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Federal Communications Commission
Office of the Secretary

February 25, 2009

BY HAND DELIVERY

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

REDACTED – FOR PUBLIC INSPECTION

Re: **MB Docket No. 07-18**

Dear Ms. Dortch:

Condition I to the *Liberty Media-DIRECTV Order* requires that, within one year from release of that order, all of the attributable interests connecting DIRECTV Puerto Rico Ltd. (“DTVPR”) and Liberty Cablevision Puerto Rico, Ltd. (“LCPR”) must be severed, either by divestiture or by otherwise making the interest non-attributable (the “Divestiture Condition”).¹ The condition further specifies that the Applicants must certify either that they have complied with this condition or that they have filed all necessary applications for regulatory approval to do so, and must explain with sufficient detail precisely how they came into compliance or how any filed applications would result in compliance, and identify all remaining direct or indirect relationships between DTVPR and LCPR and their parent companies.

As the Commission is aware, the imposition of the Divestiture Condition resulted in further negotiations among the parties to the transaction to arrange for compliance. As set forth in the Separation Agreement previously filed with the Commission,² because neither News Corporation nor Liberty Media Corporation (“Liberty Media”) would be able to satisfy the Divestiture Condition, The DIRECTV Group, Inc. (“DIRECTV”) agreed to do so within the specified time period. Accordingly, DIRECTV has assumed responsibility for compliance with this condition.

As previously described to the Commission,³ DIRECTV engaged in a months-long process to identify potential purchasers of DTVPR. Unfortunately, that effort has

¹ See *In the Matter of News Corporation and The DIRECTV Group, Inc., Transferors, and Liberty Media Corporation, Transferee*, 23 FCC Rcd. 3265, 3343 (2008) (“*Liberty Media-DIRECTV Order*”).

² See Letter from Robert L. Hoegle, William M. Wiltshire, and John C. Quale to Marlene H. Dortch, MB Docket No. 07-18, Exhibit B (filed Mar. 13, 2008).

³ See Letter from William M. Wiltshire, Robert L. Hoegle, and Antoinette Cook Bush to Marlene H. Dortch, MB Docket No. 07-18 (filed Nov. 24, 2008).

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been unsuccessful. Accordingly, DIRECTV has decided to place its entire interest in DTVPR in a non-attributable trust,⁴ consistent with past Commission precedent. DIRECTV hereby certifies that it has put in place the Trust Agreement attached hereto for this purpose, which closely mirrors trust agreements approved by the Commission to sever attributable interests in prior cases. The Trustee now has legal title to DIRECTV's entire interest in DTVPR and complete control of DTVPR's operations for purposes of facilitating a sale of that interest to a qualified purchaser and, pending such sale, overseeing the management and operations of DTVPR. The remaining relationships between DTVPR and DIRECTV are described in the Trust Agreement.

If you have any questions, please do not hesitate to direct them to undersigned counsel for DIRECTV.

Respectfully submitted,

William M. Wiltshire BY ABL

William M. Wiltshire
Michael D. Nilsson
HARRIS, WILTSHIRE & GRANNIS LLP
1200 Eighteenth Street, N.W.
Washington, DC 20036
202-730-1300
Counsel for The DIRECTV Group, Inc.

Robert L. Hoegle BY ABL

Robert L. Hoegle
Timothy J. Fitzgibbon
NELSON MULLINS RILEY & SCARBOROUGH LLP
101 Constitution Avenue, N.W., Suite 900
Washington, DC 20001
202-712-2800
Counsel for Liberty Media Corporation

⁴ Because DTVPR does not hold any Commission licenses, no applications are necessary in connection with the transfer of this interest to the Trustee.

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Antoinette Cook Bush 34 ASL

Antoinette Cook Bush

Jared Sher

SKADDEN ARPS SLATE MEAGHER & FLOM LLP

1440 New York Avenue, N.W.

Washington, DC 20005

202-371-7000

Counsel for News Corporation

TRUST AGREEMENT

This Trust Agreement (this "Agreement") is entered into as of this 25th day of February, 2009 ("Effective Date"), by and between The DIRECTV Group, Inc. ("DIRECTV" or "Grantor") and Lawrence N. Chapman (the "Trustee").

RECITALS

- A. On February 26, 2008, the Federal Communications Commission (the "FCC" or "Commission") released an order (the "FCC Order") approving a transaction (the "Liberty-DIRECTV Transaction") among DIRECTV, News Corporation, and Liberty Media Corporation ("Liberty Media"). As a result of the Liberty-DIRECTV Transaction, Liberty Media obtained from News Corporation a 40.36 percent equity interest in DIRECTV, which has since increased to over 50 percent.
- B. DIRECTV indirectly wholly owns DIRECTV Latin America, LLC ("DTVLA"), which through its subsidiaries, currently provides Direct to Home ("DTH") satellite service in Latin America and the Caribbean. DTVLA, in turn, owns all of the issued and outstanding shares of capital stock (the "Shares") of DIRECTV Puerto Rico, Ltd. ("DTVPR"), a British Virgin Islands company.
- C. Liberty Global Inc. ("Liberty Global"), through its subsidiaries, including Liberty Cablevision Puerto Rico, Ltd. ("LCPR"), operates broadband communications networks and media and programming businesses in Puerto Rico and in other jurisdictions outside the United States. LCPR is a cable system currently serving subscribers in central Puerto Rico.
- D. As a result of the Liberty-DIRECTV Transaction, the Commission determined that there would be "attributable interests," as that term is defined in the rules, regulations and policies of the Commission ("FCC Rules"), connecting DTVPR and LCPR. The FCC Order required that all such attributable interests connecting DTVPR and LCPR be severed, either by divestiture or by otherwise making the interests non-attributable, within one year of its date of adoption, or February 25, 2009.
- E. In order to ensure that the management and operations of DTVPR were maintained separate from the management and operations of LCPR, the Board of Directors of DIRECTV adopted the Policy and Procedures Regarding DIRECTV Undertakings attached hereto as Exhibit 1 (the "DTVPR Procedures").
- F. After issuance of the FCC Order, DIRECTV engaged Morgan Stanley & Co. Incorporated ("Morgan Stanley") to act as DIRECTV's representative in identifying prospective buyers for DTVPR, soliciting and evaluating offers and otherwise assisting in the sale of DTVPR. While DIRECTV has attempted to sell or otherwise dispose of DTVPR, current market conditions (and market conditions as they existed during 2008) have made this process difficult, and no satisfactory offers to purchase DTVPR have been received by DIRECTV.

