

CAUSE NO. _____

STATE OF TEXAS

Plaintiff,

v.

DIRECTV, INC.

Defendant.

§
§
§
§
§
§
§
§
§

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

_____ JUDICIAL DISTRICT

AGREED FINAL JUDGMENT AND PERMANENT INJUNCTION

Plaintiff, the State of Texas (“the State”), by and through Greg Abbott, the Attorney General (“Attorney General”) through his Consumer Protection and Public Health Division, and Defendant, DIRECTV, Inc., a California corporation, (hereinafter referred to as “DIRECTV”), as evidenced by their signatures, do consent to the entry of this Agreed Final Judgment (“Judgment”) and its provisions. DIRECTV enters into this Judgment to avoid the time and expense associated with litigation. This is a Judgment for which execution may issue.

Plaintiff and Defendant acknowledge that each party has agreed to the entry of this Judgment solely for the purposes of settlement. Nothing contained in this Judgment shall constitute an admission or concession by Defendant, nor evidence or findings supporting any of the allegations of fact or law alleged by the State or set forth in the Complaint, or of any violation of state or federal law, rule or regulation, or any other liability or wrongdoing whatsoever, and neither this Judgment, nor any negotiations, statements or documents related thereto, shall be offered or received in any legal or administrative proceeding or action as an admission, evidence, or proof of any violation of, liability under or wrongdoing in connection with any statute or regulations. However, nothing herein shall prevent the Attorney General from using this Judgment in enforcing the terms of the Judgment.

DIRECTV expressly waives any statutory notice requirement of the Attorney General's intention to file an action. This Judgment fully resolves all matters set forth in the State's Complaint and/or otherwise addressed by this Judgment under the Consumer Protection Statute TEX. BUS. & COM. CODE ANN. § 17.41 *et seq.* (Vernon 2002 and Supp 2010) and all related rules and regulations as set forth in Paragraph 15.1. DIRECTV hereby accepts and expressly waives service of process and any defect in connection with service of process.

This Judgment is entered into by DIRECTV freely and voluntarily and with full knowledge and understanding of the nature of the proceedings and the obligations and duties imposed upon it by this Judgment. DIRECTV consents to the entry of this Judgment without further notice unless DIRECTV and/or its counsel is required to make an appearance before the Court in connection with the entry of this Judgment. No offers, agreements or inducements of any nature whatsoever have been made to DIRECTV by the State or its attorneys or any employee of the Attorney General's Office or the State to procure this Judgment.

In the event the Court shall not approve this Judgment, this Judgment shall be of no force and effect.

This Judgment shall bind DIRECTV, and with respect to conduct in connection with DIRECTV's operations within the United States (excluding Puerto Rico and other U.S. territories), its employees, officers, directors, managers, affiliates, subsidiaries, predecessors, parents, successors, assigns, and agents authorized to act on behalf of DIRECTV.

1. JURISDICTION

1.1 Jurisdiction of this Court over the subject matter and over DIRECTV for the purposes of entering into and enforcing this Judgment is admitted. Jurisdiction is retained by this Court for the purpose of enabling the parties to this Judgment to apply to this Court for such

further orders and directions as may be necessary or appropriate for the construction, modification or execution of this Judgment, including the enforcement of compliance and penalties for violation.

2. VENUE

2.1 Pursuant to TEX. BUS. & COM. CODE ANN. § 17.47(b), venue as to all matters between the parties relating to or arising out of this Judgment is in Travis County, Texas.

3. PARTIES

3.1 DIRECTV warrants and represents that it is the proper party to this Judgment and that DIRECTV, Inc., a California Corporation, is the true legal name of the entity entering into this Judgment. DIRECTV further acknowledges that it understands that the State expressly relies upon these representations and warranties, and that if either is false, deceptive, misleading or inaccurate, the State has the right to move to vacate or set aside this Judgment.

3.2 The Office of the Attorney General is responsible for enforcement of the consumer protection laws set forth herein.

4. DEFINITIONS

As used in this Judgment, the following words or terms shall have the following meanings:

- 4.1 “Advertise,” “Advertised,” “Advertisement,” or “Advertising” shall mean any written, oral, graphic, or electronic statement, illustration, or depiction that is designed to create interest in the purchase or lease of, impart information about the attributes of, publicize the availability of, or affect the sale, lease, or use of, goods or services, whether the statement appears in a brochure, newspaper, magazine, free-standing insert, billboard, circular, mailer, package insert, package label, product instructions, electronic mail, website, homepage, television (in all forms), radio, commercial or any other medium.
- 4.2 “Agreement” shall refer to any written or oral agreement between DIRECTV and a consumer for the purpose of the purchase, sale, lease, rental, installation and/or activation of any DIRECTV Goods and/or DIRECTV Services.

- 4.3 “Clear and Conspicuous” or “Clearly and Conspicuously,” when referring to a statement or disclosure, shall mean that such statement or disclosure is disclosed in such size, color, contrast, location, duration, and audibility that it is readily noticeable, readable and understandable. A statement or disclosure may not contradict or be inconsistent with any other information with which it is presented. An audio statement or disclosure shall be delivered in a volume and cadence sufficient for a consumer to hear and understand the entire statement or disclosure. A video statement or disclosure shall be of a size and shade and appear on the screen for a duration sufficient for a consumer to read and understand the entire statement or disclosure. In a print Advertisement, or other printed promotional material, including, but without limitation, point of sale display or brochure materials directed to consumers, statements or disclosures shall be in a type size, font, appearance and location sufficiently noticeable for a consumer to read and comprehend it, in a print that contrasts with the background against which it appears.
- 4.4 “Consumer Act” or “Consumer Protection Act” shall refer to the Texas Deceptive Trade Practices - Consumer Protection Act, TEX. BUS. & COM. CODE ANN. § 17.41 *et seq.* (Vernon 2002 and Supp 2010)
- 4.5 “Direct Proximity” means that a term is disclosed immediately beneath, beside, or adjacent to an offer or term.
- 4.6 “DIRECTV Goods” shall mean the equipment that DIRECTV offers, leases, and/or sells to consumers, directly and/or through Third-Party Retailers, that enables customers to receive DIRECTV audio and video programming.
- 4.7 “DIRECTV Services” shall mean the audio and video programming that DIRECTV offers, leases, and/or sells to consumers, directly and/or through Third-Party Retailers, including, but not limited to, the installation, activation and/or delivery of DIRECTV programming, equipment, and/or any other DIRECTV Goods.
- 4.8 “Network Local Channels” shall refer to the local affiliates of ABC, CBS, Fox, PBS and NBC broadcast in a customer’s designated market area.
- 4.9 “Third-Party Retailer” shall mean one or more persons, a corporation, a partnership, or any other type of entity, as the case may be, who enters into an agreement with DIRECTV which permits the person or entity to Advertise, promote, or sell DIRECTV Services in connection with the person’s or entity’s sale or lease of DIRECTV Goods, including bundling partners.
- 4.10 A “material fact,” “material condition,” “material term,” or any similar phrase or combination of words or phrases is any fact that, if known, would have been

important to a consumer making a purchasing decision. A “material limitation” means a term or condition under DIRECTV’s control that necessarily affects a consumer’s ability to obtain a price or offer as Advertised.

4.11 “Residential Account” means an account for a single family residence or a single unit of a multi-dwelling residence that contracts with DIRECTV for DIRECTV Services.

4.12 The “Effective Date” of the Judgment is _____, 2011.

5. APPLICATION OF JUDGMENT TO DIRECTV AND ITS SUCCESSORS

5.1 DIRECTV shall, within thirty (30) days after the Effective Date, inform and give actual notice to all personnel at the Vice-President level and above, and shall implement a program to train appropriate employees and agents on the relevant terms of this Judgment.

