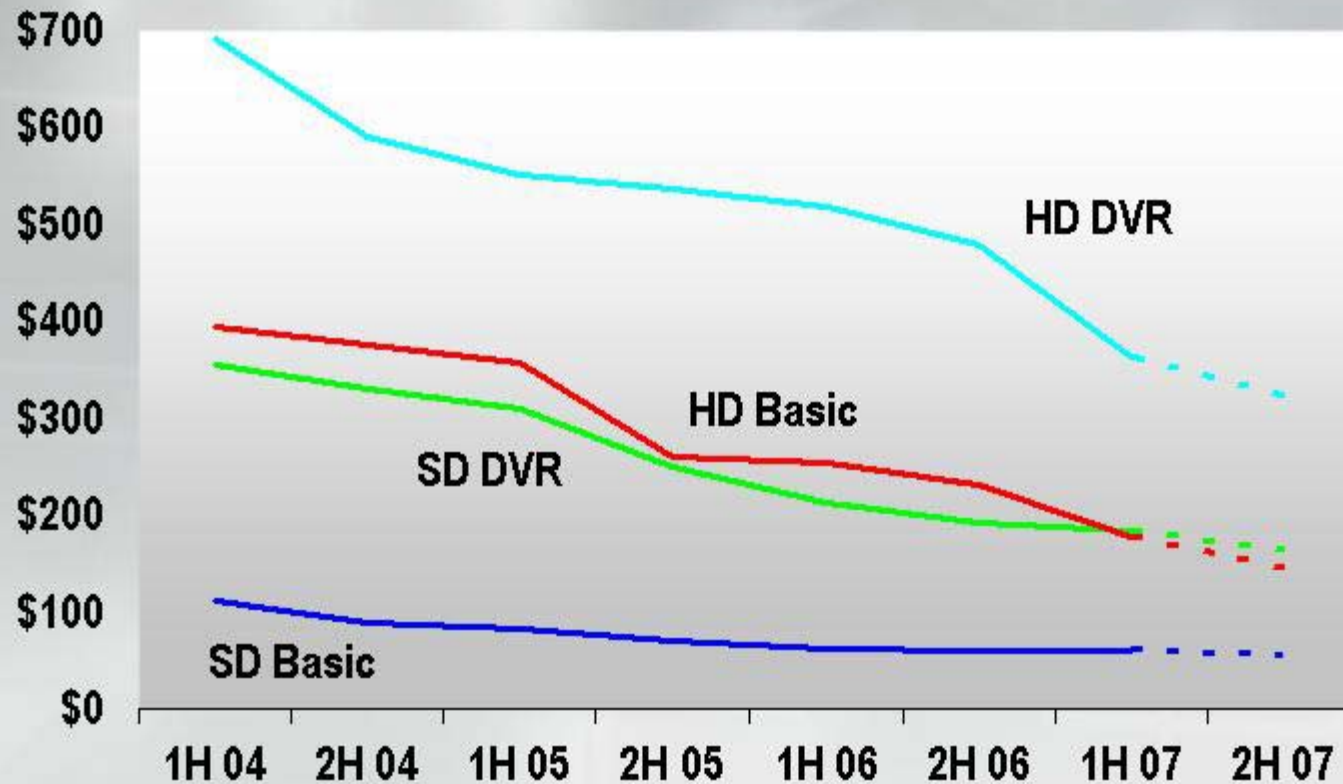


Technology Roadmap

- Consumer premises equipment
- Advanced products
- Efficiency improvements
- Widening the scope of services



Set-Top Box Cost Reduction



Same User Experience Across All Products



Basic



DVR



HD



HD DVR ('06)

Interactive Platform Across All Products



Whole-Home DVR Functionality



HDTV
Media
Center



Second-Generation Ka-Ku Antenna



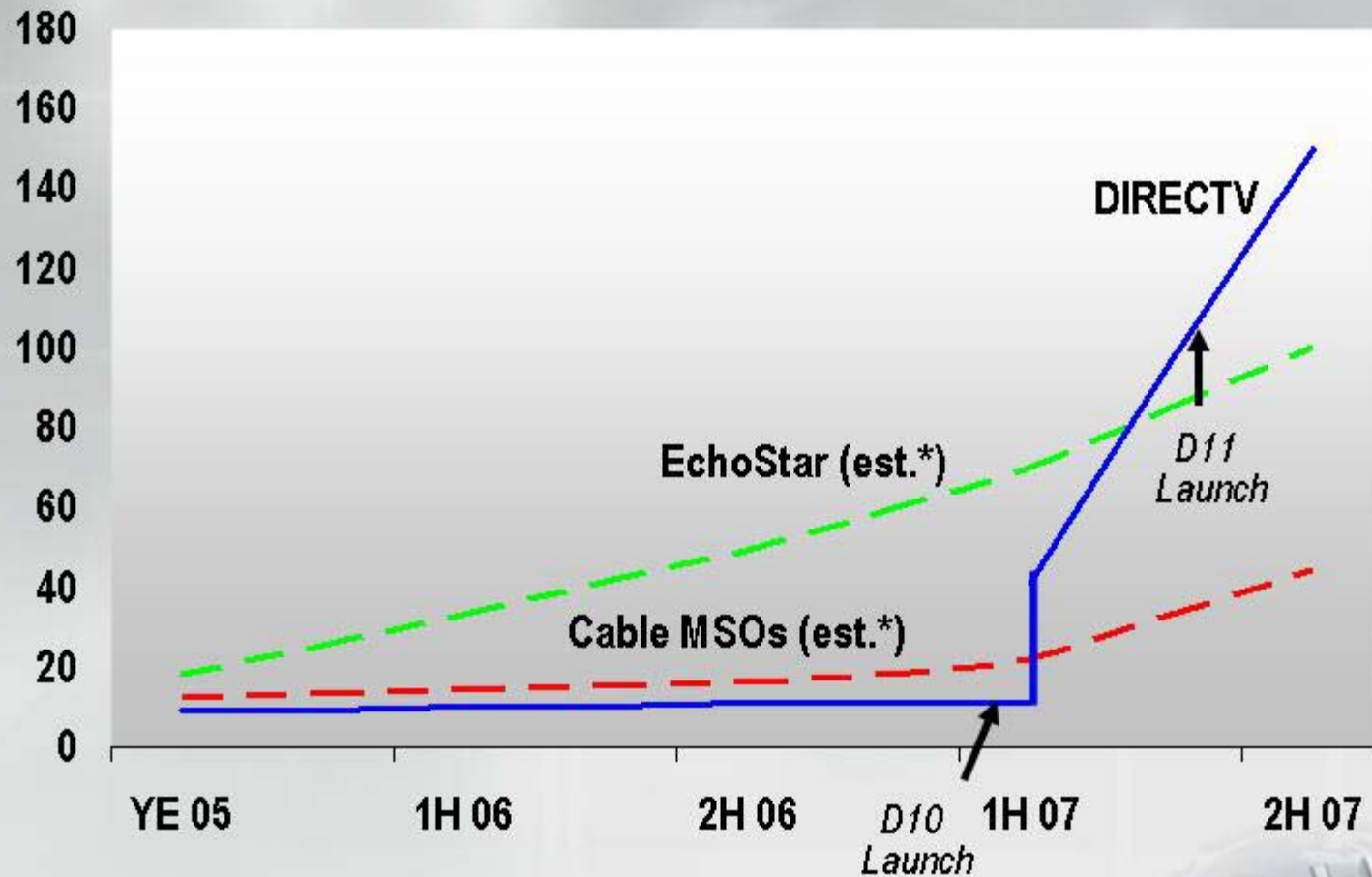
- Weight reduction
- Cost reduction
- Size reduction

Technology Roadmap

- Consumer premises equipment
- **Advanced products**
- Efficiency improvements
- Widening the scope of services