- G. To comply with the terms of the FCC Order, DIRECTV is prepared to place the Shares into a trust pursuant to this Trust Agreement that will render DIRECTV's interest in DTVPR non-attributable to DIRECTV, Liberty Media, and Dr. John Malone under the FCC Rules. Under this Trust Agreement, the Trustee will be required to oversee the management and operation of DTVPR and, when appropriate, re-initiate efforts to sell the Shares to an independent third party.
- H. Trustee has agreed to serve as a trustee for the purposes of overseeing the management and operation of DTVPR pending identification of an appropriate purchaser of the Shares and consummation of that purchase.

NOW, THEREFORE, in view of the foregoing and the mutual promises and covenants contained herein, the parties hereby agree as follows:

1. CREATION AND PURPOSE OF DTVPR TRUST

- (a) Subject to the terms and conditions hereof, a trust in respect of the Shares is hereby created and established (the "DTVPR Trust"), and Trustee hereby agrees to serve as a trustee hereunder.
- (b) The purpose of the DTVPR Trust is to vest legal title of the Shares and control of DTVPR in Trustee for the purpose of facilitating a sale of the Shares by Trustee to a Qualified Purchaser (as defined below) and, pending such sale, overseeing the management and operations of DTVPR, and the provisions of this Trust Agreement shall be interpreted to effectuate such purpose. As used in this Agreement, a "Qualified Purchaser" is any person or entity which does not have an attributable interest (as determined in accordance with the FCC's cable attribution standards set forth in Section 76.1000(b) of the FCC's rules) in Grantor or LCPR, and as to which none of Grantor, Liberty Media nor Dr. Malone has such an attributable interest.
- (c) The DTVPR Trust shall be irrevocable until terminated in accordance with Section 8 hereof.

2. DEPOSIT AND TRANSFER OF THE SHARES

Grantor shall cause certificates representing the Shares to be delivered to the Trustee effective on the Effective Date. Each certificate delivered to the Trustee pursuant to this Section 2(a) shall be canceled and a new certificate evidencing the Shares shall be issued and registered in the name of Trustee as Trustee for the DTVPR Trust.

3. DISPOSITION OF DTVPR BY TRUSTEE

- (a) Except as otherwise expressly set forth in this Trust Agreement (including, without limitation, Section 3(e)(i) below), Trustee shall have the power and authority to consummate, and shall use commercially reasonable efforts to consummate, a sale of the Shares to a Qualified Purchaser as soon as reasonably practicable after the Effective Date, taking into account market conditions from time to time, pursuant to the terms and conditions contained herein and at a price that renders the maximum consideration reasonably attainable for the Shares, but no less than the minimum purchase price described in Section 3(c), below.
- (b) Trustee shall have the power and authority to hire any attorneys, advisors and other agents reasonably necessary in the judgment of Trustee to assist in the sale of the Shares, and such attorneys, advisors and agents shall be solely accountable to Trustee. To the extent consistent with Trustee's obligations hereunder, Trustee shall seek to enter into a binding agreement for sale of the Shares (a "Sale Agreement") in a form consistent with standard practices in the industry for similar transactions, including customary representations, warranties, indemnifications and limitations on liability, provided, however, that any such Sale Agreement shall not include any terms that impose any liability upon, include any restriction on, or require any future action by Grantor or any of its affiliates after the Closing without the express written consent of Grantor. Any such Sale Agreement shall provide that, except for certain permitted liens described therein, the Shares shall be transferred and otherwise conveyed free and clear of any and all liens, security interests, and encumbrances ("Liens") of any kind or nature, and, to that end, Trustee shall use the first proceeds from the Sale Agreement to repay any outstanding Liens (with the understanding that, upon such payment, the Liens on the Shares, if any, shall be removed).
- (c) Notwithstanding the foregoing or any other provision to the contrary in this Trust Agreement:
 - (i) Trustee shall not have the right to sell fewer than all of the Shares or any partial interest in the Shares.
 - (ii) The purchaser must be a Qualified Purchaser.
 - (iii) Trustee shall not hire or pay any fees to any member of his family or any business affiliated with him or them.
 - (iv) Grantor shall have each of the following rights:
 - (A) to establish a minimum purchase price for the sale of the Shares (which Grantor hereby establishes at the amount set forth on Schedule 1 annexed hereto), which shall be paid by wire transfer of

immediately available federal funds at the closing of the sale of the Shares; and