5.2 Within thirty (30) days of the Effective Date, DIRECTV shall notify its Third-Party Retailers, in writing, of the terms and conditions of this Judgment and that they are required to comply with the terms and conditions of this Judgment. DIRECTV shall also require such Third-Party Retailers to comply with the terms and conditions of this Judgment as set forth in paragraphs 6.34, 6.36, 6.37, and 6.38.

5.3 The provisions of this Judgment shall be limited to DIRECTV Residential Accounts, and DIRECTV Goods and/or DIRECTV Services for Residential Accounts.

6. INJUNCTIVE PROVISIONS

It is hereby agreed by DIRECTV that upon the Effective Date of this Judgment, pursuant to TEX. BUS. & COM. CODE ANN. § 17.47, DIRECTV shall be permanently and forever enjoined, restrained and bound from directly or indirectly engaging in the prohibited practices set forth herein and further, permanently required to directly or indirectly satisfy the affirmative requirements set forth herein.

General Consumer Protection Provisions

6.1 DIRECTV shall not commit any unfair or deceptive trade practices as defined by the State's Consumer Protection Statute set forth in Paragraph 4.4, and shall comply with all applicable State and local laws, rules and regulations on use of the word "free," free offers and/or other prize, gift, award and incentive promotions.

6.2 DIRECTV shall not offer, Advertise, lease, or sell any DIRECTV Goods or DIRECTV Services unless, at the time of the offer, Advertisement, lease or sale, it is able to provide consumers with a good or service that complies with the material representations made in connection with the offer, Advertisement, lease, or sale. This paragraph shall not be construed to apply in instances where factors beyond DIRECTV's control prevent consumers from receiving DIRECTV Goods and/or DIRECTV Services.

6.3 If a consumer notifies DIRECTV or one of its Third-Party Retailers of a problem regarding a recurring impairment and/or material limitation to the quality or usability of any DIRECTV Services, including, but not limited to, recurring material interference of signal reception, that is not caused or attributable to improper installation by the consumer, a change in alignment of the satellite receiving equipment that is not caused by DIRECTV, misuse or abuse of the equipment, and/or other factors not within DIRECTV's control, DIRECTV shall either (i) allow the consumer to cancel his or her Agreement without the imposition of a cancellation fee, or (ii) directly, through a Third-Party Retailer, or other third party contractor, schedule and complete an in-home service appointment to correct the problem. If DIRECTV cannot correct the impairment or limitation problem within thirty (30) days of DIRECTV's receipt of such consumer's initial impairment or limitation notification, the consumer shall have the right to cancel his or her Agreement with DIRECTV without the imposition of an early cancellation fee.

6.4 DIRECTV shall promptly replace any leased DIRECTV Goods that cease to

operate when such cessation is not caused or attributable to improper installation by consumers or misuse or abuse of the equipment at no cost to consumers other than reasonable shipping and handling fees; provided, however, DIRECTV shall waive shipping and handling fees if the DIRECTV Goods require replacement within ninety (90) days of such DIRECTV Goods' initial activation.

Advertising Provisions

6.5 DIRECTV shall not use any statements or illustrations in any Advertisement or representations made to consumers that create a false impression of a material fact regarding the grade, quality, quantity, make, value, age, size, color, usability, or origin of any goods or services, or which may otherwise misrepresent material facts regarding the nature, quality and/or characteristics of any DIRECTV Goods and/or DIRECTV Services.

6.6 DIRECTV shall Clearly and Conspicuously disclose any and all material terms or conditions of an offer to sell or lease any DIRECTV Goods and/or DIRECTV Services.

6.7 DIRECTV shall not misrepresent in any Advertisements, or other representations it makes to consumers, the availability of sports programming provided with any DIRECTV Services.

6.8 In any Advertisement which includes a specific price for DIRECTV Goods or DIRECTV Services, DIRECTV shall Clearly and Conspicuously disclose, in Direct Proximity to the price, all material limitations on a consumer's ability to obtain the Advertised price, including, but not limited to:

- a. If the price is after rebate(s), and the consumer is required to take any action(s) to obtain the rebated price, the fact that the price is after rebate(s) or requires a rebate(s);

- b. Any commitment/agreement term to DIRECTV Services required to obtain the price; and
- c. If the price is promotional, the term of the promotional period.

6.9 In any Advertisement which includes a featured offer for DIRECTV Goods or DIRECTV Services (i.e., non-price offers, e.g., NFL Sunday Ticket or High Definition (“HD”) / Digital Video Recorder (“DVR”) upgrades), DIRECTV shall Clearly and Conspicuously disclose in Direct Proximity to the offer of DIRECTV Goods or DIRECTV Services, all material limitations on a consumer’s ability to obtain the DIRECTV Goods or DIRECTV Services, including, but not limited to, as applicable, the following:

- a. If the offer is after rebate(s), and the consumer is required to take any action(s) to obtain the rebated offer, the fact that the offer is after rebate(s) or requires a rebate(s);
- b. Any commitment/agreement term to DIRECTV Services required to obtain the DIRECTV Goods or DIRECTV Services;
- c. If a featured offer for an Advertised DIRECTV Goods or DIRECTV Services requires payment of a periodic lease or service fee (e.g., HD or DVR fees) to utilize the DIRECTV Goods or DIRECTV Services, the fact that additional fee(s) apply;
- d. If the offer features local channels, the fact that local channels are not available in all areas or the percentage of designated market areas or television viewing households to which it does, or does not, provide local channels; and
- e. If the DIRECTV Goods or DIRECTV Services is for a promotional

period, the term of the promotional period.

For purposes of this section, a “featured offer” means that the Advertisement as a whole, or a portion of the Advertisement, identifies a particular DIRECTV Goods or DIRECTV Services and makes a particular offer regarding such DIRECTV Goods or DIRECTV Services. “Featured offer” shall not be construed to include an offer that only references the availability of additional DIRECTV Goods or DIRECTV Services; provided however, in instances where the availability of additional DIRECTV Goods or DIRECTV Services is referenced but not a “featured offer,” disclosures regarding the availability of such DIRECTV Goods or DIRECTV Services shall be Clearly and Conspicuously made in the Advertisement.

6.10 If an Advertisement contains multiple price, service, equipment, or other similar offers that contain the same material limitations, each disclosure required by Paragraphs 6.8 and 6.9 need only be made once, provided such disclosure is Clear and Conspicuous, and Directly Proximate to the multiple offers, if applicable, pursuant to the terms of Paragraphs 6.8 or 6.9. Such disclosure shall Clearly and Conspicuously identify that it applies to all such offers.

6.11 In its Advertisements, DIRECTV shall Clearly and Conspicuously disclose the following, if applicable:

- a. The fact that an Advertisement and/or offer is limited to new customers only;
- b. The fact that an Advertisement and/or offer is contingent on a consumer’s creditworthiness;
- c. The fact that an Advertisement and/or offer requires a specific form of payment;
- d. Any applicable early cancellation fee;

- e. The fact that equipment non-return fees may apply;
- f. Any applicable HD, DVR, and/or extra receiver fees;
- g. If the offer features sports programming and/or packages and their specific availability, the fact that blackouts may apply or that not all games may be available; and
- h. Any condition(s) required to claim and/or qualify for a rebate(s), such as completing an online rebate form with a valid e-mail address and/or consenting to the receipt of e-mails.