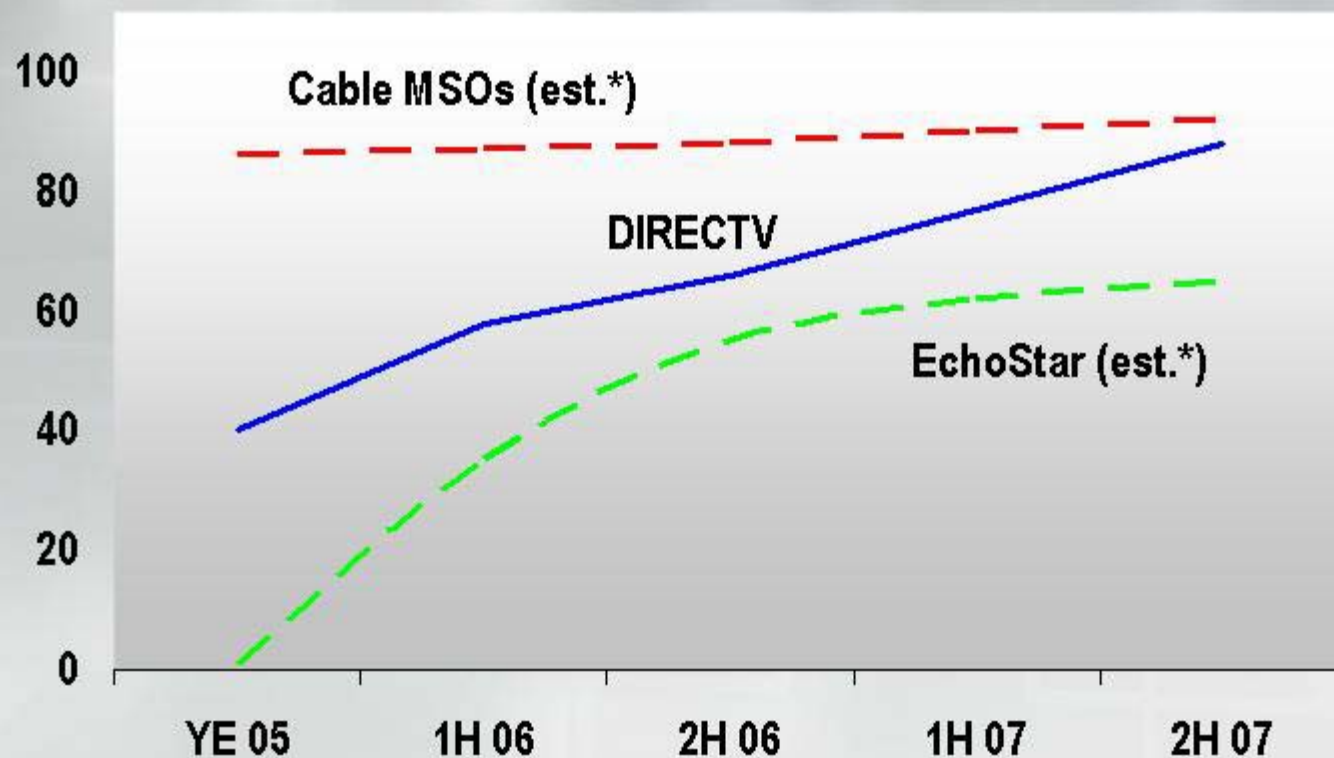


HD National Channels (projected capacity)



*DIRECTV projections, based on 12/05 NCTA data and 01/06 EchoStar announcements.

% of HH with Local HD (projected capacity)



*DIRECTV projections, based on 12/05 NCTA data and 01/06 EchoStar announcements.



Home Theater Segment



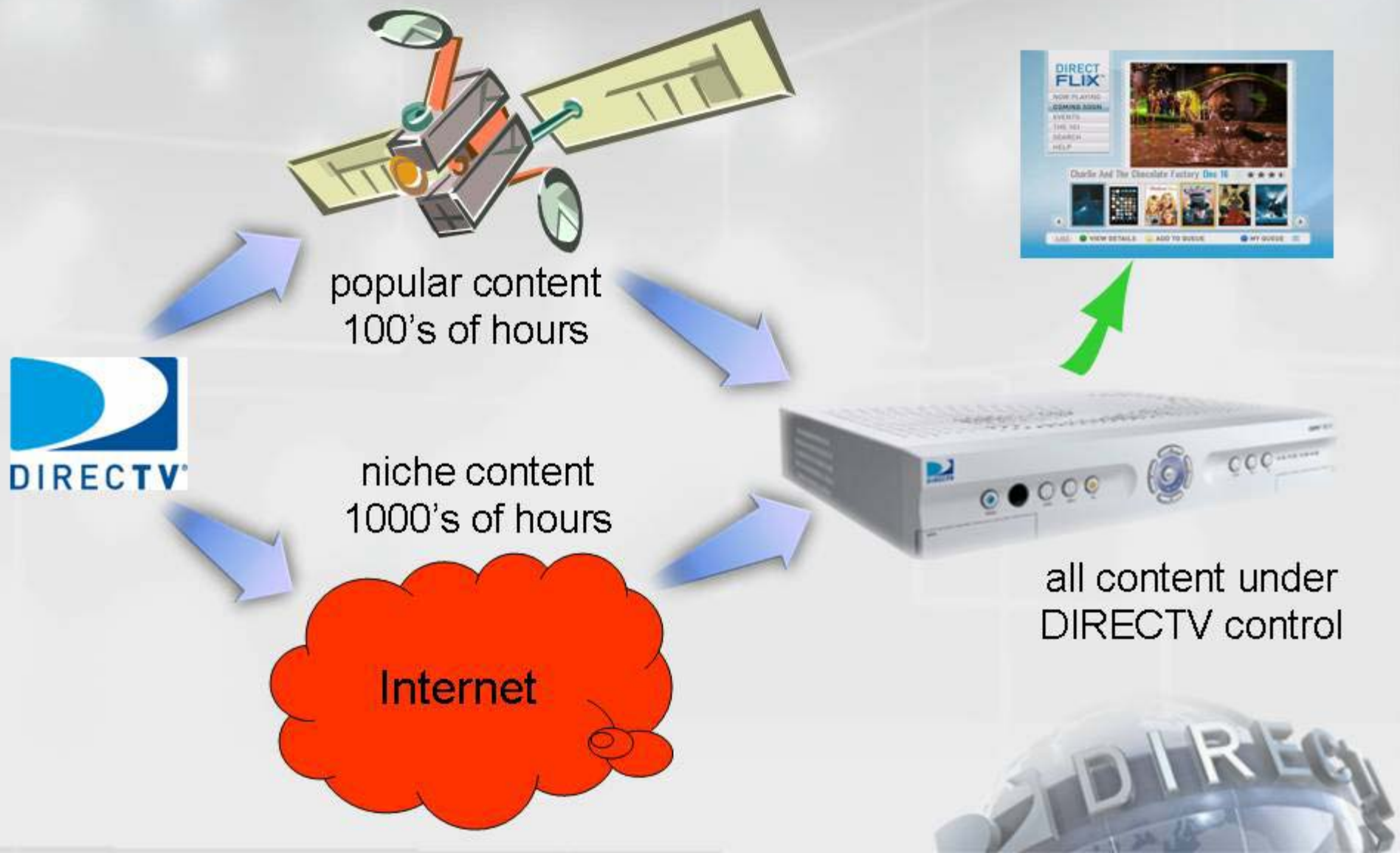
VOD Download Service



popular content
100's of hours



Broadband VOD Download Service



Technology Roadmap

- Consumer premises equipment
- Advanced products
- **Efficiency improvements**
- Widening the scope of services



Signal Distribution Innovations

- Multi-dwelling unit solution delivers the full DIRECTV service to MDU residents
- Supports all DIRECTV set-tops including DVR and HD



- Frequency Translation Module uses a single wire from the dish
- Simplifies home installation



Return Channel Improvements

- Power-line technology will replace difficult phone connections
- Data port to connect via customers' broadband service*

*Enabled through satellite delivered software upgrades and existing industry standard high speed data ports



Service Improvements

- **Hard drive expansion device***
 - Increased storage without need to replace the original DVR
 - This is a consumer installable device.
- **Proactive monitoring of user experience***
 - Improved customer service and reduced truck rolls

*Enabled through satellite delivered software upgrades and existing industry standard high speed data ports



Technology Roadmap

- Consumer premises equipment
- Advanced products
- Efficiency improvements
- **Widening the scope of services**



Integrated Televisions

DIRECTV basic box inside provides full DIRECTV experience



Kitchen: under cabinet



Bedroom 20" flat panel



DIRECTV in the Digital Home

- “DIRECTV 2 Go” transfer from DIRECTV DVRs



- DIRECTV tuner for Media Center and Viiv PCs



- Media extender functionality



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DIRECTV in the Digital Home

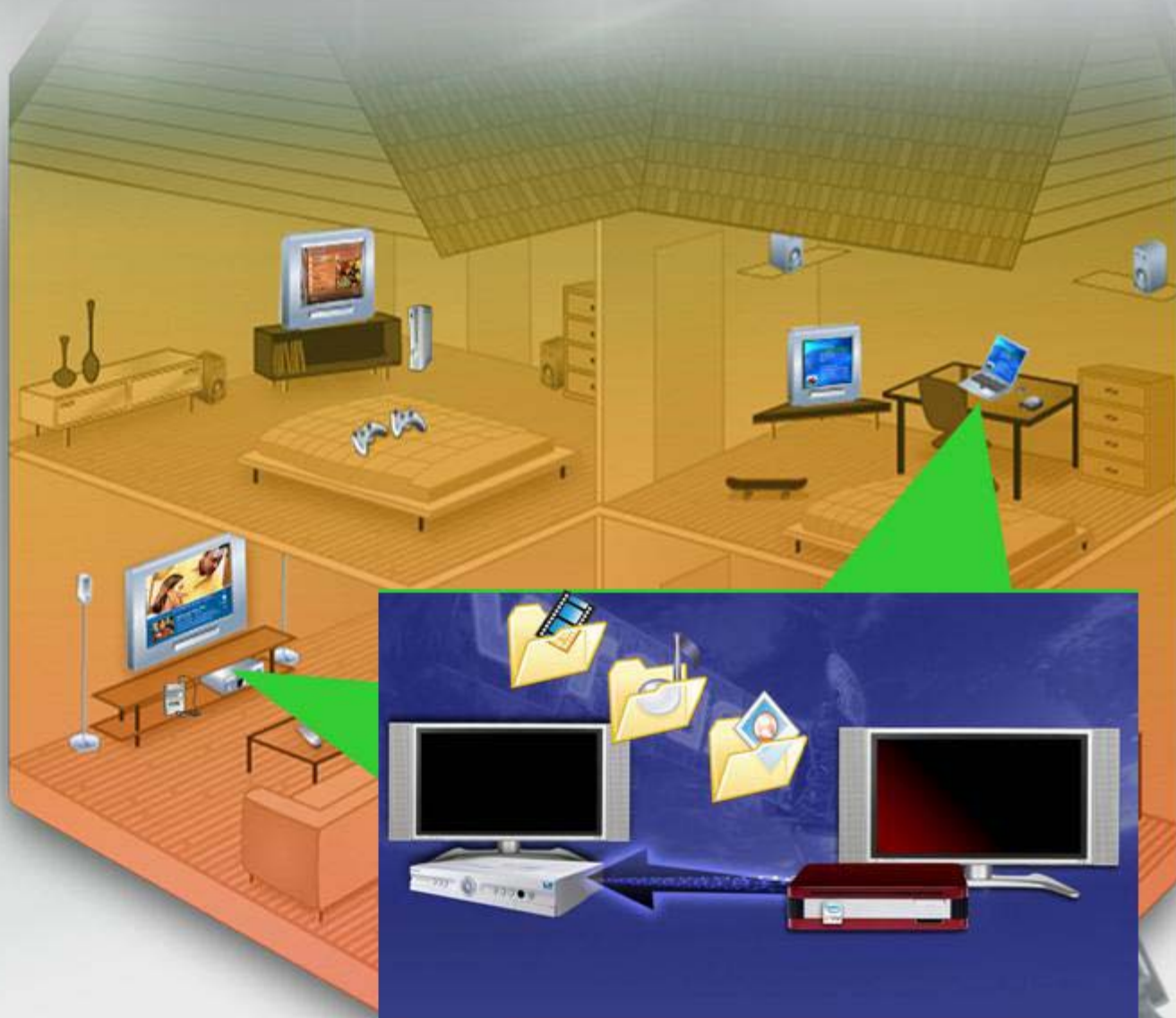
- “DIRECTV 2 Go” transfer from DIRECTV DVRs