- (B) to establish a date to be included in any Sale Agreement by which such sale must be consummated.
- (d) In fulfilling its obligations to effectuate the sale of the Shares, Trustee shall take all actions necessary, proper or advisable to secure a Sale Agreement with a Qualified Purchaser. To that end, Trustee shall submit and diligently prosecute appropriate applications to such governmental authorities as such Sale Agreement requires, including to the FCC if required.
- (e)
 - (i) Grantor acknowledges that, under current market conditions and based on the responses from prospective Qualified Purchasers received to date, a sale of the Shares on the terms required by this Agreement is not reasonably likely to occur in the foreseeable future. Accordingly, Trustee shall not be required to re-initiate efforts to sell the Shares until Trustee determines in his own reasonable judgment that, as a result of changes in market or economic conditions, such a sale to a Qualified Purchaser is reasonably likely to occur. In making such a determination, Trustee may rely upon the advice of Morgan Stanley and any successor financial advisor retained by Trustee. In addition, Grantor may, at any time, direct Trustee to reinitiate efforts to sell the Shares, if Grantor determines that such a sale is reasonably likely to occur.
 - (ii) Every six months, the Trustee shall reevaluate the determination not to re-initiate efforts to sell the Shares. If, in his own reasonable judgment, he determines that re-initiation is still not appropriate, he shall provide the Commission with a report setting forth his conclusion and the basis therefore. Such reports shall be designated confidential.
 - (iii) When the Trustee re-initiates efforts to sell the shares in accordance with this Agreement, he shall promptly so inform the Commission. Trustee shall thereafter maintain records of all efforts undertaken to sell the Shares until the sale of the Shares is consummated or this Trust Agreement is terminated, and shall provide the Commission with quarterly reports setting forth Trustee's efforts to sell the Shares as contemplated by this Trust Agreement. Such reports shall be designated confidential, shall include the name, address and telephone number of each person who made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring, any interest in the Shares, and shall describe in reasonable detail substantive contacts with any such person during that period.

- (f) At least ten business days prior to the execution of a Sale Agreement, Trustee shall deliver to Grantor a copy of such agreement, together with all attachments thereto. Trustee shall notify Grantor immediately of the parties' execution of the Sale Agreement and shall, within two calendar days after its execution, provide to Grantor a copy of the executed Sale Agreement and all related agreements (such as an escrow agreement), along with all schedules, exhibits, and other attachments thereto. Grantor shall provide such assistance as Trustee reasonably may request in the negotiation and execution of such Sale Agreement, including without limitation preparation of schedules and exhibits.

4. RESPONSIBILITIES OF, AND LIMITATIONS ON, TRUSTEE

- (a) During the term of this Trust Agreement, the Trustee shall have the full right to exercise, in person or by its nominees or proxies, all rights and powers in respect of the voting of the Shares and the operation and management of DTVPR, and shall have responsibility for the day to day operation of DTVPR, subject to the following provisions:
 - (i) Trustee shall have absolute and complete control over the operations of DTVPR pending the sale of the Shares or other termination of this Trust Agreement in accordance with its terms, and no person other than Trustee or managers designated by Trustee shall have any authority with respect to the management of DTVPR for so long as this Trust Agreement is in effect. Trustee shall have no beneficial interest in DTVPR.
 - (ii) Trustee shall operate DTVPR as a separate, independent, ongoing business concern, and Trustee shall ensure that the management of DTVPR is kept separate and apart from, and not influenced by, Grantor. Trustee shall seek to maintain the value of the Shares at levels equal to or greater than those existing during the period prior to the Effective Date.
 - (iii) Within seven (7) days of the end of each calendar month during the term of this Trust Agreement, Trustee shall cause to be provided to Grantor monthly operating financial reports consisting of unaudited balance sheets of DTVPR's operation and related statements of operations and cash flows for the month and the year-to-date period then ended and any other financial information reasonably requested by Grantor so that Grantor can (1) meet its financial reporting requirements to the Securities and Exchange Commission and any other governmental authorities of competent jurisdiction, and (2) determine payment obligations arising for DIRECTV or DTVLA under contracts that depend, in whole or in part, upon the activities of DTVPR.

- (iv) In the operation and management of DTVPR, the Trustee (either in person or by nominees or proxies) shall select or retain suitable managerial personnel of DTVPR.
 - (v) Any employee hired by Trustee who is not employed at DTVPR as of the Effective Date shall not be a cognizable shareholder, member, partner, director, officer, or employee of Grantor, Liberty Media, Dr. Malone, LCPR or their affiliates, and may not have any business or familial relationship (as defined in the FCC Rules) with Grantor, Liberty Media, Dr. Malone, or LCPR or with any member, cognizable shareholder, partner, director, officer, or employee of Grantor, Liberty Media, Dr. Malone, or LCPR or their affiliates. Trustee may satisfy the foregoing condition by obtaining one or more certificates attesting to such fact(s) from such employee(s) and making the continued compliance with such conditions a condition of employment. Trustee shall use commercially reasonable efforts to ensure that all such employees are informed of the rules, regulations, and policies governing communications regarding DTVPR's operations among such employee and Grantor or its members, shareholders, partners, officers, directors, employees, and affiliates pursuant to the FCC Order, the FCC Rules, and the DTVPR Procedures.
 - (vi) Trustee will comply, and will use commercially reasonable efforts to cause DTVPR and its employees and agents to comply, with the DTVPR Procedures.
- (b) After the Effective Date, Trustee will be entitled to retain those individuals working exclusively for DTVPR (the "DTVPR Employees") on the same terms and conditions as such employees were employed by DTVLA, subject to changes in such terms and conditions as Trustee determines are necessary, proper or advisable from time to time and generally consistent with past practices of DTVLA with respect to DTVPR Employees.
- (c) To the extent that Grantor provides DTVPR Employees with group medical, group insurance and/or pension plan benefits on or after the Effective Date through plans maintained by Grantor or its subsidiaries for their employees, Trustee shall, within such reasonable time as deemed necessary or appropriate by Grantor, provide to Grantor or their designee such reports, data or other information as Grantor or their designee shall require for purposes of administering such plans or satisfying any reporting or other requirements as may be required by law or any governmental agency. In no event shall Trustee or the DTVPR Trust be responsible for any liabilities or obligations relating to or arising under any of Grantor's employee benefit plans, programs or arrangements, whether such liabilities or obligations arise, or relate to a period, prior or subsequent to the Effective Date of this Trust Agreement, except for liabilities or obligations caused by Trustee's gross negligence or willful misconduct. All liabilities or obligations that relate to or arise under any of Grantor's employee

benefit plans, programs or arrangements, except for liabilities or obligations caused by Trustee's gross negligence or willful misconduct, shall remain the sole and complete responsibility of Grantor and shall be subject to the indemnification provided in Subsection 6(d) of this Trust Agreement.