6.12 Intentionally left blank.

6.13 Notwithstanding the foregoing, in instances where a third party Advertising publisher or third party distributor imposes mandatory policies, requirements, rules, or other restrictions on the Advertisement that would make inclusion of the disclosures required by this Judgment impossible because of limitations on the parameters, format, size, and/or technical aspects of an Advertisement, including, but not limited to, restrictions on the maximum number of characters, lines of text or graphics, or pixels, and/or the file size, then such disclosures including, specifically, the disclosures required by Paragraphs 6.8, 6.9, and 6.11, shall not be construed to apply to that specific type of Advertisement. However, in instances where an Advertisement is of such limited space that the disclosures required by this Judgment cannot reasonably be Clearly and Conspicuously made in the Advertisement, but such disclosure would not otherwise be impossible, then DIRECTV shall include in such Advertisements the disclosures required by Paragraphs 6.8 and 6.9 in the same manner specified by those paragraphs. Provided however, that in any Advertisements covered by this Paragraph, DIRECTV shall also provide a phone number, web site, click-through, link, pop-up or other

method for the consumer to access Clear and Conspicuous disclosures of the applicable full terms and conditions.

Sales Disclosures

6.14 Prior to the sale or lease of DIRECTV Goods and/or DIRECTV Services by DIRECTV, DIRECTV shall disclose, Clearly and Conspicuously, any and all material terms or conditions of DIRECTV's offer. Such material terms or conditions include, but are not limited to, the following, if applicable:

- a. the cost to the consumer of any DIRECTV Goods ordered;
- b. the first month's price of any DIRECTV Services ordered;
- c. that a mandatory programming commitment/agreement will apply, including, but not limited to the duration of the contract;
- d. the current monthly fees and charges for HD and/or DVR services, if equipment requiring subscription to such services is initially ordered by the consumer;
- e. any costs, fees or other consideration consumers must pay to cancel any DIRECTV Services, including, but not limited to the following, if applicable: (i) the existence of any early cancellation fee, (ii) the amount of such fees, and (iii) the amount such fees will decrease and on what basis such fees may be prorated;
- f. that an equipment non-return fee may apply if leased DIRECTV Goods are not returned as required;
- g. any promotional price, and (i) the fact that the promotional price is contingent upon the consumer's request for a rebate(s), if such is the case,

- (ii) each component or requirement for claiming a rebate, if applicable,
 - (iii) the duration of the promotional price, and (iv) the current price of the DIRECTV Goods or DIRECTV Services ordered without any promotion or discount applied;
- h. the fact that any price or offer is conditioned upon a consumer's agreement to a particular method and/or manner of payment; and
 - i. if DIRECTV offers its services, or any part of its services (e.g., a 3-month trial of premium movie channels or a protection plan), at no cost to the consumer for a period of time ("Promotional Period"), (i) whether the consumer will be automatically billed for the service following the expiration of the Promotional Period, (ii) that the consumer must cancel the service within the Promotional Period to avoid being automatically billed for it, (iii) the cost of the service after the Promotional Period, (iv) the length of the Promotional Period, and (v) the means by which the consumer may cancel the service during the Promotional Period.

6.15 In addition to the requirements of 6.14, if the consumer pays DIRECTV a lump sum as a condition of receiving DIRECTV Goods or DIRECTV Services, DIRECTV shall Clearly and Conspicuously disclose, prior to any commitment by the consumer, all material terms and conditions associated with the lump sum payment, including, but not limited to, the following, if applicable:

- a. That the consumer's payment is a condition of DIRECTV providing DIRECTV Goods or DIRECTV Services to the consumer;
- b. Whether the consumer's payment is fully or partially refundable;

- c. What conditions the consumer must meet to obtain a full or partial refund of the consumer's payment;
- d. The amount of the consumer's payment; and
- e. The time period in which DIRECTV must refund the consumer's payment if any refund conditions apply and are met.

New or Additional Commitment/Agreement

6.16 In addition to the requirements of 6.14, if any offer by DIRECTV, or an upgrade or other change by a consumer, requires a new or additional term of commitment/agreement for DIRECTV Goods or DIRECTV Services, DIRECTV shall first obtain express assent from the consumer to the new or additional term of commitment/agreement and shall Clearly and Conspicuously disclose all of the material terms of the new or additional term, including the term of the commitment/agreement and any cancellation fee that will be charged if the customer does not keep the commitment/agreement.

6.17 DIRECTV shall not obligate consumers to a new or additional term of commitment/agreement as a condition to repair or provide a substantially similar replacement (e.g., "like-for-like" replacement) of any leased DIRECTV Goods that malfunctions, or that is required by DIRECTV in order to continue to receive equivalent programming and that is not the result of an upgrade or other change by the consumer. However, if a consumer elects to upgrade the replaced equipment (e.g., receives a HD and/or DVR receiver as an upgraded replacement for a standard receiver), then DIRECTV may require the consumer to consent to a new or additional programming commitment/agreement, provided that it obtains the consumer's express assent as required by Paragraph 6.16.

6.18 In addition to the requirements of 6.14, DIRECTV shall not automatically renew its seasonally-provided sports packages unless, prior to the time the consumer becomes obligated to pay for such seasonal sports package, DIRECTV:

- a. Clearly and Conspicuously notifies the consumer in a letter, notice or bill, sent via email, if available, or U.S. mail at least thirty (30) days prior to renewal, that service will be renewed;
- b. Clearly and Conspicuously discloses to the consumer in its notice a toll-free number which can be used to cancel the service;
- c. Clearly and Conspicuously discloses that the consumer shall not be obligated to pay for the automatically renewed service if the consumer cancels prior to the start of the upcoming season, and that no refund will be provided for a cancellation after the start of the season; and
- d. Clearly and Conspicuously discloses at the time of the consumer's original order for the service that it is subject to an automatic renewal.

Programming Availability

6.19 During the sale or lease of DIRECTV Goods and DIRECTV Services, DIRECTV shall disclose all material terms and limitations concerning the availability of Network Local Channels, including, but not limited to, specifically identifying which, if any, Network Local Channels are not available on DIRECTV's platform and the fact that consumers may look up detailed information regarding local channels on DIRECTV's website.

6.20 DIRECTV shall not make representations that programming, including sports and local channel programming, is available when it is not.

Promotional Offers

6.21 If DIRECTV offers its services, or any part of its services, pursuant to a Promotional Period, and the offer ends after the expiration of the Promotional Period, DIRECTV shall Clearly and Conspicuously disclose in each bill during the Promotional Period the total number of months of the offer, or alternatively, the number of months remaining in the offer.

6.22 DIRECTV shall not represent, expressly or by implication that a consumer will get “cash” or “cash back” from DIRECTV when, in fact, the consumer will receive a bill credit for DIRECTV charges.

Sales Confirmation

6.23 DIRECTV shall Clearly and Conspicuously disclose in a document, which shall be mailed or e-mailed to a new customer within seventy-two (72) hours of the consumer’s order for DIRECTV Goods or DIRECTV Services (“Confirmation Letter”), all material terms and conditions of the consumer’s purchase and activation of DIRECTV Goods and DIRECTV Services.

6.24 The Confirmation Letter required herein shall not contain any marketing or Advertisements for DIRECTV Goods or DIRECTV Services, or the goods or services of any entity associated with DIRECTV unless such materials are on stand-alone documents, inserts, or web pages, or if part of the letter, it is in a stand-alone section or area that does not obstruct the Clear and Conspicuous message of the Confirmation Letter. In addition, disclosures required in the Confirmation Letter may be Clearly and Conspicuously made in materials sent with the Confirmation Letter, including, but not limited to, in a rebate insert or claim form. The Confirmation Letter shall be sent in an envelope and/or e-mail that prominently displays the phrase, “Important – Your DIRECTV Order Confirmation” or similar language, on the envelope or in the subject line of the e-mail.