- DIRECTV tuner for Media Center and Viiv PCs



- Media extender functionality



**Technology leadership
will continue to be a
critical success factor.**

**DIRECTV is uniquely positioned
to be the leader.**





DIRECTV



David Hill

President, DIRECTV Entertainment





DIRECTV



Eric Shanks

Executive Vice President, Entertainment



HD

DIRECTV High Definition

- 36 local markets covering 58% of the country in June
- Up to 76% of the country covered by year-end 2006
- Capacity for 150 national HD channels with nearly 100% local HD coverage by year-end 2007

In 2007, DIRECTV's HD selection will be superior to at least 75% of cable's footprint



VOD

Satellite-delivered content to DIRECTV DVRs – *Year End*

| Programming group | Hours / week |
|--|--------------|
| All major networks and sister cable nets | ~ 25 |
| Premium network content | 15 |
| FX pre-runs | 2 |
| DirectFlix | 1 |
| Games | 2 |
| NFL services | 1 |
| Interactive advertising | 1 |
| Customer care | 1 |
| Customized opt-in content / movies | up to 50 |

Broadband Video

DIRECTV Broadband Video – Q4 06

**DIRECTV on Demand: Check out this week's titles!**



Wed 7:14p

King Kong Arrives Next Week! Don't miss Peter Jackson's classic. Now with extended footage and special features.

Wed 12/15

| | |
|---|---|
| 1000 DTVR | DIRECTV on Demand: Check out this week's titles! |
| 1229 HGTR | HGTV |
| 1036 ETVR | E! |
| 1501 HBOR | HBO |
|  | |
| 1537 SHOR | Showtime |



Fav: Chans I Get

● - 12hrs ● + 12hrs ● What's Hot

- ~ 2,000 titles at launch
- Breadth of cable network shows plus more movies, subscription services, non-linear channel content



Exclusive Sports

NFL Sunday Ticket

- Up to 14 games each week, plus more than 100 games in HD
- Game Mix channels, interactive scores and stats
- Red Zone Channel™ and GameTracker™
- Short Cuts, Highlights on Demand



NCAA Mega March Madness

- The NCAA® Men's Division I tournament's first 3 rounds
- Up to 37 live tournament games from outside your region
- Interactive brackets and on-demand scores and stats



Games Platform



- **DIRECTV GAMESTAR™**

- Casual games on the sofa vs. in front of a computer
- Watch your favorite shows while playing
- Games that appeal to all demographics
- Games will be created using some of the most popular brands in the world
- DVD games can be delivered in an episodic format directly to the subscriber's DVR



Interactive

- **Fox News Interactive**

- Additional footage supplementing existing Fox News Channel stories
- Interactive data – business, weather, sports
- Customized tracker for stocks and sports teams



- **What's Hot**

- Real-time ratings of the most popular shows currently on DIRECTV



What's Hot

Sponsored by *Sprite.*

Mon 12/8 9:23p

LOCAL

NATIONAL

MOVIES

SPORTS

NEWS

KIDS

THE MOST POPULAR SHOWS ON DIRECTV RIGHT NOW

TREND

VIEWERS

1



Monday Night Football: Cowboys at Eagles



2



Prison Break



3



Las Vegas



4



Spongebob Squarepants



5



SportsCenter



6



The Daily Habit

NEW



Page 1 of 2



FULL TV



CHANGE CATEGORY



MORE INFO





DIRECTV



Viewer Experience

Revamped Program Guide



- Redesigned user interface for launch in 2007
- Powerful search and recommendation engines
- Designed for personalization
- Key elements of “community”





DIRECTV



John Suranyi

President, DIRECTV Sales and Service



The DIRECTV Customer Experience

**RETAIN QUALITY
CUSTOMERS**

Retain

Target

**GENERATE
PROFITABLE
CUSTOMER
GROWTH**

Acquire

Provision

Service

Develop

**CONTENT
TECHNOLOGY
SERVICE**

**IMPROVE
QUALITY AND
EFFICIENCY OF
CUSTOMER CARE**



Targeting for Profitability

- Attract more customers like the 33% who represent 63% of profit
- Leverage data on existing customers to find like-kind prospects (address; zip codes)

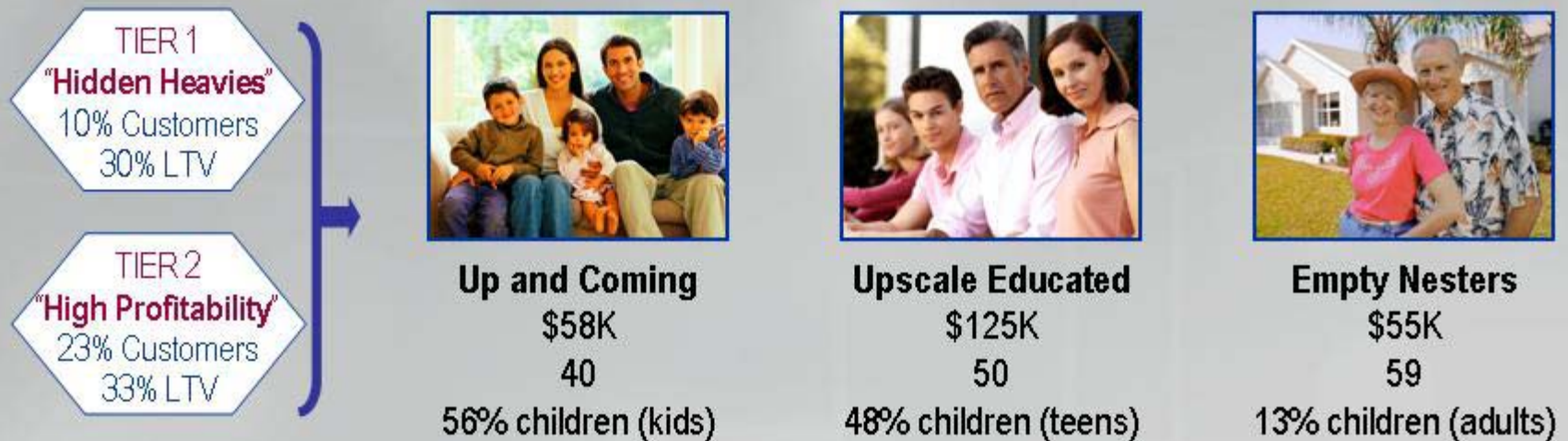
| Tier | % Customers | % Profit |
|------------------------|-------------|----------|
| Hidden heavies | 10% | 30% |
| High profitability | 23% | 33% |
| Medium profitability | 32% | 24% |
| Low profitability | 20% | 10% |
| Marginal profitability | 15% | 3% |
| Total | 100% | 100% |

*33% of
customers
account for
63% of profit*



Targeting for Profitability *(cont'd)*

- Apply a demographic overlay to understand wants and needs
- This group largely represented by wealthier families living in single-family households; over 25 million households



- Track growth of new subs by profitability tiers; we know the starting point



Targeting for Profitability *(cont'd)*

- Aggressively compete in 20 “must win” markets
- Markets selected based on size, high concentration of profitable customers, penetration rate and growth momentum

| | | | | MARKET ATTRACTIVENESS METRICS | | | | | | | |
|-------------|----------|--------------------|------------------|-------------------------------|-----------|------------------|-------------------|-----------------------------|-----------------------|-----------------|----------|
| Market Rank | DMA Name | Active Subscribers | Total Households | Average LTV | LTV Index | Penetration Rate | Penetration Index | One Year Penetration Growth | Market Momentum Index | Composite Index | Included |
| 1 | | | | | 121 | 17% | 156 | 5.13% | 156 | 139 | YES |
| 2 | | | | | 112 | 15% | 139 | 6.02% | 183 | 137 | YES |
| 3 | | | | | 129 | 14% | 132 | 4.81% | 146 | 134 | YES |
| 4 | | | | | 151 | 13% | 120 | 3.55% | 108 | 133 | YES |
| 5 | | | | | 165 | 9% | 86 | 3.67% | 112 | 132 | YES |