- (d) Trustee shall conduct the operations of DTVPR in the ordinary course of business consistent with past operations of DTVPR, and, to the extent commercially feasible and practical, shall maintain the status quo of such operations as currently conducted with a view to maximizing the value to be received for the Shares consistent with Trustee's duties as a fiduciary of Grantor.
- (e) Trustee shall devote such time to the operation of DTVPR and the DTVPR Trust as is necessary, proper or advisable in the fulfillment of Trustee's obligations and the exercise of Trustee's fiduciary duties hereunder. Grantor acknowledges that Trustee may, in his sole discretion, employ a General Manager and such other management personnel as he deems appropriate to be responsible for day-to-day operations at DTPVR facilities in Puerto Rico.
- (f) Trustee is expressly authorized to incur and pay from DTVPR's assets all reasonable expenses, disbursements, and advances incurred or made by Trustee in the performance of duties hereunder (including reasonable fees, expenses and disbursements of Trustee's counsel), which Trustee in good faith deems necessary, proper or advisable in the performance of Trustee's duties under this Trust Agreement.
- (g) Trustee shall be entitled to rely in good faith upon any order, judgment, certification, demand, notice, instrument or other writing delivered to Trustee hereunder without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity or the service thereof. Trustee may act in reliance upon any instrument or signature believed by Trustee in good faith to be genuine and may assume that any person purporting to give receipt or advice or make any statement or execute any document in connection with the provisions hereof has been duly authorized to do so. Trustee shall not be liable to Grantor for any error of judgment in any act done or omitted, nor for any mistake of fact or law, nor for anything which Trustee may do or refrain from doing in good faith, except when such error, mistake, act or omission results from Trustee's gross negligence or willful misconduct. Trustee may act pursuant to the advice of counsel with respect to any matter relating to this Trust Agreement and shall not be liable for any action taken or omitted in good faith in accordance with such advice. Trustee's counsel and advisors for such purpose shall be independent of Grantor.
- (h) Trustee and any successor trustee designated pursuant to Section 9 hereof shall not be, and Trustee represents and warrants that he has not been immediately prior to execution of this Trust Agreement, a cognizable stockholder (as defined in the FCC Rules), member, partner, officer, employee, or director of Grantor, Liberty

Media, LCPR, or Dr. Malone, or their affiliates, and may not have any business or familial relationship (as defined in the FCC Rules) with any officer, employee, director, member, cognizable stockholder, partner or affiliate of Grantor, Liberty Media, LCPR, or Dr. Malone. Trustee shall not serve as an officer, employee, or director of Grantor, Liberty Media, LCPR, or Dr. Malone, their affiliates, or their successor companies.

- (i) Trustee shall treat as confidential all confidential information, trade secrets and other proprietary data of DIRECTV, DTVLA, and DTVPR made available during the course of this Trust Agreement ("Confidential Information"). Trustee shall not, directly or indirectly, make known or divulge any such confidential information to any third party other than (i) as required or permitted by this Trust Agreement or applicable law, (ii) to any of his attorneys, advisors, or employees, or DTVPR employees, who are bound to maintain the confidentiality of such Confidential Information (iii) if such Confidential Information becomes generally available to the public other than as a result of a disclosure by Trustee, (iv) such Confidential Information was available to Trustee on a non-confidential basis prior to the disclosure of such Confidential Information, or (v) such Confidential Information becomes available to Trustee on a non-confidential basis from a source other than DIRECTV, DTVLA, DTPVR. The provisions of this section shall survive termination of the DTVPR Trust.

- (j) Without limiting the generality of the foregoing, during the term of this Trust Agreement, except as contemplated by this Trust Agreement, Trustee shall not do any of the following:
 - (i) fail to use commercially reasonable efforts to preserve intact the present business organization of DTVPR and DTVPR's relationships with customers, suppliers and others having business dealings with it;
 - (ii) fail to use commercially reasonable efforts to maintain the assets of DTVPR in their current condition, except for ordinary wear and tear;
 - (iii) except for amendments of employment agreements in the ordinary course of business consistent with past practices of the DTVPR, materially amend any material contract or default in any material respect (or take or omit to take any action that, with or without the giving of notice or passage of time, would constitute a material default) under any material contract or, except in the ordinary course of business of DTVPR, enter into any new material contract;
 - (iv) sell (whether by merger, consolidation, or the sale of an equity interest or assets), lease, or dispose of the Shares except to a Qualified Purchaser pursuant to a Sale Agreement;