6.25 DIRECTV shall Clearly and Conspicuously disclose in the Confirmation Letter all material terms of the consumer's order for DIRECTV Goods and/or DIRECTV Services, including the following information:

- a. the length of the term of any programming commitment/agreement between the consumer and DIRECTV;
- b. any minimum programming requirements;
- c. that if the consumer accepts advanced equipment with optional features such as HD and/or DVR capabilities, the consumer must also (if such is the DIRECTV policy) subscribe to and pay monthly fees for such features;
- d. an itemization of all DIRECTV Goods and DIRECTV Services selected by the consumer, and the itemized price for each;
- e. the amount and mode of calculation of any cancellation fee, including the method used for calculating the prorated amount of any cancellation fee;
- f. equipment return policies and procedures, including DIRECTV's general or standard equipment non-return fees, if any;
- g. the address, and toll-free telephone number that the consumer should contact with questions regarding: (i) billing, including the end date of any billing credits on the consumer's account, (ii) installation, (iii) equipment, (iv) service, and (v) cancellation of service; and
- h. where applicable, a statement that specifies: (i) the fact that the promotional price is contingent upon the consumer's request for a rebate(s), (ii) each component or requirement for claiming a rebate, if applicable, and (iii) the duration of the promotional price or period (e.g.,

“HBO for 3 Months”).

6.26 At or prior to installation, DIRECTV shall deliver a written document which contains any other terms and conditions of the Agreement between the consumer and DIRECTV which have not been previously disclosed in the Confirmation Letter.

6.27 At or prior to installation, DIRECTV shall obtain the consumer’s signature acknowledging the consumer is entering into a contract or commitment period for DIRECTV Services. In addition, DIRECTV shall provide the consumer with a document that Clearly and Conspicuously discloses:

- a. the term of any programming commitment/agreement between the consumer and DIRECTV;
- b. the mode of calculation of any cancellation fee, including a description for calculating the prorated amount of any cancellation fee;
- c. the general fees associated with failing to return any equipment; and
- d. the identity of other documents the consumer has received which include the full terms and conditions associated with their purchase or lease of DIRECTV Goods or Services.

6.28 DIRECTV shall provide Clear and Conspicuous written notice to customers in their first bill that they may contact DIRECTV prior to the due date of the first bill if they believe there is a discrepancy between the amount(s) on their first bill and the price(s) they believe was promised to them at the time of sale. In the event a new customer complains to DIRECTV on or before the tenth day after the due date of his or her first bill that the price charged is not what was promised, DIRECTV will investigate the matter. To the extent that DIRECTV is unable to resolve any such customer’s complaint, or provide evidence that the customer’s allegation is

unfounded, DIRECTV will agree to one of the following: (i) honor the price that the customer asserts was agreed upon; (ii) provide a resolution that is agreeable to the customer; or (iii) allow the customer to cancel and waive the early cancellation fee. However, the foregoing shall not be construed to apply to instances where the alleged price discrepancy is due to a customer's failure to account for any rebate that will be credited to the customer's account, or due to the fact that a customer has not yet submitted a rebate form. If the price discrepancy is due to any rebate that has not yet been submitted, then DIRECTV shall facilitate the submission of the customer's rebate, including by providing information to assist or permit such customer to submit the rebate. In the event of cancellation by a customer, the customer shall remain obligated to return all equipment, using a postage paid return kit or other method provided at DIRECTV's expense, or be subject to any applicable equipment non-return fee.

Electronic Fund Transfers and Credit Card Autopay

6.29 DIRECTV shall comply with the provisions of the Electronic Fund Transfer Act, 15 U.S.C. §1601, *et seq.*, and any applicable state law equivalent thereof.

6.30 DIRECTV shall comply with any applicable federal and state laws for obtaining authorization to enroll a consumer's credit card in a recurring or auto-payment program.

6.31 DIRECTV shall not charge a final bill to a credit card, debit card or checking account on file unless Clear and Conspicuous disclosure has been provided to the consumer that the final bill may be charged to his or her credit card, debit card or checking account. DIRECTV shall not make a final bill charge to a debit or credit card belonging to someone other than the customer named on the specific DIRECTV account unless DIRECTV provides Clear and Conspicuous disclosure to the non-account-holder that the card may be used for payment of final bill charges.

Cancellation of Services and Equipment Return

6.32 Before requiring a consumer to pay a cancellation, equipment non-return, and/or other fee for the cancellation of DIRECTV Services and/or non-return of any DIRECTV Goods, DIRECTV shall Clearly and Conspicuously disclose the following information:

- a. the amount of any such fee that the consumer is charged;
- b. if the amount of any such fee that the consumer is being charged is related to the failure of the consumer to return any DIRECTV Goods, the number of DIRECTV Goods the consumer is required to return, and the terms and conditions under which the consumer must return any DIRECTV Goods to DIRECTV to avoid the equipment non-return fee;
- c. notification that the consumer's bank account, or credit or debit card on file will be debited or charged for any such fee;
- d. the amount of any such fee for which DIRECTV intends to bill or charge the consumer; and
- e. the procedure the consumer may follow to avoid incurring any such fee, if any.

Such disclosure must be made to the consumer at least ten (10) days prior to collecting the fees specified above. In addition, if service is terminated by DIRECTV, DIRECTV must disclose the information in Paragraph 6.32(d) in writing at least ten (10) days prior to collecting such fee.

6.33 In instances where a delinquent early cancellation fee is reported on a consumer's credit report by a third party collection agency, DIRECTV shall, in cases where DIRECTV has agreed to waive all or part of that early cancellation fee, request that the collection agency contact the credit agencies to remove the negative information relating to the delinquent early

cancellation fee from the consumer's credit report. DIRECTV shall further, upon request of a consumer, provide written or electronic confirmation of its agreement to waive all or part of that delinquent early cancellation fee.

Third-Party Retailers

6.34 DIRECTV shall require its Third-Party Retailers to comply with the provisions of this Judgment, including all Advertising and sales disclosures required by this Judgment. If DIRECTV learns that any of its Third-Party Retailers are conducting any activities, directly or through another person, that violate the terms of this Judgment, DIRECTV shall take appropriate action against such Third-Party Retailers. Appropriate action shall be determined by the nature and circumstances of the violation, including, but not limited to, the pattern and/or severity of the conduct and any corrective action taken by the Third-Party Retailer, and shall consist of one or more of the following remedies:

- a. Training or re-educating the Third-Party Retailer on the terms of its agreement with DIRECTV, including DIRECTV's standard policies, the terms of the Judgment and the consequences of the Third-Party Retailer's failure to comply with the terms of the Judgment in the future;
- b. Requiring the Third-Party Retailer to impose appropriate guidelines to enforce the terms of the agreement between DIRECTV and the Third-Party Retailer, including DIRECTV's standard policies and the terms of the Judgment;
- c. Requiring the Third-Party Retailer to impose appropriate guidelines and provide adequate training for its sales and marketing employees;
- d. Withholding of payments available under marketing cooperative programs

and/or discretionary funding;

- e. Placing the Third-Party Retailer on probation or other appropriate and reasonable discipline under the circumstances; and/or
- f. Termination.

6.35 DIRECTV shall reasonably monitor sales activities of Third-Party Retailers in relation to DIRECTV Goods and/or DIRECTV Services, and shall reasonably investigate written customer complaints related to such activities that it receives directly from the Better Business Bureau, any regulatory agencies, or law enforcement entities. For a period of three (3) years from the Effective Date of the Judgment, upon request by the State, DIRECTV shall file a report, no more than semi-annually, with the Attorney General, with the following information:

- a. the name, address, and phone number of each consumer who made a written allegation or complaint to DIRECTV regarding a Third-Party Retailer;
- b. a copy or description of each allegation or complaint;
- c. the name, address and phone number of the Third-Party Retailer against whom each allegation or complaint was lodged; and
- d. the specific action DIRECTV took regarding each complaint or allegation.