- Measure based on improvement in penetration



Targeting for Profitability *(cont'd)*

- **Movers**

18M households move each year

- Reach through highly-targeted tactics
- New mover lists
- Alt media
- Online
- Vacant home mailings

- **New TV buyers**

- Over 15 million digital TVs expected to be sold in 2006
- Partner with CE and TV OEMs to drive attachment rates



Focus on Growing Direct Sales to Over 30% of Market Share

- **Increased focus on local efforts**
 - Target by zip code with direct mail, street teams, circulars, door hangers and OOH
 - Host local events and demonstration at high-profile locale
 - HSP truck convoys in key neighborhoods
- **Double alternative media growth by recapturing proven vehicles**
 - Yellow pages, 411, newspaper inserts and ADVO
- **Grow directv.com acquisitions by 34%**
 - Take control of DIRECTV online search
 - Launch new prospect site in April
 - Special online offers



Leveraging Key Partnerships

- **Independent dealers**

- Pursue dealers with complementary skill sets
- Significant changes already made; continue focus on quality customer acquisition
 - 100% sales commission chargeback extended to six months; pro-rated thereafter, effective January 1

- **Telco**

- Partnerships continue to strengthen and gain momentum
- BellSouth extension
- Existing customer opt-in offers



Leveraging Key Partnerships (cont'd)

- **Consumer Electronics**

- Rapid growth of digital TV sales presents new opportunity
- Best Buy taking a strong position; in 2006



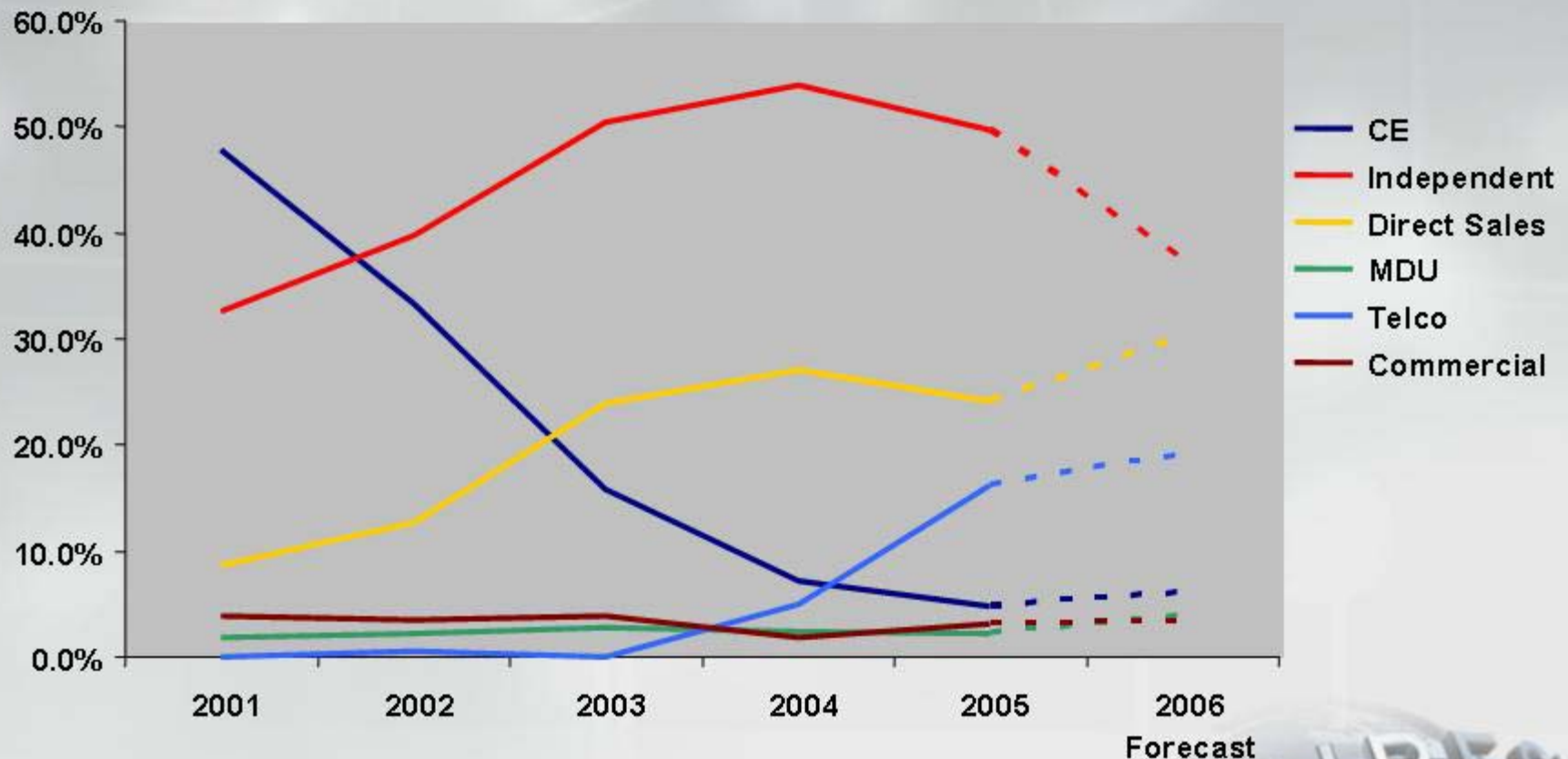
- **MDU**

- Untapped market opportunity for DIRECTV
- Single-wire technology launched in late 2005
- Launched "MDU Direct" in 2005
- Strategic partnership opportunity



Composition of Customer Growth

Activations by Channel



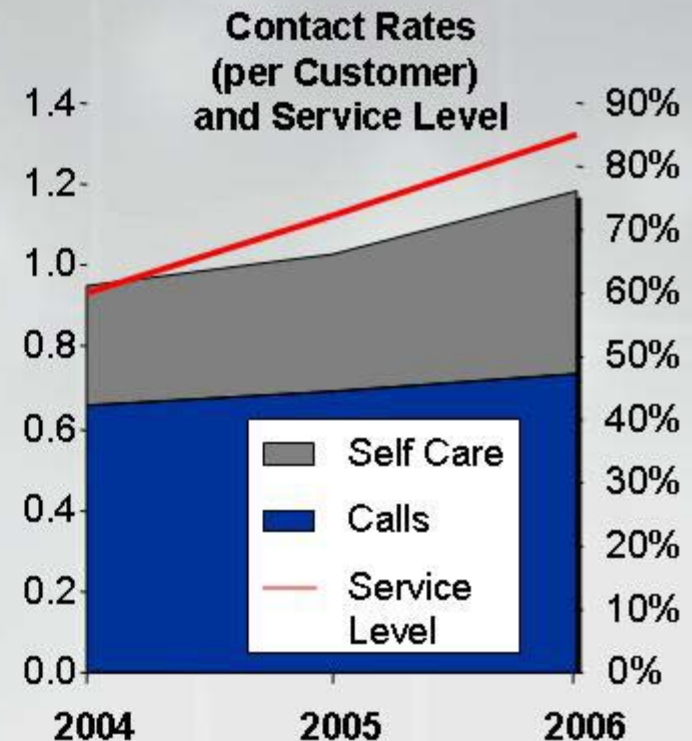
Customer Care Focus

"Improving Service Quality While Reducing Cost"

- **Service quality provides differentiation**
 - Improved by 20% from 2004 to 2005
- **Improve quality while reducing costs**

| | 2004 | 2005 | 2006(e) |
|-----------------------------|--------|--------|---------|
| Cost per minute | \$.59 | \$.57 | \$.51 |
| Cost per customer per month | \$3.01 | \$3.02 | \$2.88 |

- **New technologies drive call complexity and contact rate**
- **Service options further increase contact rate**



Customer Care Network

"Leveraging Owned and Outsourced Network to Balance Cost"

- **Own "critical" customer contacts**
 - Internal support to increase by 50% from 2004
 - 95% of Retention to be handled in 2006
 - 50% of Technical to be handled in 2006
 - Missoula technical center opens in summer 2006
- **Continue to outsource routine support and seasonality**
- **Leverage off-shore/near-shore support for economic benefit and flexibility**
 - Ideal for non-critical customer support at 45% savings



Boise
Call Center

| | 2004 | 2005 | 2006 |
|---------------------------|------|------|------|
| Outsourced Domestic | 74% | 59% | 48% |
| Outsourced Off/Near-Shore | 4% | 11% | 22% |
| Owned Domestic | 22% | 30% | 30% |



Customer Care Infrastructure and Innovation

"Invest in People and Tools Dedicated to Solving Customer Needs"

- **Infrastructure enhancements**
 - National Command Center
 - Natural Language IVR
 - Knowledge management
 - Local service centers
- **Service innovations**
 - Enhance self-care service options
 - Reduce customer call transfers
 - Further developing email as customer communication tool