- (v) allow the imposition of any Lien of any kind or nature on DTVPR or the Shares other than Liens in favor of DTVLA or Grantor, which will be removed by Grantor upon closing of a Sale Agreement;
 - (vi) fail to use commercially reasonable efforts to maintain the ability of DTVPR to operate consistent with past practices;
 - (vii) allow DTVPR to incur any indebtedness for borrowed money or guaranty obligation in favor of any other person other than DTVLA or Grantor;
 - (viii) license the DIRECTV brand, or license or sell any DIRECTV intellectual property, provided however that DTVPR is hereby authorized to use the DIRECTV brand and such other DIRECTV trademarks, copyrights and other intellectual property as are necessary, proper or advisable to conduct and operate the business of DTVPR;
 - (ix) agree to make programming received under DIRECTV or DTVLA carriage agreements available for wholesale or subcontract distribution;
 - (x) engage in any business with respect to DTVPR other than as necessary in Trustee's good faith belief to meet its fiduciary duties with respect to the operation of DTVPR, provided that Grantor acknowledges and agrees that Trustee may pursue additional consulting or business opportunities unrelated to DTVPR that are not inconsistent with Trustee's fiduciary duties with respect to the operation of DTVPR or applicable restrictions under Section 4(h) hereof;
 - (xi) enter into any agreement to do any of the foregoing, or enter into any merger, consolidation, or similar transaction, other than pursuant to a Sale Agreement with a Qualified Purchaser, or engage in any reclassification or similar transaction; or
 - (xii) agree to or make any commitment, orally or in writing, to do any of the foregoing or to take any actions prohibited by this Trust Agreement.
- (k) Trustee shall have any and all such further powers and shall take such further actions (including, but not limited to, taking legal action) as may be necessary, proper or advisable to fulfill Trustee's obligations under this Trust Agreement.

5. RESPONSIBILITIES OF, AND LIMITATIONS ON, GRANTOR

- (a) During the term of this trust, at the request of Trustee, Grantor shall provide to Trustee, at such cost as is consistent with past practice and on commercially reasonable terms, support services reasonably needed to maintain DTVPR in the ordinary course of business, including, but not limited to:

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- (i) Federal and local regulatory policy development and compliance;
 - (ii) Human resources administrative services;
 - (iii) Group medical, group insurance and/or pension plans for DTVPR employees;
 - (iv) Environmental, health, and safety services, and developing corporate policies and ensuring compliance with federal and state regulations and corporate policies;
 - (v) Preparation of tax returns;
 - (vi) Financial accounting and reporting services;
 - (vii) Audit services;
 - (viii) Legal services;
 - (ix) Routine network and facilities maintenance, repair, improvements, and upgrades;
 - (x) Billing, customer care, and customer service related functions necessary to maintain the subscriber account and relationship;
 - (xi) Satellite capacity, satellite uplink, and other transmission-related services, in accordance with the provisions of Section 5(b);
 - (xii) Programming services, in accordance with the provisions of Section 5(c);
 - (xiii) Conditional access and middleware services;
 - (xiv) Intellectual property licenses and services;
 - (xv) Equipment provisioning services, including customer premises equipment; and
 - (xvi) The marketing, promotional, and service offerings, in the ordinary course of business, used by DTVLA in any international, national, regional, and/or local marketing campaigns.
- (b) DTVLA shall not decrease the satellite capacity currently allocated to DTVPR without Trustee's express, written approval, provided, however, that in the event of a satellite failure, transponder outage, or similar event outside DIRECTV's control, DIRECTV shall use best commercial efforts to restore satellite capacity for DTVPR to current levels as quickly as possible.

- (c) DIRECTV and DTVLA shall continue to make available all programming that is currently provided to DTVPR pursuant to carriage agreements already in place. The Trustee may, in his sole discretion, choose to negotiate a new carriage agreement with any such programmer, and such new agreement shall be made to supersede the prior arrangement provided through DIRECTV or DTVLA. If the trustee elects instead to continue taking programming provided to DTVPR through DIRECTV or DTVLA, upon expiration of any such agreement or any other carriage agreement DTVPR may have directly with a programmer, or as otherwise permitted by such agreements, Trustee may, in his sole discretion, either (1) negotiate and directly enter into a carriage agreement with the relevant programmer, or (2) request that DIRECTV or DTVLA, as applicable, negotiate on behalf of DTVPR with the relevant programmer. In the latter case, DIRECTV or DTVLA, as applicable, shall use its best efforts to secure comparably favorable terms for carriage by DTVPR as it has secured on its own behalf, and shall inform the Trustee of the material terms and conditions negotiated with the programmer for such carriage. Trustee or his appointed representative may participate in such negotiations. The Trustee may then either approve and accept such terms and conditions, or reject them. Nothing in this section shall preclude Trustee from negotiating with a programmer after rejecting the terms and conditions negotiated on its behalf by DIRECTV or DTVLA.
- (d) At the option of Trustee, Grantor may also provide any other products and services at such cost as is consistent with past practice (if any), or otherwise as negotiated on an arm's-length basis, provided that Trustee is not obligated to obtain any product or service from Grantor and may acquire any such products or services from third parties unaffiliated with Grantor.
- (e) Except as expressly provided in this Trust Agreement, neither Grantor nor any person affiliated with Grantor shall have any rights or powers whatsoever with respect to the matters pertaining to the operation or management of DTVPR.
- (f) Grantor shall not take any action to jeopardize Trustee's sale of the Shares but shall use commercially reasonable efforts to assist Trustee in accomplishing the required sale, including full cooperation in obtaining all regulatory approvals. Trustee and Grantor shall, subject to a non-disclosure agreement substantially in the form of Exhibit 2 hereto, permit prospective Qualified Purchasers of the Shares to have access to DTPVR personnel, to make such inspection of DTVPR's physical facilities as may be reasonable, and to inspect any and all financial, operational and other documents and information as may be customary and relevant to the sale of the Shares.

6. FINANCIAL MATTERS

- (a) In consideration of his services hereunder, Trustee shall be entitled to receive the fee set forth on Schedule 6(a) annexed hereto (the "Trustee Fee") commencing

upon the Effective Date and ending on the date the DTVPR Trust terminates, which amount shall be prorated for partial months. Payment of the Trustee Fee shall be made by Grantor for each calendar month during the term of this Trust Agreement, in arrears, on the first business day of such month.