6.36 If a Third-Party Retailer is providing DIRECTV Goods to the consumer pursuant to a lease, DIRECTV shall require the Third-Party Retailer to Clearly and Conspicuously disclose:

- a. A statement that the consumer is entering into a lease of DIRECTV Goods; and

- b. A statement that the consumer must return the DIRECTV Goods to DIRECTV at the end of the lease term in working condition, or incur an equipment non-return fee of a specified amount.

6.37 DIRECTV shall require its Third-Party Retailers, when offering, Advertising, installing, servicing, leasing, and/or selling any DIRECTV Goods and/or DIRECTV Services, to identify themselves to consumers, including prominently disclosing their name, address and telephone number, and their relationship to DIRECTV.

6.38 In the event that a written consumer complaint to a Third-Party Retailer or a subcontractor of a Third-Party Retailer is not resolved, DIRECTV shall require its Third-Party Retailer to provide information to the consumer on how to contact DIRECTV. If a consumer contacts DIRECTV regarding any such unresolved written complaint, DIRECTV shall engage in a reasonable investigation of the consumer's complaint.

Complaint Handling

6.39 DIRECTV shall maintain all consumer complaints it receives and DIRECTV's responses to those consumer complaints for a period of three (3) years. For the purposes of this Judgment, consumer complaints shall include any written or electronic message(s) received from a consumer indicating a specific problem, or dissatisfaction in any form in connection with the offer, lease, sale, installation, activation and/or use of any DIRECTV Goods and/or DIRECTV Services.

6.40 Within forty-five (45) days of the Effective Date of this Judgment, DIRECTV shall appoint a person or persons, or an entity, to act as a direct contact for the Attorney General (or other State agency(ies) responsible for complaint mediation) for resolution of consumer complaints. DIRECTV shall provide the Attorney General (or other State agency(ies)) with the

name(s), address(es), telephone number(s), facsimile number(s) and e-mail address(es) of the person(s) or entity(ies) within thirty (30) days of his/her/its/their appointment.

6.41 Upon request by the State and consent of the consumer, DIRECTV shall provide to the State the information and/or materials relied on by DIRECTV to determine the response to the consumer's complaint received by the State, including:

- a. the date DIRECTV received the complaint;
- b. a summary of all communications with the consumer regarding the complaint, indicating the date of each communication, the name or identifier of the DIRECTV representative communicating with the consumer, all proposed resolutions, and the consumer's response to all proposed resolutions;
- c. any applicable account ledger and/or notes; and
- d. a description of the ultimate resolution of the complaint that includes any relief provided and the date of the resolution.

6.42 DIRECTV shall engage in a reasonable investigation of the consumer's complaint before providing a response to the consumer. As part of responding to an oral complaint regarding the lack of an agreement by a consumer to a commitment term for DIRECTV Services and corresponding early cancellation fee, DIRECTV shall inform the consumer to file a written complaint if they still object to the imposition of the cancellation fee. As part of investigating a written complaint to DIRECTV regarding the lack of an agreement by a consumer to a commitment term for DIRECTV Services and corresponding early cancellation fee, whether received directly by DIRECTV or through the Attorney General, a regulatory agency, or Better Business Bureau, DIRECTV shall review any evidence proving the consumer's express assent to

the term or commitment in question. If DIRECTV is unable to prove the consumer's express assent to the new or additional programming commitment/agreement through evidence (e.g., a recording, signed agreement or other confirmation of assent including those permissible under the Electronic Signatures in Global and National Commerce Act (E-Sign)), DIRECTV shall, in responding to the complaint, disclose to the consumer that he/she may cancel his/her DIRECTV account without paying the early cancellation fee associated with the commitment/agreement that is the subject of the complaint. The consumer shall remain obligated to pay for any programming provided to the consumer prior to canceling his or her account. The consumer shall also remain obligated to return all leased equipment, using the return kit or other method provided by DIRECTV at its expense, or be subject to any applicable equipment non-return fee.

6.43 DIRECTV shall train its customer service representatives on DIRECTV's customer service policies, including DIRECTV policies requiring the customer service representative to: (i) identify himself or herself by first name and/or other personal identifier when communicating with a consumer regarding the consumer's complaint(s); (ii) note or document the consumer's complaint and any resolution offered; (iii) review and attempt to resolve the consumer's complaint; and (iv) honor any complaint resolution offered to the consumer.

6.44 Whenever DIRECTV agrees to refund to a consumer any amount of money, DIRECTV shall promptly refund the money, and in no event shall DIRECTV take more than forty-five (45) days to refund the money from the date of agreeing to do so.

7. RESTITUTION

7.1 *Eligible Complaint Defined.* An "Eligible Complaint" shall mean a written request or demand from a DIRECTV customer residing in the State of Texas which meets the

following criteria: (i) the complaint was received by DIRECTV, the Attorney General, or a State regulatory agency located in the State, prior to or within one hundred-fifty (150) days of the Effective Date of this Judgment; (ii) the complaint concerns conduct addressed by the terms of this Judgment and that occurred since January 1, 2007; and (iii) the complaint remains unresolved.

7.2 *Resolution of Eligible Complaint by DIRECTV.* Within a reasonable time not to exceed one hundred-fifty (150) days of receiving an Eligible Complaint, DIRECTV shall attempt to resolve the Eligible Complaint by offering the consumer restitution and/or some other appropriate relief; provided, however, if the number of Eligible Complaints exceed 1,500¹, the one hundred-fifty (150) day period for resolving Eligible Complaints shall be extended by an additional sixty (60) days for every 1,000 Eligible Complaints received beyond the initial 1,500 Eligible Complaints. If DIRECTV is unable to resolve the Eligible Complaint to the consumer's satisfaction, DIRECTV shall inform the consumer of his or her ability to submit his or her complaint to the Claims Administrator for resolution by mailing the consumer the Claim Form which will be agreed to by the parties. The Claim Form shall describe the restitution and/or other appropriate relief that DIRECTV is offering to resolve the Eligible Complaint and shall explain the procedure for accepting DIRECTV's offer, and for rejecting the offer and submitting the Eligible Complaint to the Claims Administrator for resolution. If a Claim Form is returned to DIRECTV as undeliverable, DIRECTV shall attempt to locate the consumer by: (i) mailing the Claim Form to any forwarding address provided by the U. S. Postal Service for the consumer; (ii) mailing the Claim Form to any additional addresses for the consumer contained in

¹ For purposes of this paragraph, the number of Eligible Complaints refers to the aggregate number of complaints received by DIRECTV from all states entering into similar settlements with DIRECTV, identified in Exhibit A.

DIRECTV's business records; and/or (iii) contacting the consumer at any phone number, e-mail address, or facsimile number that is contained in DIRECTV's business records regarding the consumer.

7.3 *Review by the Claims Administrator.* A consumer may elect to have his/her Eligible Complaint decided by the Claims Administrator by submitting the Claim Form to DIRECTV within forty-five (45) days of the date of the mailing of the Claim Form by DIRECTV. The consumer may return the Claim Form to DIRECTV by one of the following methods, at the consumer's choice: (i) via the U.S. Postal Service; (ii) via facsimile; or (iii) via any other additional manner set forth by DIRECTV. If the consumer fails to return the Claim Form within the 45-day period, the restitution offer made by DIRECTV will be deemed to be accepted. For purposes of this paragraph, the date on which a Claim Form is returned to DIRECTV shall be either: (i) the date of any postmark contained on the envelope used to return the Claim Form to DIRECTV via the U.S. Postal Service; (ii) the date on which the Claim Form is returned to DIRECTV via facsimile; or (iii) the date on which the consumer returns the Claim Form by any other additional manner set forth by DIRECTV.