Agent Online Reference Information System



LA Broadcast Center



National Command Center



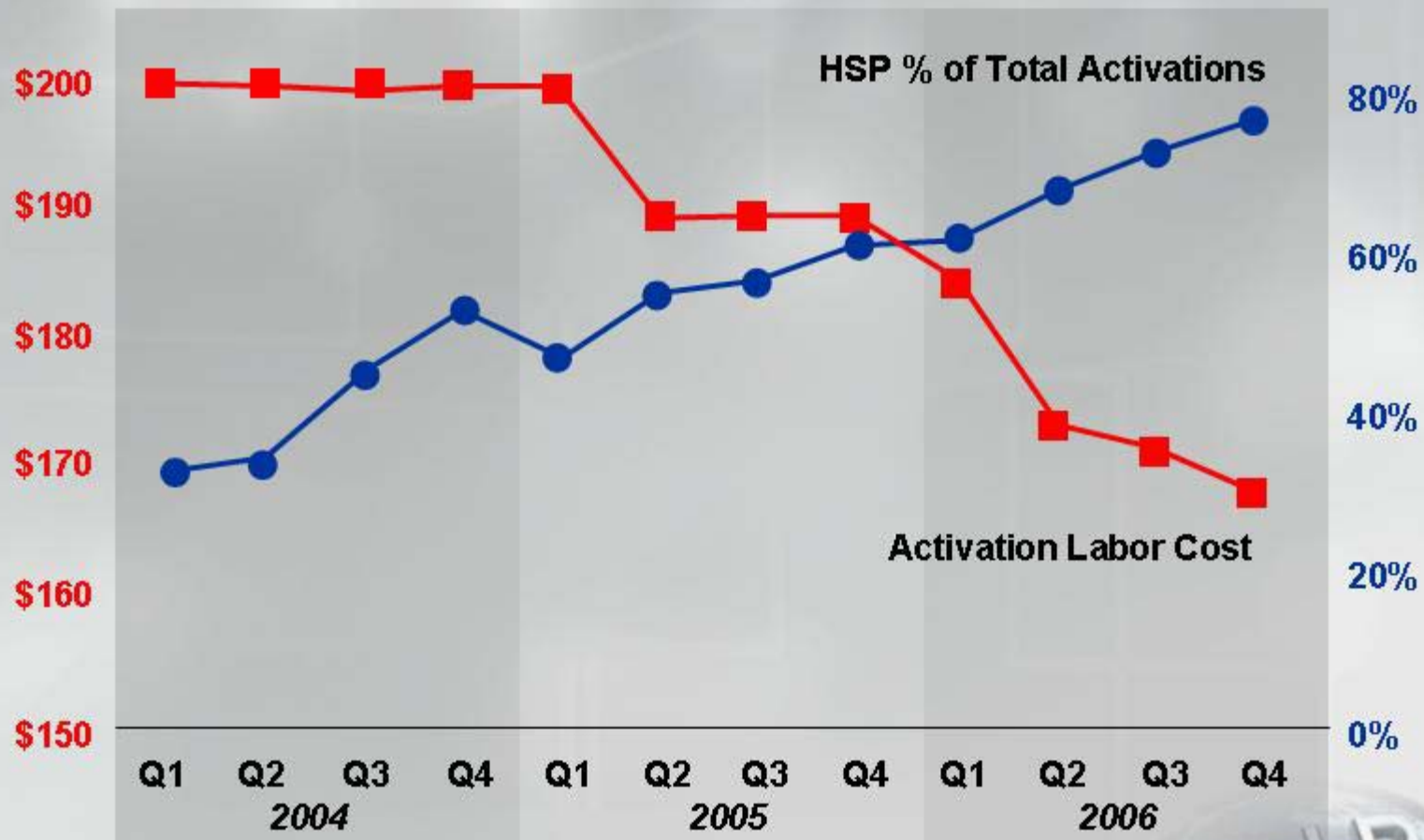
The Best In-Home Customer Experience

"Reducing Cost and Improving Fulfillment Efficiency"

- **Aggregate volume to drive efficiency and reduce costs**
 - Continue migration of installation activities into HSP network
- **Improve overall quality and efficiency**
 - Standardized policy and procedure
 - Expand Quality Control and Customer Satisfaction evaluation
- **Leverage technology**
 - Deploy dynamic work force management system
 - Enhance delivery system
 - STB diagnostics



Aggregating Volume and Reducing Cost

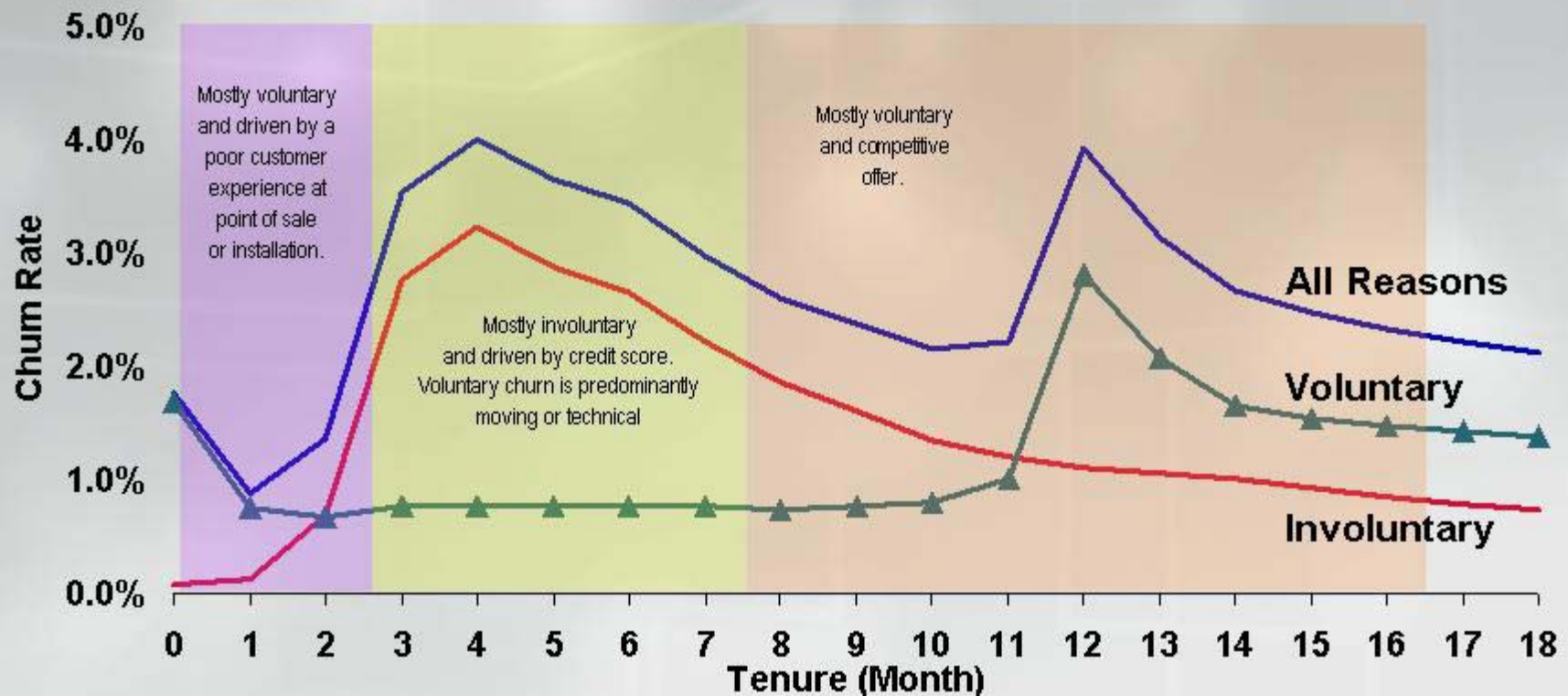


* Example of Regional HSP Price Reductions



When and Why Do Customers Churn?

Churn by Tenure by Reason



Intelligently Manage Retention Resources

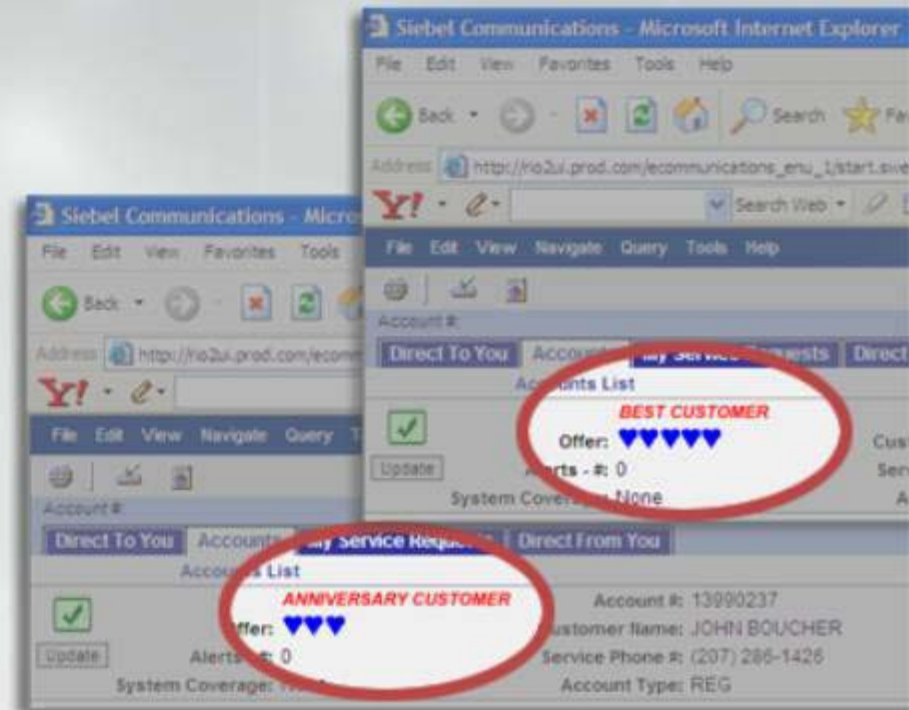
- Segment customer base to wisely invest
 - Invest in valuable/profitable customers
 - Stabilize and grow lower value customers
 - Decrease the cost to serve lowest value customers

| Customer Value Segment | % Profit | % Customers | Treatment |
|------------------------|----------|-------------|--|
| 1 | 30% | 10% | Protect and acknowledge; Best Customer program |
| 2 | 33% | 23% | Protect and grow to Best Customer |
| 3 | 24% | 32% | Grow |
| 4 | 10% | 20% | Retain at minimal cost |
| 5 | 3% | 15% | Decrease cost to serve; manage involuntary churn |