- (b) To the extent that DTVPR generates cash accumulations in excess of DTVPR's actual and projected expenses as determined by Trustee in his sole discretion ("Excess Cash Flow"), such Excess Cash Flow shall be applied to current payables, deferred payables, and amounts due to Grantor or to DTVLA under the line of credit provided for in Section 6(c) of this Trust Agreement, and thereafter shall be remitted to Grantor from time to time as Trustee shall determine. Trustee shall manage Excess Cash Flow in a manner consistent with DTVPR's past practices and investment policies.
- (c) To the extent that Trustee determines in Trustee's sole discretion that the operation of DTVPR or that payment of charges and other expenses under this Trust Agreement requires funds in excess of the actual or expected cash flow of DTVPR (as diminished by any prior remittances of Excess Cash Flow pursuant to Section 6(a)), Grantor or DTVLA shall provide to Trustee a line of credit, the essential terms of which are set forth on Schedule 6(c) annexed hereto. Grantor shall not communicate directly or indirectly with Trustee about, or participate with Trustee in making, any decision to draw on the line of credit or as to when or how the funds will be used. Trustee may draw on the line of credit by making a written draft for a specific amount of funds or may make a request for checks to cover expenses incurred with respect to the operation of DTVPR. Grantor shall, or shall cause DTVLA, within ten (10) calendar days of receipt of such draft or request, provide such funds or checks to Trustee in the amounts requested.
- (d) Grantor shall reimburse, indemnify and hold harmless Trustee against all claims, damages, costs of defense of claims (including reasonable attorneys' fees and disbursements and taxes related to the DTVPR Trust, the operation of DTVPR, and/or the Shares), expenses and liabilities, including amounts paid to settle an action or satisfy a judgment, incurred by Trustee in connection with the performance of its duties under this Trust Agreement. Payments to Trustee pursuant to this Section 6(d) shall be made within twenty (20) days of receipt of an invoice or bill from Trustee together with appropriate supporting documentation. The obligations of Grantor to Trustee under this Section 6(d) shall survive the resignation, incapacity to act or death of the Trustee, and the termination of this Trust Agreement. Without limiting the generality of the foregoing, Grantor shall, or shall cause its subsidiaries to, indemnify Trustee to the fullest extent authorized or permitted by law as now or hereafter in effect. Grantor shall, upon demand, make advances to Trustee of all reasonable amounts for which Trustee seeks indemnification before the final disposition of the relevant proceeding. If a court in a final, non-appealable judgment in a proceeding to which Trustee is a party determines that any amounts advanced by Grantor to Trustee as indemnification hereunder were caused by Trustee's gross

negligence or willful misconduct, the Trustee shall reimburse Grantor for such amounts advanced.

- (e) Prior to the Effective Date, Grantor shall obtain policies of insurance, or procure the amendment of or riders to existing policies of insurance, to provide insurance coverage related to DTVPR under the umbrella policies currently held by Grantor. All such policies shall name Trustee as an insured or additional insured. The Trustee is hereby authorized to make payment of all premiums, and pay all deductibles and excesses, related to policies of insurance maintained by DTVPR in the same manner as any other expense in the ordinary course of business of DTVPR.

7. REPLACEMENT OF TRUSTEE

- (a) The rights and duties of Trustee hereunder shall terminate upon Trustee's incapacity to act, insolvency, death, or incapacity, and no interest in the Sale Agreement, Trust Agreement, or DTPVR directly or indirectly held by Trustee nor any of the rights and duties of an incapacitated, deceased or insolvent Trustee may be transferred by will, devise, succession or in any manner except as provided in this Trust Agreement. Notwithstanding the foregoing, the heirs, administrators, executors or other representatives of an incapacitated, deceased or insolvent Trustee shall have the obligation to assign Trustee's rights and obligation under any Sale Agreement to one or more successor trustees designated by Grantor pursuant to this Section 7.
- (b) Trustee may resign by giving not less than 90 days prior written notice of resignation to Grantor; provided, that no such resignation shall become effective unless and until a successor trustee has been appointed and such appointment has received any necessary approval from the FCC. Grantor shall cooperate fully in the prompt appointment of a successor trustee and shall not unreasonably interfere with or delay the effectiveness of such resignation.
- (c) In the event of Trustee's resignation, incapacity to act, insolvency, death, or incapacity, Trustee shall be succeeded, subject to such prior approval of the FCC as may be required, by a successor trustee chosen by Grantor. Any successor trustee shall succeed to all of the rights and obligations of Trustee replaced hereunder and shall be deemed Trustee for purposes of this Trust Agreement upon execution by such successor Trustee of a counterpart of this Trust Agreement (with such modifications as are necessary to effect such succession).

8. TERMINATION AND DISTRIBUTION OF PROCEEDS FROM SALE OF THE SHARES

- (a) This Trust Agreement and the DTVPR Trust created hereby shall terminate automatically, and be of no further force and effect (except for those provisions that expressly survive termination), upon either

- (i) the consummation of a sale of the Shares to a Qualified Purchaser in accordance with this Agreement, subject to any required approval of the FCC; or
 - (ii) delivery by DIRECTV to the Trustee of a notice that the existence of the Trust is no longer required in order for the requirements set forth in Recital D to be satisfied.
- (b) Upon termination resulting from the consummation of a sale of the Shares to a Qualified Purchaser pursuant to (i) above, Trustee shall receive the cash that is distributed in respect of the Shares, and, after paying (or reserving for payment thereof) any expenses or liabilities incurred pursuant to this Trust Agreement, shall promptly distribute or cause the distribution of such cash to Grantor.
- (c) Upon termination resulting from delivery of a notice pursuant to (ii) above, the Trustee shall, subject to any required approval of the FCC, promptly transfer the Shares back to Grantor or its designated affiliate.

