

Downloaded from SatelliteGuys.US



January 19, 2006

Dear DIRECTV Retailer:

On March 1, 2006, DIRECTV will implement a nominal price increase for select programming packages. The average increase will be approximately \$3 per customer. These price adjustments are needed as a result of higher programming costs passed on to us by our content providers. Programming fees have significantly outpaced our price increase of a customer's bill, which will be slightly greater than 4%.

DIRECTV continues to be a far better value than cable whose average annual price increases have typically been higher. We continue to invest in the quality of the DIRECTV viewing experience, such as launching new satellites to bring local stations to over 93% of the country, more high definition and even greater number of channels and original programming to enjoy. So look forward to exciting new technologies, such as more interactive services, portable media players and programming delivered to customers via the internet. Plus 2006 investments will bring our customers content such as CD USA, Network LIVE, Massive Gaming League and key alliances with XM Satellite Radio.

The primary rate changes that will affect new customers are:

|                                       |                                      |
|---------------------------------------|--------------------------------------|
| TOTAL CHOICE® PREMIER                 | \$99.99/month                        |
| TOTAL CHOICE PREMIER (without locals) | \$96.99/month                        |
| TOTAL CHOICE PLUS                     | \$49.99/month                        |
| TOTAL CHOICE PLUS (without locals)    | \$46.99/month                        |
| TOTAL CHOICE                          | \$44.99/month                        |
| TOTAL CHOICE package (without locals) | \$41.99/month                        |
| DIRECTV® HD package                   | \$9.99/month ( <b>\$1 decrease</b> ) |

There will be a one dollar decrease to the DIRECTV HD package for both new and existing customers. Existing customers who subscribe to the TOTAL CHOICE PLUS package will only incur a \$3.00 per month increase. Please note that the pricing for new customers for DIRECTV PARA TODOS® packages, as well as DIRECTV World Direct packages, is not increasing at this time. Pricing for certain other services, such as DIRECTV® DVR service and pay per view movies, is also not affected. See the enclosed Q&A for additional information.

Your stores will receive updated point of sale materials with the new pricing information closer to the date it goes into effect. By March 1<sup>st</sup>, please be sure that all display materials with outdated pricing information are taken down and the new materials are placed when received.

If you have any questions, please contact your DIRECTV Area Sales Manager or DIRECTV Retail Services at 1-800-323-1994, or via email at RetailServices@DIRECTV.com.

Best regards,

DIRECTV, Inc.

PNP 0106

**DIRECTV Price Increase Announcement  
Q&A**

**1. Q: Why is DIRECTV increasing the prices of its base programming packages?**  
**A:** The price adjustments are designed primarily to offset the higher programming costs that we pay to carry many of the networks and programming services we provide our customers. Other costs associated with the price increase include significant investments we have made for new technologies and exclusive content.

**2. Q: How much is DIRECTV increasing the prices of its programming packages?**  
**A:** The prices of our base programming packages will increase between 3 to 6 dollars per package for new customers; existing customers will experience a price increase of 3 dollars. The increase averages to about ten cents per day.

**NEW RATE SUMMARY (new customers)**

Effective as of March 1, 2006

| <b>Service Description</b>                     | <b>New Monthly Increase<br/>Full Price</b> |     |
|--|--|-----|
| <b>PROGRAMMING PACKAGES</b>                    |  |     |
| TOTAL CHOICE®                                  | \$44.99                                    | \$3 |
| TOTAL CHOICE PLUS                              | \$49.99                                    | \$4 |
| TOTAL CHOICE PREMIER                           | \$99.99                                    | \$6 |
| <b>DIRECTV PARA TODOS PROGRAMMING PACKAGES</b> |  |     |
| SELECCIÓN EXTRA                                | \$29.99                                    | N/C |
| SELECCIÓN MAS                                  | \$39.99                                    | N/C |
| SELECCIÓN ULTRA                                | \$49.99                                    | N/C |
| SELECCIÓN PREMIER                              | \$97.99                                    | N/C |
| <b>CHINESE LANGUAGE PROGRAMMING PACKAGES</b>   |  |     |
| PHOENIX TV                                     | \$19.99                                    | N/C |
| JADEWORLD                                      | \$36.99                                    | N/C |

**3. Q: Does the price increase affect DIRECTV PARA TODOS® or DIRECTV WorldDirect (International) programming packages?**

**A:** No. The general market price adjustments will not at this time apply to the DIRECTV PARA TODOS or other International programming service.

**4. Q: Are you increasing prices for pay per view movies or a la carte services, such as premium movie channels, and local channel packages?**

**A:** No. The general market price adjustments will not at this time apply to the pay per view movies or the a la carte services.

- 5. Q: When will you notify customers of the forthcoming price increase?**  
A: We will begin notifying affected customers of the new pricing on January 24, 2006. The price increase will begin showing on customers' bills as of March 1, 2006.
- 6. Q: How do you think customers will react to the price increase?**  
A: We understand no one likes price increases. However, we believe most of our customers will see this price adjustment as reasonable and that DIRECTV® programming and cutting-edge technology is still a great value compared with cable service.
- 7. Q: Do you think the price increase will impede sales?**  
A: No. Consumers will compare our service to cable TV and they will see that we continue to offer a competitive service and a great entertainment value.
- 8. Q: What will you do to minimize churn?**  
A: We believe our customers understand the reality of rising costs and our need to make investments to improve our service. Despite the price increase, we will continue to maintain our price/value advantage over cable. We have an aggressive churn management system in place and we expect to maintain current low levels of churn throughout the year.
- 9. Q: What other changes are taking place March 1<sup>st</sup>?**  
A: Along with the start of our new Q1 national offer, we will also be migrating over to our new lease business model, which you have already received communication on. We are making exciting new changes to ensure that all of our DIRECTV customers continue to receive the highest value and best technology for their dollar.