* Example of customer segments within defined region

Enabling Best Customer Treatment

- **Customer tags for execution**
 - New Customer
 - Anniversary Customer
 - Best Customer
 - Competitive Market
- **The “Hearts” program**
 - Above tags co-exist with Customer Value Segment, displayed as 1,3 or 5 hearts



Managing Critical Lifecycle Points

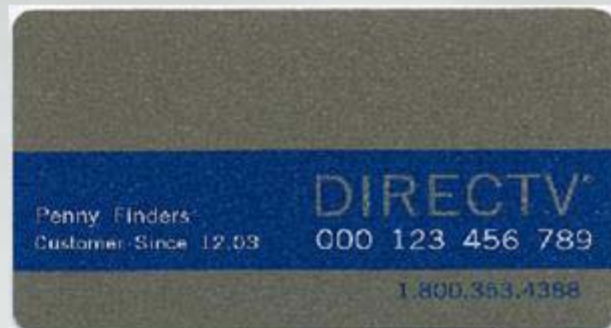
- First year
- Moving
- Price change
- New competition

| <i>First Year Program</i> | | |
|---|---|--|
| Month 1 | Month 3-4 | Month 11-12 |
| Welcome Calls/E-mail Reinforce benefits/problem resolution Welcome Brochure/Email Channel Line-up Guide/ Tips and Tricks | Offer roll off Selling and Right Sizing | Anniversary Offers Hardware offers, Programming offers |

Rewarding the Best Customers

Best Customer Loyalty Program

- Provide superior service
 - Priority call center support
 - Next day service calls (same day service in some cases)
 - Free in-home service calls
 - Four (4) PPV coupons per month
- First to know about new offerings
- Participation in customer advisory board
- Rewards
 - Holiday card with retail discount
 - Tickets to CD USA taping for local customer





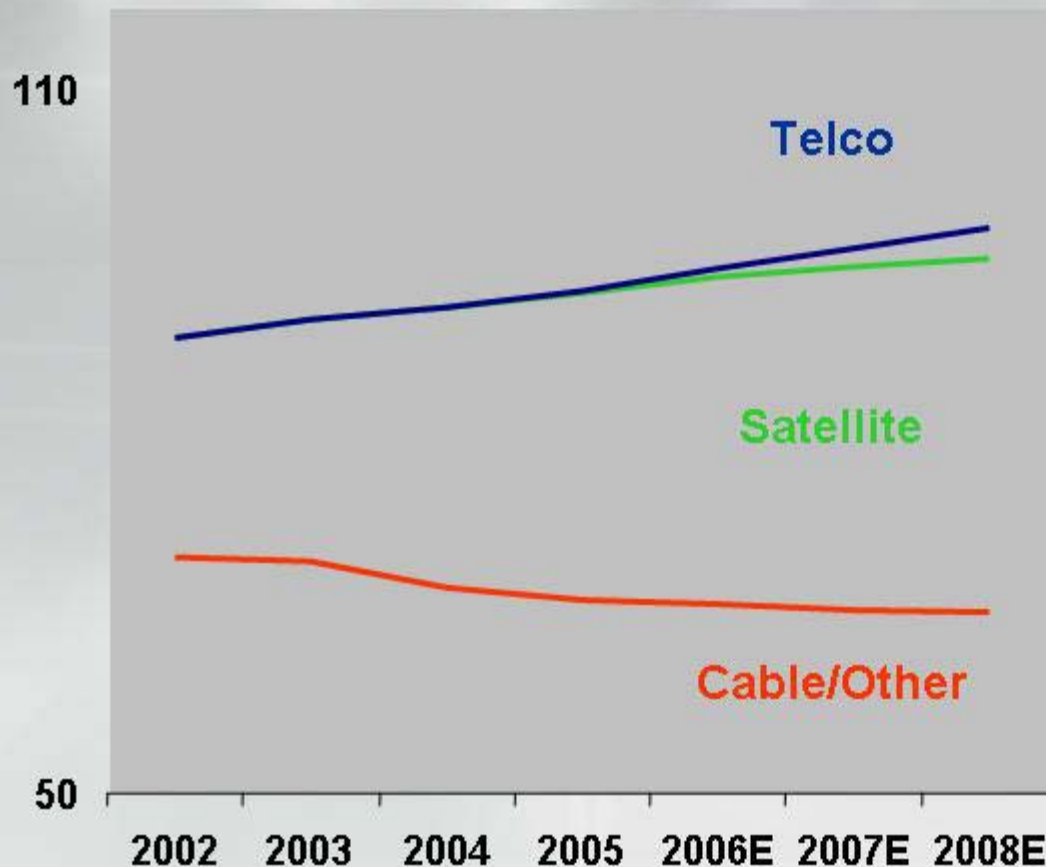
DIRECTV



Chase Carey
President and CEO



U.S. Pay TV Market



2006-2008 Net Subscriber Forecast *

2-3M

4-5M

(1M)

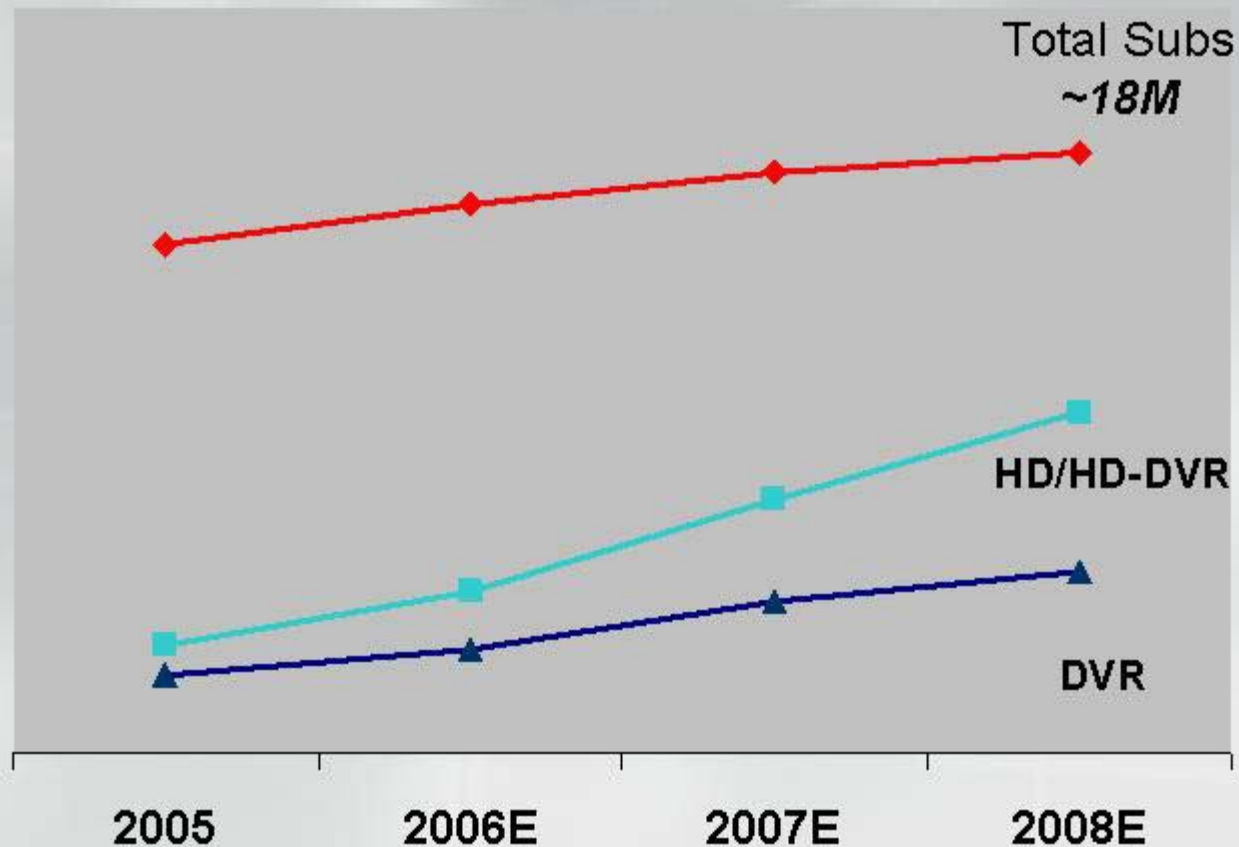
* Analyst Consensus



Targeted Subscriber Initiatives

| Initiative | Market |
|----------------------|--|
| Weaker Cable Systems | 20-25M subscribers |
| Household Formation | 1.5-2M/year |
| Movers | 18M/year |
| Strategic Partners | Verizon, BellSouth and Qwest have 60M homes in their territories |
| Demographic Targets | Sports, Music, Family |
| Niches | MDU (20M+), Ethnic Programming (19M: 13M Hispanic, 6M all other) |