7.4 *Forwarding Documentation to the Claims Administrator.* DIRECTV shall, within forty-five (45) days of its receipt of a properly completed Claim Form and a consent to release information from the consumer, provide to the Claims Administrator a copy of: (i) the consumer's Eligible Complaint; (ii) the consumer's submitted Claim Form; and (iii) any other document mailed by the consumer with either his/her Claim Form or Eligible Complaint. DIRECTV shall also provide to the Claims Administrator any documents transmitted by the consumer to DIRECTV prior to the Claims Administrator's resolution of the consumer's Eligible Complaint relating to the consumer's Eligible Complaint.

7.5 *Restitution Payment or Other Appropriate Relief Within 30 Days.* DIRECTV shall provide any consumer who accepts its offer of restitution and/or other appropriate relief with the restitution payment and/or any other appropriate relief that was accepted by the consumer no later than thirty (30) days from the date of such acceptance.

7.6 *Hiring of the Claims Administrator.* Within sixty (60) days of the Effective Date of this Judgment, DIRECTV shall hire the Claims Administrator. For the purpose of protecting the proprietary and customer information to be provided to him/her by DIRECTV, the Claims Administrator shall enter into a contractual relationship with DIRECTV consistent with the terms of this Judgment. However, the selection of the Claims Administrator and any successor administrator shall be subject to the approval of the State, which shall not be unreasonably withheld or delayed.

7.7 *DIRECTV to Pay Costs of Restitution Program.* DIRECTV shall pay the Claims Administrator and all costs associated with the complaint-resolution program provided for in this Judgment.

7.8 *Duties and Responsibilities of the Claims Administrator.* The Claims Administrator is responsible for the coordination of the complaint-resolution program with the full and complete cooperation of all parties to this Judgment. The Claims Administrator's resolution of Eligible Complaints shall be binding on DIRECTV. The Claims Administrator shall conduct hearings on Eligible Complaints by telephone when requested by either party or when deemed necessary by the Claims Administrator for his or her resolution of an Eligible Complaint. The consumers shall be informed in writing of the option for a telephonic hearing. The Claims Administrator shall also be responsible for, among other things, the collection of all Eligible Complaints and supporting documents necessary for determination of restitution and/or

other appropriate relief to consumers. The Claims Administrator shall request from DIRECTV and the consumer all information he/she deems necessary to make a full and fair resolution of an Eligible Complaint. Restitution provided pursuant to this Judgment shall be limited to the consumer's ascertainable loss, and nothing herein shall entitle any consumer to additional damages, fines or penalties, including, but not limited to, consequential damages. The Claims Administrator shall conduct a paper review or a review as otherwise provided herein of the Eligible Complaint and any supporting documentation. No state or federal rules of evidence shall apply to the Claims Administrator's review. The complaint-resolution program shall be designed in a consumer-friendly non-legal environment to encourage the consumer's participation in the process. Ex parte communication with the Claims Administrator will not be allowed pertaining to any specific Eligible Complaint or as to the criteria used in evaluating each Eligible Complaint.

7.9 *Decision by the Claims Administrator.* The Claims Administrator shall issue a decision regarding an Eligible Complaint within a reasonable period of time following receipt of the Eligible Complaint and all required and/or requested documents, but in no event shall the decision be issued later than thirty (30) days following receipt of the Eligible Complaint or any supporting documentation without good cause, and shall deliver the decision to DIRECTV and to the consumer whose Eligible Complaint is the subject of the decision. In the event a decision issued by the Claims Administrator requires DIRECTV to provide a consumer with a restitution payment and/or other appropriate relief, DIRECTV shall, within thirty (30) days of its receipt of such decision, deliver to the consumer the required restitution payment and/or other appropriate relief. The Claims Administrator shall resolve all Eligible Complaints subject to the dispute resolution process in a prompt and efficient manner, with the goal of resolving all such Eligible

Complaints (taking into account the volume of complaints and extenuating circumstances) within one (1) year from the date the Eligible Complaint is received.

7.10 *Reporting Requirement.* Upon written request, on the first and second year anniversary date of the hiring of the Claims Administrator, DIRECTV shall provide a report to the State, in a format and medium to be agreed upon by DIRECTV and the State, setting forth the following information: (i) the number of Eligible Complaints received from DIRECTV; (ii) a description of the nature of each Eligible Complaint, including a description of the business practice that is the focus of the Eligible Complaint; (iii) the name and address of each consumer who filed an Eligible Complaint; (iv) a description of the resolution of the Eligible Complaint, including the amount of any restitution payment and a description of any other relief offered; (v) a statement whether the Eligible Complaint was submitted to the Claims Administrator; and (vi) if the Eligible Complaint was submitted to the Claims Administrator, the decision of the Claims Administrator, and response, if any, of any consumer to the decision, including documentation of a consumer's acceptance of any relief ordered by the Claims Administrator.

7.11 *Meet and Confer on Administration of Restitution Program.* At the request of DIRECTV, the State, or the Claims Administrator, the Claims Administrator or his/her designee, may meet and confer with the State and DIRECTV for any purpose relating to the administration of the complaint-resolution program provided for under this Judgment, including, but not limited to, monitoring and auditing the complaint-resolution program. Problems that arise concerning the implementation of the complaint-resolution program may be resolved by agreement between the State, DIRECTV and the Claims Administrator. Such meet and confer requirements may occur either in person or by telephone conference.

8. ATTORNEYS' FEES AND COSTS TO THE STATE

8.1 Within fifteen (15) business days of the Effective Date of this Judgment, DIRECTV shall pay Thirteen Million Two Hundred Fifty Thousand Dollars (\$13,250,000.00), to be divided and paid by DIRECTV directly to each Attorney General participating in a similar settlement agreement, as identified in Exhibit A, which shall be used by the States as and for attorneys' fees and other costs of investigation and litigation, or for future public protection purposes, or to be placed in, or applied to, the consumer protection enforcement fund, consumer education, litigation or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by state law, except as set forth below, at the sole discretion of each Attorney General. In no event shall any portion of this payment be characterized as the payment of a fine, civil penalty or forfeiture by DIRECTV to any state. Specifically, the Court awards the State of Texas judgment in the amount of Nine Hundred Twenty Five Thousand Dollars (\$925,000.00) which shall be allocated as Plaintiff's attorneys' fees and investigative costs.

9. GENERAL PROVISIONS

9.1 The acceptance of this Judgment by the State shall not be deemed approval by the State of any of DIRECTV's Advertising, documents, contracts, or business practices. Further, neither DIRECTV nor anyone acting on its behalf shall state or imply, or cause to be stated or implied, that the State, the Attorney General, or any other governmental unit of the State, has approved, sanctioned or authorized any practice, act, Advertisement, representation, or conduct of DIRECTV.

9.2 To the extent that any changes in DIRECTV's business, Advertising materials, and/or Advertising or customer service practices are made to achieve or to facilitate conformance to the terms of this Judgment, such changes shall not constitute any form of evidence or

admission by DIRECTV, explicit or implicit, of wrongdoing or failure to comply with any federal or state statute or regulation or the common law.

9.3 This Judgment may only be enforced by the parties hereto.

9.4 The titles and headers to each section of this Judgment are for convenience purposes only and are not intended by the parties to lend meaning to the actual provisions of the Judgment.

9.5 As used herein, the plural shall refer to the singular and the singular shall refer to the plural, and the masculine, the feminine and the neuter shall refer to the other, as the context requires.

9.6 Nothing in this Judgment shall limit the Attorney General's right to obtain information, documents or testimony from DIRECTV pursuant to any State or federal law, regulation or rule.