9. 9. C COMMUNICATIONS

- (a) Except as otherwise expressly provided in this Trust Agreement, during the term of this Trust Agreement, neither Grantor, Liberty Media, LCPR, nor Dr. Malone, nor any of their officers, directors, employees, cognizable stockholders, members, partners or affiliates shall communicate with Trustee regarding the operation or management of DTVPR.
- (b) Grantor and Trustee shall communicate with each other regarding the following:
- (i) At the outset of the trust, Grantor shall provide Trustee detailed management reports describing existing and future business plans, including those for human resources, marketing, network upgrades, and capital expenditures.
 - (ii) Grantor shall provide Trustee with all reports regularly prepared by Grantor with respect to DTVPR.
 - (iii) Trustee shall provide Grantor a monthly report on the assets, liabilities, expenses, revenues, income, and cash flow of DTVPR, as well as information necessary to determine payment obligations arising for DIRECTV or DTVLA under contracts that depend, in whole or in part, upon the activities of DTVPR.
 - (iv) Trustee shall provide Grantor with aggregate financial information relating to DTVPR to the extent necessary to allow it to prepare consolidated financial reports, tax returns, reports required by securities laws, and personnel reports.

- (v) If requested by Trustee in order to carry out the obligations under this Trust Agreement, Grantor shall provide information regarding activities of other DTVLA Pan American operations.
- (vi) If requested by Trustee in order to carry out the obligations under this Trust Agreement, Grantor shall provide information regarding the support services offered by Grantor under Section 5 of the Trust Agreement.
- (c) Grantor and Trustee may communicate with each other regarding the following:
 - (i) the mechanics of implementing any Sale of the Shares;
 - (ii) reports to Grantor or the FCC concerning the implementation of the DTVPR Trust; and
 - (iii) activities affecting DTVLA generally and not specifically related to DTVPR, in accordance with the DTVPR Procedures.
- (d) Any written communications permitted by this Section shall be retained by Trustee for inspection upon request by the FCC.
- (e) All notices required or permitted hereunder shall be in writing and shall be deemed to have been duly given
 - (i) if transmitted by facsimile (with written confirmation of receipt),
 - (ii) if personally delivered, upon delivery or refusal of delivery,
 - (iii) if sent by overnight courier, upon delivery or refusal of delivery, or
 - (iv) if sent by e-mail,and in each case addressed as provided in subsection (f) below.
- (f) All notices required or permitted hereunder shall be addressed to the respective party to whom such notice relates at the following addresses, and facsimile numbers:

If to Grantor:

The DIRECTV Group, Inc.
2230 East Imperial Highway
El Segundo, CA 90245
Attn: General Counsel
Fax: 310-964-0838

with a copy (which shall not constitute notice) to:

Harris, Wiltshire & Grannis LLP
1200 Eighteenth St., NW
Washington, DC 20036
Attn: William M. Wiltshire
Fax: 202-730-1301

If to Trustee:

Lawrence N. Chapman
3301 Via Palomino
Palos Verdes Estates, CA 90274
Fax: 310-375-9926

with a copy (which shall not constitute notice) to:

Latham & Watkins
555 11th Street, NW
Suite 1000
Washington, D.C. 20004
Attn: James H. Barker
Fax: 202-637-2201

Any party by written notice to the other party pursuant to this section may change the address or the persons to whom notices or copies thereof shall be directed.

10. MISCELLANEOUS

- (a) This Trust Agreement (which term shall be deemed to include the exhibits and schedules hereto and the other certificates, documents, and instruments delivered hereunder) constitutes the entire agreement between the parties hereto and supersedes all prior and contemporaneous agreements or understandings with respect to the subject matter hereof. This Trust Agreement may not be amended except by an instrument in writing executed by each of the parties hereto.
- (b) This Trust Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors and permitted assigns, and nothing in this Trust Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Trust Agreement. Except as otherwise expressly permitted herein, neither party may assign its rights or obligations hereunder without the prior written consent of the other party.

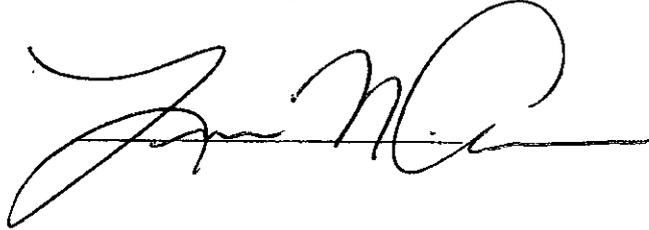
- (c) To the extent any term or other provision of any intra-company agreements among or between DTVPR, DIRECTV, and DTVLA conflict with any term or other provision of this Trust Agreement, the terms and provisions of this Trust Agreement shall control. If any term or other provision of this Trust Agreement is held to be invalid, illegal, or unenforceable by any court or governmental authority of competent jurisdiction, all other provisions of this Trust Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein are not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties shall negotiate in good faith to modify this Trust Agreement to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated herein are consummated as originally contemplated to the fullest extent possible, subject to any consent of the FCC as may be necessary.
- (d) The Section headings herein are solely for convenience of reference and shall not affect the construction or interpretation of this Trust Agreement. Unless otherwise stated, references in this Trust Agreement to sections, subsections, annexes, exhibits, schedules, and other subdivisions refer to the corresponding sections, subsections, annexes, exhibits, schedules, and other subdivisions of this Trust Agreement. The words "this Trust Agreement," "herein," "hereby," "hereunder," "hereof," and words of similar import, refer to this Trust Agreement as a whole and not to any particular subdivision unless expressly so limited. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation." Pronouns in the masculine, feminine, or neuter genders shall be construed to state and include any other gender.
- (e) This Trust Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to conflicts or choice of laws principles.
- (f) This Trust Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute a single instrument, and shall become effective when one or more counterparts have been signed and delivered by each of the parties hereto, it being understood that all parties need not sign the same counterpart. Facsimile signatures are sufficient to make this Trust Agreement effective.
- (g) The DTVPR Trust shall be a "grantor trust" pursuant to Sections 671 through 678 of the United States Internal Revenue Code. The parties hereto acknowledge and agree the following:
 - (i) the assets held by the DTVPR Trust shall be included as assets of Grantor for federal, state and local tax purposes and accounting purposes; and