Advanced Products Growth



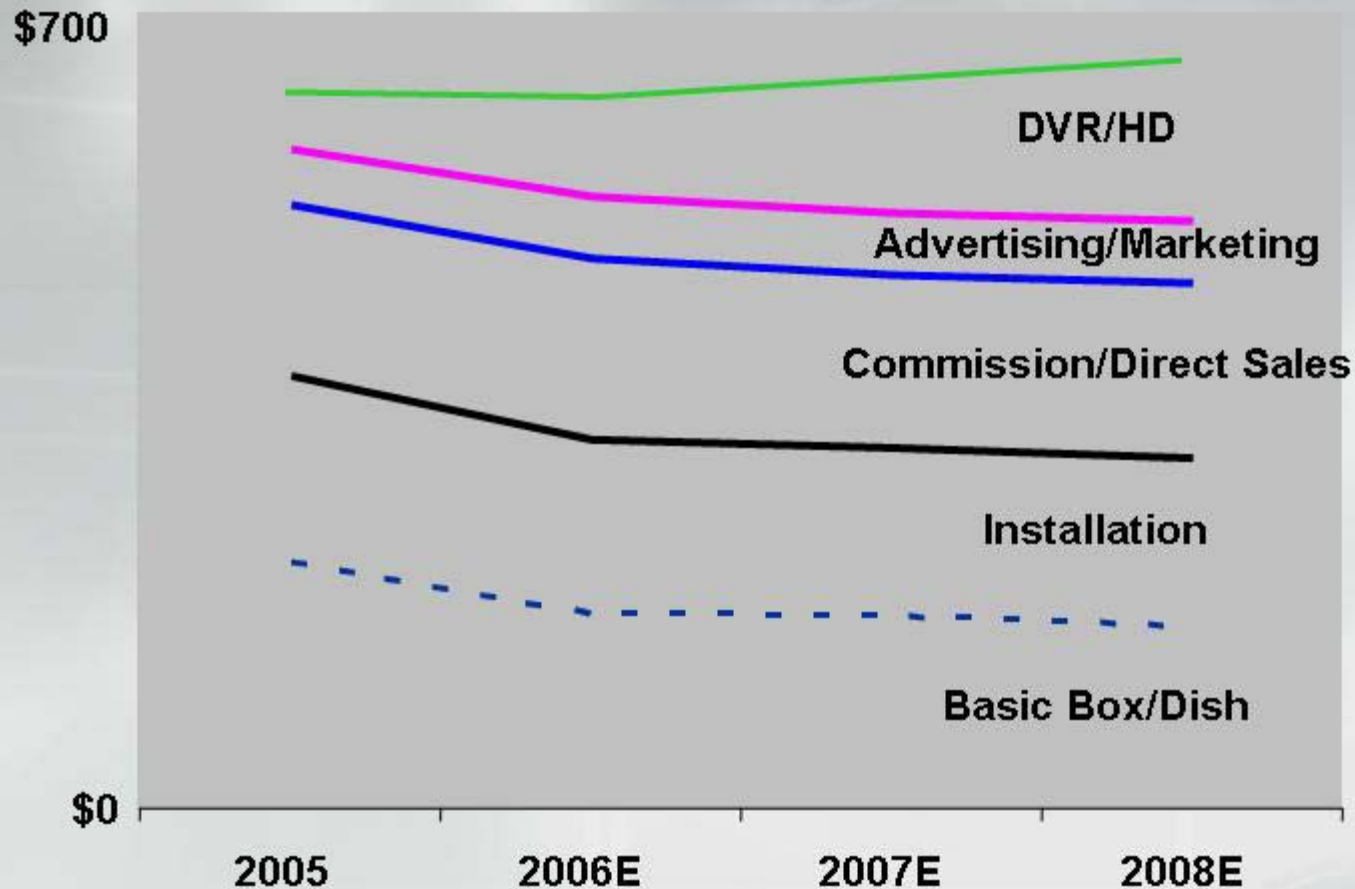
ARPU

| | 2005 | 2008E | 3 Year Assumptions |
|---|-------------|-------------|---|
| Packages/Sports/ Premium/Other | \$62 | \$68 | <ul style="list-style-type: none"> • ~3% price increase/year |
| Mirroring Fees/Advanced Products | 7 | 10 | <ul style="list-style-type: none"> • 2.6 boxes/customer • 50%+ penetration of HD/DVR |
| PPV/VOD/Advertising | 4 | 7 | <ul style="list-style-type: none"> • Aggressive growth driven by advanced box penetration |
| Discounted Programming | (3) | (4) | <ul style="list-style-type: none"> • Telco bundle discount, free or discounted programming, etc. |
| Total | \$70 | \$81 | |



Subscriber Acquisition Costs (SAC)

(Excludes Benefits From the Lease Program)



Advanced Products Drive Greater Value

New Customer Returns

(Excludes Benefits From the Lease Program)

| Bold type reflects a 2-3 year outlook | Basic Box | DVR | HD | HD-DVR |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| ARPU <i>Current</i> | \$64 \$64 | \$78 \$93 | \$86 \$109 | \$89 \$115 |
| Variable Margin <i>Current</i> | 38% 38% | 44% 47% | 41% 46% | 45% 46% |
| Monthly Churn % <i>Current</i> | 1.8% 1.9% | 1.0% 0.6% | 1.0% 0.5% | 1.0% 0.5% |
| SAC* <i>Current</i> | \$515 \$595 | \$680 \$710 | \$710 \$820 | \$660 \$730 |
| After-tax IRR <i>Current</i> | 31% 23% | 56% 63% | 45% 65% | 57% 66% |

*Includes equipment revenues collected from customers



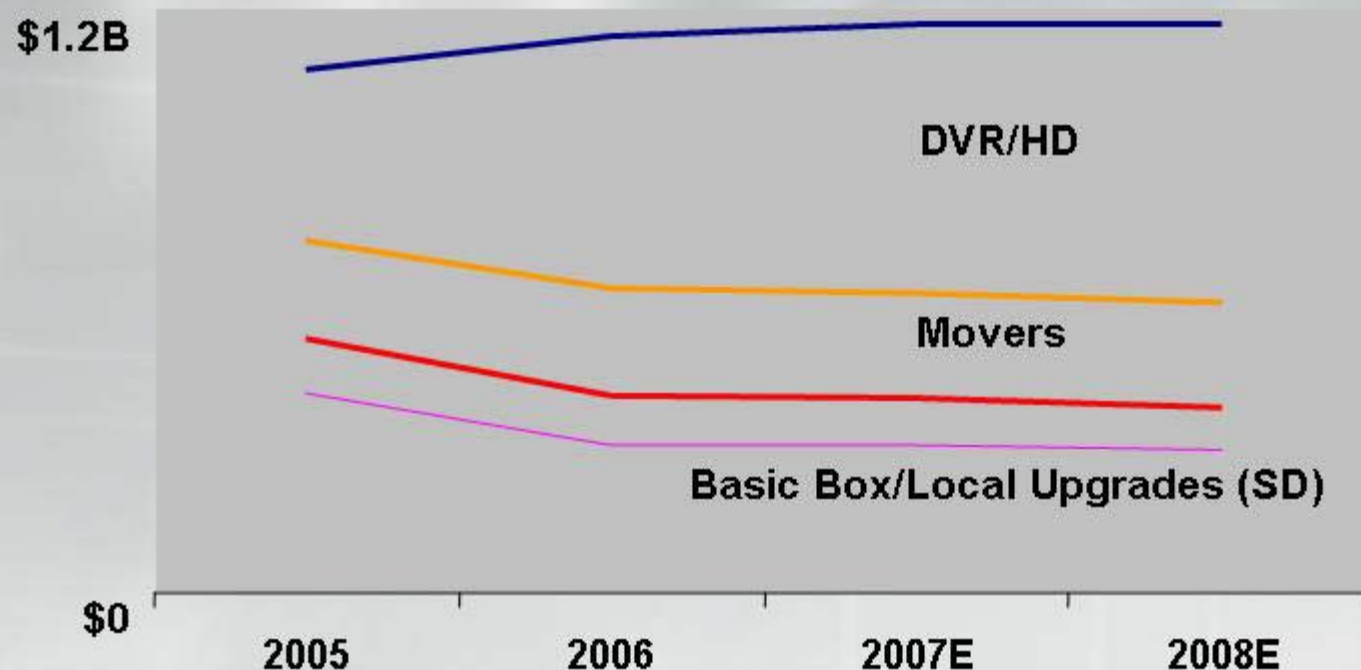
Churn

- More Discipline / Tighter Credit Policy
 - Improve quality of new customers
 - Better aligned dealer incentives
 - 1-2 year commitment
- Increase Penetration of Advanced Products
 - DVR
 - HD / HD-DVR
 - Gateway / portable devices / etc.
- Improve Content and Service
 - Differentiated / unique content
 - Installation / customer service