9.7 DIRECTV hereby expressly waives and relinquishes all rights to a jury trial, including any rights related to its right to a trial by jury under any State law, rule or regulation, the State Constitution or United States Constitution as it relates to the execution and entry of this Judgment.

9.8 To seek a modification of this Judgment for any reason, including, but not limited to, operational changes and/or technological advances, DIRECTV shall send a written request for modification to the Attorney General, who shall give such petition reasonable consideration. Upon reasonable request by DIRECTV, a representative of the Attorney General shall meet with DIRECTV by phone and/or in the Office of the Attorney General to discuss the modification request. Further, the State agrees to respond to DIRECTV, and will use reasonable efforts to provide such response within thirty (30) days of receiving DIRECTV's request. If the

modification involves the Advertising provisions of this Judgment, the parties agree that, in considering the modification request, they will take into consideration the then-current Advertising industry guidelines, practices and customs, reasonable consumer Advertising expectations, and/or technological requirements and parameters for any Advertisement subject to the requirements of this Judgment.

9.9 No waiver, modification, or amendment of the terms of this Judgment shall be valid or binding unless made in writing, signed by the parties, and then only to the extent set forth in such written waiver, modification or amendment. Provided, however, that the Attorney General may insist that an agreed upon waiver, modification, or amendment shall only be effective upon approval of the Court. In such instances, the Attorney General shall not take any action to enforce the terms of the Judgment with respect to such waiver, modification, or amendment while the parties are seeking Court approval of the same. In the event that the Court does not approve such waiver, modification or amendment, said waiver, modification or amendment shall be null and void; provided, however, nothing herein shall be construed to prohibit or otherwise restrict DIRECTV's rights to seek reconsideration or review of, or to appeal a decision not to approve such waiver, modification or amendment.

9.10 Any failure by any party to this Judgment to insist upon the strict performance by any other party of any of the provisions of this Judgment shall not be deemed a waiver of any of the provisions of this Judgment, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Judgment and the imposition of any applicable penalties, including, but not limited to, contempt, civil penalties, and/or the payment of costs and/or attorneys' fees to the State.

9.11 If any clause, provision or section of this Judgment shall, for any reason, be held

illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Judgment and this Judgment shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

9.12 This Judgment sets forth the entire agreement between the parties, and there are no representations, agreements, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this Judgment. Certain States, identified in Exhibit B (the “2005 States”) entered into an Assurance of Voluntary Compliance with DIRECTV on December 12, 2005 (the “2005 AVC”). For the 2005 States, the terms of the 2005 AVC are incorporated herein by this reference, and as such, the 2005 States agree to forgo any enforcement remedy that may exist under the terms of the 2005 AVC. However, the 2005 States may enforce such terms in enforcing this Judgment and pursuant to any enforcement mechanism available for the enforcement of this Judgment or created by or through the entry of this Judgment. Except for the 2005 AVC to the extent noted herein, this Judgment does not affect the status or validity of any prior agreements reached between DIRECTV and the State. If this Judgment directly conflicts with a prior agreement between the State and DIRECTV, the requirements of this Judgment will control.

9.13 Nothing in this Judgment shall be construed to waive any claims of sovereign immunity the State may have in any action or proceeding.

9.14 Nothing in this Judgment shall be construed to create, waive, or limit any private right of action.

9.15 DIRECTV will not participate, directly or indirectly, in any activity to form a separate entity or corporation for the purpose of engaging in acts prohibited in this Judgment or

for any other purpose which would otherwise circumvent any part of this Judgment or the spirit or purposes of this Judgment.

9.16 DIRECTV agrees that this Judgment does not entitle DIRECTV to seek or to obtain attorneys fees as a prevailing party under any statute, regulation or rule.

9.17 DIRECTV further agrees to execute and deliver all authorizations, documents and instruments which are necessary to carry out the terms and conditions of this Judgment.

9.18 This document may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which together shall constitute one and the same document. One or more counterparts of this Judgment may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart thereof.

9.19 Neither this Judgment nor anything therein shall be construed or used as a waiver, limitation or bar on any defense otherwise available to DIRECTV, or on DIRECTV's right to defend itself from or make arguments in any pending or future legal or administrative action, proceeding, state or federal claim or suit, including without limitation, private individual or class action claims or suits, relating to DIRECTV's conduct prior to the execution of this Judgment, or to the existence, subject matter or terms of this Judgment.

9.20 This Judgment is made without trial or adjudication of any issue of fact or law, or finding of liability of any kind.

9.21 In the event that any statute, rule or regulation pertaining to the subject matter of this Judgment is modified, enacted, promulgated or interpreted by the federal government or any federal agency, or a court of competent jurisdiction holds that such statute or regulation is in conflict with any provision of this Judgment, DIRECTV may comply with such statute or

regulation, and such action shall constitute compliance with the counterpart provision of this Judgment. DIRECTV shall provide advance written notice to the Attorney General of the inconsistent provision of the statute or regulation with which DIRECTV intends to comply pursuant to this Judgment, and of the counterpart provision of this Judgment which is in conflict with the statute, rule or regulation.

9.22 If the State receives a request for documents provided by DIRECTV relating to the negotiations of this Judgment, any reports specified or required herein, or information obtained by the Claims Administrator in connection with this Judgment, the State shall comply with applicable public disclosure laws and provide reasonable notice to DIRECTV consistent with the framework of the State's public disclosure law(s). DIRECTV has asserted that such documents include confidential or proprietary information and has, or will, specifically designate such documents as confidential.

9.23 DIRECTV shall not be liable in a contempt or other enforcement proceeding pursuant to Paragraph 12.1 for violations of this Judgment if: (i) DIRECTV has implemented or is in the process of implementing reasonable and appropriate policies and procedures to ensure compliance with the Judgment; (ii) the alleged violation is the result of an isolated or inadvertent error related to technical or coding issues, or systems glitches; (iii) DIRECTV has reasonable safeguards in place to discover and/or prevent these types of occurrences from happening; and (iv) DIRECTV takes appropriate steps to investigate and remedy errors or glitches identified by DIRECTV or otherwise brought to its attention. Such remedy shall include addressing any adverse or negative customer impact(s) in a way that is consistent with the terms of this Judgment.

9.24 The settlement negotiations resulting in this Judgment have been undertaken by DIRECTV and the Attorney General in good faith and for settlement purposes only. No evidence of any settlement negotiations or settlement communications resulting in this Judgment shall be offered or received in evidence in any action or proceeding for any purpose other than the enforcement of this Judgment.

9.25 With respect to Advertising or marketing which has been purchased, submitted or used prior to the Effective Date of this Judgment, DIRECTV shall not be liable under this Judgment for its non-compliance with the terms and conditions of this Judgment so long as DIRECTV has made reasonable efforts to locate, withdraw, or amend such Advertising or marketing to comply with the requirements of this Judgment. DIRECTV shall not be liable under this Judgment for failing to prevent the re-publication of pre-existing Advertising or marketing that does not comply with this Judgment by independent third-parties or parties who are not subject to DIRECTV's control, so long as DIRECTV has complied with Paragraphs 6.34 through 6.38 of this Judgment, and otherwise makes reasonable efforts to prevent such re-publication, including, but not limited to, exercising any available contractual rights, and, where no contractual relationship exists, requesting in writing that the third-party terminate the re-publication of such Advertising or marketing.

9.26 DIRECTV shall not be liable for conduct of third-parties that violates the terms of this Judgment. However, nothing in this paragraph shall affect any obligations DIRECTV may have under this Judgment in connection with the conduct of third-parties.