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- (ii) income and losses of the DTVPR Trust will be treated as income and losses of Grantor for federal, state and local tax purposes and accounting purposes.
- (h) Trustee hereby represents and warrants to Grantor that Trustee is and shall continue to be during the term of the Trust Agreement legally qualified under applicable law, the FCC Order, and FCC rules, regulations and policies to own or hold the Shares.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first set forth above.

Lawrence N. Chapman



The DIRECTV Group, Inc.

By: 

Name: Larry D. Hunter
Title: Executive Vice President
and General Counsel

EXHIBIT 1
DTVPR PROCEDURES

The DIRECTV Group, Inc.
Policy and Procedures Regarding DIRECTV Undertakings

As Adopted Effective February 27, 2008

I. BACKGROUND:

Reference is made to the Separation Agreement dated as of February 26, 2008 between The DIRECTV Group, Inc. (the "Company") and News Corporation ("News") (the "Separation Agreement"). For purposes of this Policy, capitalized terms not otherwise defined herein shall have the meanings given them in the Separation Agreement.

As a result of the Transactions and as determined by the FCC, de facto control of the Company is being transferred from News to Liberty. Dr. John Malone is currently the largest single shareholder by voting power and Chairman of the Board of both Liberty Media Corporation and Liberty Global, Inc. Pursuant to the Separation Agreement, the Company is committing to the DIRECTV Undertakings in connection with the consummation of the Transactions. This Policy shall apply only during the period the DIRECTV Undertakings remain in effect. The Company's General Counsel is responsible for implementing this Policy, with the support of the senior management, including the senior financial officers and legal staff, of the Company and its Subsidiaries.

II. DEFINITIONS

- A. "Affiliated Entity" means Liberty Media Corporation and its subsidiaries, Liberty Global, Inc. and its subsidiaries, and any other entity which is, or during the preceding five years has been, attributable to Dr. Malone pursuant to the FCC's ownership attribution rules, 47 C.F.R. §76.501, Note 2, but excluding DIRECTV.
- B. "DIRECTV" means the Company, and its directors, officers, employees, agents, predecessors, successors, and assigns; and its subsidiaries, divisions, and groups, and the respective directors, officers, employees, agents, predecessors, successors, and assigns of each.
- C. "DIRECTV By-laws" mean the Amended and Restated By-Laws of the Company.
- D. "DTVPR" means DIRECTV Puerto Rico, Ltd.
- E. "DIRECTV Latin America" or "DTVLA" means the Pan Americana operations of DIRECTV consisting of a group of companies that includes DIRECTV Latin America, LLC and its wholly-owned subsidiaries that provide multichannel video programming distribution ("MVPD") services in countries in Central America, the Caribbean (including Puerto Rico) and South America, excluding operations and entities operating in Mexico and Brazil.

- F. "Dr. Malone" means John C. Malone, who currently is the largest single shareholder by voting power and Chairman of the Board of both Liberty Media Corporation and Liberty Global, Inc.
- G. "Independent Director" means a director (1) who qualifies as an independent director under the rules and regulations of NASDAQ in effect from time to time; provided, however, that if, at any particular time, NASDAQ has not then adopted a definition of independent director, "Independent Director" shall mean a director who, as determined in good faith by the Company's Board (other than the "Independent Director" in question or any of the LMC-Designated Directors), has no relationship to DIRECTV that may interfere with the exercise of his or her independence from management of DIRECTV, and (2) who has not been, within the five years preceding such designation, a director, officer, employee, agent or partner of any entity which is or was, during such five year period, an Affiliated Entity, or otherwise has, or has had, within the five years preceding such designation, any disqualifying business or financial relationship with Dr. Malone (excluding any relationship arising solely in connection with such person's service as an employee or director of DIRECTV).
- H. "Independent Employee" means any employee of DIRECTV except an employee who currently has or, within the past five years, has had any disqualifying business or financial relationship with Dr. Malone, LMC or LGI (excluding any relationship arising in connection with such person's service as an employee or director of DIRECTV).
- I. "Key employee" means the head of sales, marketing, programming, technology, or legal.
- J. "LCPR" means Liberty Cablevision of Puerto Rico, Ltd., a wholly owned subsidiary of Liberty Global, Inc., and LCPR's and Liberty Global Inc.'s directors, officers, employees, agents, predecessors, and assigns.
- K. "LGI" means Liberty Global, Inc. and its directors, officers, employees, agents, predecessors, successors, and assigns.
- L. "LMC" means Liberty Media Corporation and its directors, officers, employees, agents, predecessors, successors, and assigns.
- M. "LMC-Designated Directors" means the Directors of the Company designated by LMC or any natural person within the definition of LMC who serves as a Director of the Company, whether or not designated by LMC, including but not limited to Dr. Malone.
- N. "Non-Public DTVPR Information" means any information relating to DIRECTV's MVPD business in Puerto Rico including, but not limited to, plans