Upgrade and Retention Costs

(Excludes Benefits From the Lease Program and cost of HD swaps)



| | | | | |
|------------------------|-------|-------|-------|-------|
| Number of Transactions | 5.0M | 4.8M | 5.1M | 5.3M |
| Cost of Transaction | \$220 | \$240 | \$235 | \$230 |

Advanced Products Drive Greater Value

Existing Customer Upgrades

| Bold type reflects a 2-3 year outlook | Basic Box | DVR | HD | HD-DVR |
|--|--------------|--------------|--------------|--------------|
| ARPU | \$70 | \$78 | \$86 | \$89 |
| <i>Current</i> | \$70 | \$93 | \$109 | \$115 |
| Variable Margin | 43% | 44% | 41% | 45% |
| <i>Current</i> | 43% | 47% | 46% | 46% |
| Monthly Churn % | 1.7% | 1.0% | 1.0% | 1.0% |
| <i>Current</i> | 1.8% | 0.6% | 0.5% | 0.5% |
| Cost to Upgrade* | \$90 | \$160 | \$290 | \$250 |
| <i>Current</i> | \$170 | \$290 | \$400 | \$410 |
| After-tax IRR | 57% | 84% | 50% | 77% |
| <i>Current</i> | 19% | 86% | 83% | 88% |

*Includes equipment revenues collected from customer



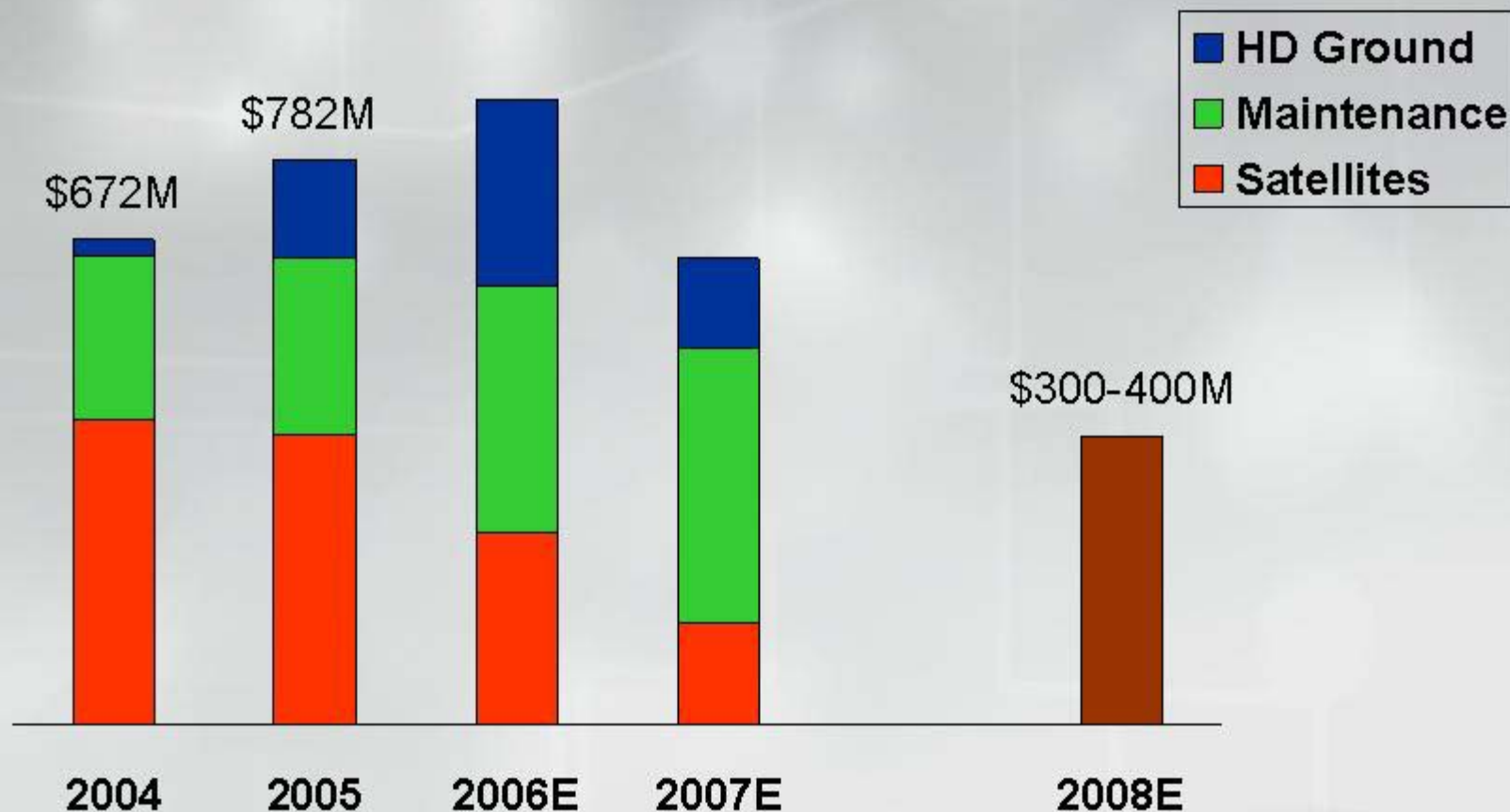
Pre-SAC Margin

| Cost as a % of Revenue | 2005 | 2008 |
|-------------------------------------|--------------|-------------|
| Programming | 38.6% | 40% |
| Residuals and Other Costs | 2.7% | 3% |
| Subscriber Services | 7.7% | 6% |
| G&A/Broadcast Ops | 7.8% | 7% |
| Upgrade & Retention | 9.1% | 8% |
| Total Cost as a % of Revenue | 65.8% | 64% |
| Pre-SAC Margin | 34% | 36% |



DIRECTV U.S.

Capital Expenditures*



*Excludes lease program



Free Cash Flow

Key 3-Year Assumptions

- Low double-digit revenue CAGR
- Pre-SAC margin increases beginning in 2007
- Acquisition costs remaining relatively flat
- CapEx of \$300-400M annually

*Analyst consensus adjusted for nonconsolidated assets



DIRECTV Latin America Update

3.7M Attributable Subscribers

Mexico

(1.2M subscribers)

- Subscriber migration completed in 3Q/2005
- Deal closed 2/16/2006
- 41% ultimate ownership

Brazil

(1.4M subscribers)

- Pending regulatory approval
- Subscriber migration after regulatory approval
- 72% equity ownership at close

Pan Americana

(1.1M subscribers)

- Mergers and consolidation completed in 2005
- 100% equity ownership





DIRECTV



Non-GAAP Financial Reconciliation

| Pre-SAC Margin | | | |
|--|--------------|---------------|-------------|
| | 2004 | 2005 | 2008 |
| | \$B | | |
| Operating Profit (Loss) | \$0.0 | \$0.8 | \$2 |
| Plus: Subscriber acquisition costs (Third party and Direct) | \$2.6 | \$2.7 | \$3 |
| Plus: Depreciation and amortization expense | \$0.6 | \$0.7 | \$1 |
| Pre-SAC margin | \$3.2 | \$4.2 | \$6 |
| Revenue | \$9.8 | \$12.2 | \$17 |
| Pre-SAC margin as a percentage of revenue | 33.1% | 34.2% | 36% |



Non-GAAP Financial Reconciliation

| Free Cash Flow | | |
|--|--------------|----------------|
| | 2004 | 2005 |
| | \$M | |
| Free cash flow | (\$247) | \$536 |
| Plus: Cash paid for property & equipment | \$249 | 281 |
| Plus: Cash paid for satellites | 423 | 367 |
| Net cash provided by operating activities | \$425 | \$1,283 |

| Cash Flow Before Interest and Taxes | |
|---|--------------|
| | 2008 |
| | \$B |
| Cash flow before interest and taxes | \$3.1 |
| Plus: Cash paid for satellites and property & equipment | 0.3 |
| Less: Net interest and taxes | 0.9 |
| Net cash provided by operating activities | \$2.5 |



Non-GAAP Financial Reconciliation

Pre-SAC Margin, Free Cash Flow and Cash Flow before Interest and Taxes, are financial measures that are not determined in accordance with accounting principles generally accepted in the United States of America, or "GAAP". These financial measures should be used in conjunction with other GAAP financial measures and are not presented as an alternative measure of operating results, as determined in accordance with GAAP. The DIRECTV management uses Pre-SAC Margin, Free Cash Flow and Cash flow before Interest and Taxes to evaluate the profitability of DIRECTV U.S.' subscriber base for the purpose of allocating resources to discretionary activities such as adding new subscribers, upgrading and retaining existing subscribers and for capital expenditures.

DIRECTV believes these measures are useful to investors, along with other GAAP measures (such as revenues, operating profit and net income), to compare DIRECTV U.S.' operating performance to other communications, entertainment and media companies. DIRECTV believes that investors also use these measures, both current and projected, to determine the ability of DIRECTV U.S.' current and projected subscriber base to fund discretionary spending and to determine the financial returns for subscriber additions.