9.27 DIRECTV shall comply with the terms of this Judgment beginning one hundred thirty-five (135) days following the Effective Date of this Judgment, or such other dates as specifically agreed to in this Judgment or in writing by DIRECTV and the Attorney General.

10. REPRESENTATIONS AND WARRANTIES

10.1 DIRECTV represents and warrants that the execution and delivery of this Judgment is its free and voluntary act, and that this Judgment is the result of good faith negotiations.

10.2 DIRECTV represents and warrants that the signatories to this Judgment have authority to act for and bind DIRECTV.

11. COMPLIANCE WITH ALL LAWS

11.1 Nothing in this Judgment shall be construed as relieving DIRECTV of the obligation to comply with all State and federal laws, regulations or rules, nor shall any of the provisions of this Judgment be deemed to be permission to engage in any acts or practices prohibited by such law, regulation, or rule.

12. PENALTY FOR FAILURE TO COMPLY

12.1 DIRECTV understands and acknowledges that pursuant to the provisions of the TEX. BUS. & COM. CODE § 17.47(e), any violation of the injunctive terms of this Judgment shall be punishable by civil penalties of not more than Ten Thousand Dollars (\$10,000.00) per violation, not to exceed Fifty Thousand Dollars (\$50,000.00), in addition to any other authorized sanctions.

12.2 As consideration for the relief agreed to herein, if the Attorney General determines that DIRECTV has failed to comply with any of the terms of this Judgment, and if, in the Attorney General's sole discretion, the failure to comply does not threaten the health or safety of the citizens of the State and/or does not create an emergency requiring immediate action, the Attorney General will notify DIRECTV in writing of such failure to comply, and DIRECTV shall then have fifteen (15) business days from receipt of such written notice to

provide a written response to the Attorney General's determination. The response may include:

- a. A statement explaining why DIRECTV believes it is in full compliance with the Judgment;
- b. A detailed explanation of how the alleged violation(s) occurred;
- c. A statement that the alleged breach has been cured and how; or
- d. A statement that the alleged breach cannot be reasonably cured within fifteen (15) business days from receipt of the notice, but
 - (i) DIRECTV has begun to take corrective action to cure the alleged breach;
 - (ii) DIRECTV is pursuing such corrective action with reasonable and due diligence; and
 - (iii) DIRECTV has provided the Attorney General with a detailed and reasonable time table for curing the alleged breach.

Nothing herein shall prevent the Attorney General from agreeing in writing to provide DIRECTV with additional time beyond the fifteen (15) business day period to respond to the notice. In considering whether a violation occurred regarding any of the Advertising provisions of this Judgment, and/or in connection with bringing an enforcement action pursuant to Paragraph 12.1 concerning any of the said Advertising provisions, the Attorney General agrees to take into consideration the then-current Advertising industry guidelines, practices and customs, reasonable consumer Advertising expectations, and/or technological requirements and parameters for any Advertisement subject to the requirements of this Judgment.

13. MONITORING FOR COMPLIANCE

13.1 In order to monitor compliance with this Judgment, the Attorney General shall be permitted to access, inspect and/or copy business records or documents under DIRECTV's

control within forty-five (45) days of written request to DIRECTV, provided that the inspection and copying shall be done in such a way as to avoid disruption of DIRECTV's business activities. During the forty-five (45) day period, DIRECTV shall have the right to file a motion with the court objecting to the scope and/or reasonableness of the request by the Attorney General. Nothing in this Judgment shall be construed to limit or prevent the State's right to obtain documents, records, testimony, or other information pursuant to any law, regulation, or rule.

14. NOTIFICATION TO STATE

14.1 Any notices required to be sent to the State or DIRECTV by this Judgment shall be sent by United States certified mail, return receipt requested, or other nationally recognized courier service that provides for tracking services and identification of the person signing for the document. The documents shall be sent to the following addresses:

For the State of Texas:

Paul Singer
Assistant Attorney General
Office of the Attorney General
Consumer Protection and Public Health
Division
Post Office Box 12548
Austin, TX 78711-2548
Telephone: (512) 463-2185

For DIRECTV:

Robin Rogers
General Counsel
DIRECTV, Inc.
2230 East Imperial Highway
El Segundo, CA 90245

and

Clayton S. Friedman
Manatt, Phelps and Phillips
695 Town Center Drive
Fourteenth Floor
Costa Mesa, CA 92626

14.2 Any party may designate a different individual to receive the notices required to be sent by sending written notification to the other parties, at least thirty (30) days before such change will occur, identifying that individual by name and/or title, and mailing address.

15. RELEASE

15.1 This Judgment constitutes a complete and absolute settlement and release of any and all civil claims, causes of actions, damages, restitution, fines, costs and penalties based on, arising out of or in any way related, in whole or in part, directly or indirectly, to conduct, acts or omissions occurring prior to the Effective Date which were asserted in the State's Complaint or addressed by the terms of this Judgment, under the Consumer Protection Statute set forth in Paragraph 4.4, and/or any similar consumer protection or other applicable law, rule or regulation asserted in the State's Complaint or addressed by the terms of this Judgment (the "Released Claims"), by the Office of the Attorney General against DIRECTV and/or all of its subsidiaries and affiliates, past and present, and their past and present representatives, successors, parents, employees, shareholders, officers, directors, attorneys, agents, and assigns (collectively the

“Releasees”). Released Claims do not include claims pursuant to any other statute or regulation (including, without limitation, antitrust laws, environmental laws, tax laws, and criminal statutes and codes), nor do they include actions or proceedings brought pursuant to State consumer protection laws or statutes alleging violations that are not addressed by the Attorney General’s Complaint or the terms of this Judgment. The relief provided in this Judgment shall be the sole and exclusive remedy for any action or proceeding in any form by the Attorney General, or his/her designee, against the Releasees based upon any Released Claims, including, but not limited to, any action or proceeding seeking restitution, injunctive relief, fines, penalties, attorneys’ fees and costs.

16. DISMISSAL AND WAIVER OF CLAIMS

16.1 Upon entry of this Judgment, all claims alleged in the Complaint filed by the Attorney General in the above captioned action, not otherwise addressed by this Judgment are dismissed.

17. PAYMENT OF COURT COSTS

17.1 All court costs associated with this action, and any other incidental costs or expenses incurred thereby shall be borne by DIRECTV. No costs shall be taxed to the State. Further, no discretionary costs shall be taxed to the State.

IT IS SO ORDERED, ADJUDGED AND DECREED.

JUDGE

JOINTLY APPROVED AND
SUBMITTED FOR ENTRY:

FOR THE STATE OF TEXAS

GREG ABBOTT
Attorney General of Texas

DANIEL T. HODGE
First Assistant Attorney General

BILL COBB
Deputy Attorney General for Civil Litigation

PAUL CARMONA, Division Chief
Consumer Protection and Public Health Division

PAUL SINGER
State Bar No. 24033917
Assistant Attorney General
Office of the Attorney General
Consumer Protection and Public Health Division
Post Office Box 12548
Austin, TX 78711-2548
Telephone: (512) 463-2185

FOR DIRECTV:

Robin N. Rogers
General Counsel and Senior Vice President
2230 Imperial Highway, El Segundo, CA 90245
Telephone No.: 310-964-4583
Facsimile: 310-964-4884
Email: RNRogers@directv.com

Clayton S. Friedman
Counsel to DIRECTV
Manatt, Phelps & Phillips
695 Town Center Drive
Fourteenth Floor
Costa Mesa, CA 92657
Telephone No.: 714-338-2704
Facsimile: 714-371-2573
Email: cfriedman@manatt.com

LOCAL COUNSEL:

Name:
Title:
#: XXX-XX-_____
Name of Business:
Address:
Phone:
Facsimile:
Email: