

The Future of Entertainment Starts with Logistics



Transplace has provided transportation and logistics management services for DIRECTV® since the beginning of 2004

When DIRECTV launched in 1994, it was the first entertainment service in the United States to deliver all digital-quality, multi-channel TV programming to an 18-inch satellite dish. The launch of DIRECTV also pioneered technological breakthroughs, including the first national system with an interactive, on-screen program guide and pay-per-view ordering by remote control. Today, DIRECTV is the nation's leading digital multi-channel television service provider with more than 15.6 million subscribers worldwide.

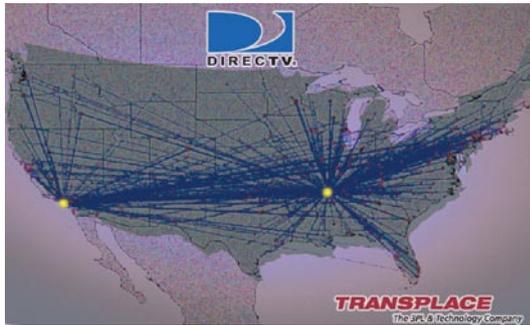
From 1995 to 2001 DIRECTV's customer base grew by more than 9 million subscribers. As a result of the rapid growth, the Company had a multitude of logistical challenges. DIRECTV's main goals were to reduce the overall cost of product distribution by establishing a third-party logistics (3PL) partnership to assist in transportation management, freight optimization, claims management and reverse logistics services. Scalability was a critical factor, as

DIRECTV anticipated the volume distributed through its Home Services Division would continue to experience substantial growth, an expansion that would forever change the dynamics of DIRECTV's distribution cycle. The desired 3PL provider was required to have the technology, equipment and resources to respond to the newly expanded network, as well as an increased focus on shipment optimization. Transplace provided the most comprehensive and scalable solution to fulfill DIRECTV's needs, and the partnership was solidified.

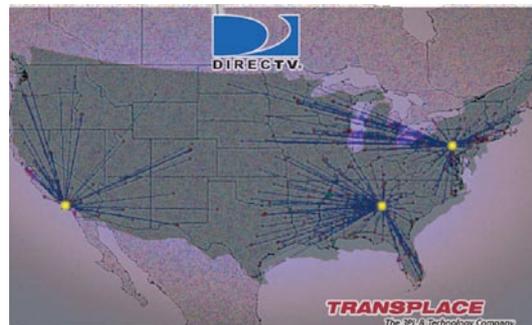
At the time Transplace was consulted, DIRECTV utilized a single centralized U.S. distribution center located in Memphis, Tenn. Inventory was shipped either directly to the end customer or consigned to one of 89 remote Home Service Provider (HSP) locations. HSP bulk shipments were shipped in pallet quantities and accounted for approximately 80-85 percent of the outbound volume from Memphis. The remaining balance of 15-20 percent was shipped via small package or parcel quantities. Some HSP storage facilities had limited capacity and a lack of dock doors, which resulted in the need for lift-gate services for multiple shipments during the same week. As DIRECTV expanded its customer base, and hence its field location network, the company desired a more regionalized distribution network with more tailored customer service. DIRECTV operated on a time definite delivery system, as customer installations and service calls were highly dependent on hardware availability at HSP locations. Without visibility into its distribution system, HSP installation scheduling was complicated and risked becoming unreliable.

DIRECTV Key Historical Dates

Founded	1990
Launched Service	June 1994
National Availability	Oct 1994
1,000,000 Customers	Nov 1995
2,000,000 Customers	Oct 1996
3,000,000 Customers	Nov 1997
4,000,000 Customers	Sept 1998
PrimeStar, Inc. Acquisition	April 1999
United States Satellite Broadcasting Acquisition	May 1999
Boise Customer Care Center Purchase	June 1999
10,000,000 Customers	July 2001
News Corporation Acquires 34% interest	Dec 2003
15,600,000 Subscribers	Sept 2006



Original Distribution Model



Optimized Distribution Model

Following integration with DIRECTV's SAP, the Transplace/DIRECTV relationship began with Transplace managing transportation for approximately 800 DIRECTV loads per month with a staff of three. Initial service for DIRECTV included management of inbound shipments from DIRECTV OEMs to Memphis, Tenn., and outbound shipments to HSP facilities. Freight optimization through Transplace's Scenario Pro TechnologySM (SPT) has been a part of the DIRECTV solution from the beginning of the engagement, which included outbound shipments of direct truckload (TL), multi-stop TL, less-than-truckload (LTL) and pool distribution. Inbound LTL returns (reverse logistics) launched in June 2004, the Long Beach DC launched in October 2004, and outbound fulfillment to retailers (Best Buy, Circuit City) began in March 2005. In June of 2005 the Freight Allocation Module (FAM) was also added to the DIRECTV line-up of Transplace services. Continued efficiencies and dedication of the operations team within Transplace required only two additional staff members, while the scope of services increased substantially and the number of loads per month increased by roughly 50 percent.

The original distribution model shown above served DIRECTV for a number of years. Also included is the current optimized outbound distribution model supported by Transplace.

Through the application of Transplace technologies and focused direction, the dedicated operations team reduced cost per unit by \$.20, with some months showing a

reduction of up to \$.40 per unit. Additionally, the team maintains an average of 97 percent on-time delivery rate while managing 1,500-2,000 shipments per month, equating to 28 million units annually. Transplace has also diversified the LTL carrier mix for improved service. Previously, only one LTL carrier was utilized. DIRECTV carriers that utilized EDI or any type of automated updates were less than 15 percent of the total. As of January 2007, automation numbers are better than 75 percent. The likelihood of human error has been reduced considerably through the automation of data transfer. Transplace also provided savings for many of DIRECTV's non-EDI carriers through use of the Transplace Carrier Web Suite for shipment status updates.

Current services provided include:

- SPT route optimization and load consolidation
- Shipment optimization
- Carrier optimization and communication
- Tender and monitoring of all outbound shipments (TL, LTL, Air, Rail)
- Tender and monitoring of inbound returns shipments
- Trailer pool management at Carlisle, Rialto, and Stockbridge DC's
- Pool distribution for receivers requiring specialized equipment
- Management of air freight and expedited shipments

Administrative services include:

- Carrier contracting
- Cargo claims
- Rate maintenance and negotiation
- Rate analysis and bid optimization

- Carrier service reporting
- SKU-level maintenance
- Cost-per-unit reporting
- Report covering optional DC shipping compliance

Reporting and visibility are now available in real time via the Transplace Internet portal that allows DIRECTV and their customers to view Scheduled-to-ship, Scheduled-to-arrive and PO Lookup reports. Transplace holds a quarterly account review with DIRECTV, which is utilized as an opportunity to review team improvements and to recommend new objectives for cost savings and processing efficiency gains. The dedicated team that manages DIRECTV provides exceptional service, allowing DIRECTV to focus on what it does best.

DIRECTV continues to grow and is hailed 2007 as the "Year of HD" with the planned launch and carriage of 100 national high-definition (HD) channels, which represents three-fold the HD programming offered by any other multi-channel distributor. With the launch of DIRECTV 10 and DIRECTV 11 satellites in 2007, DIRECTV will have the ability to deliver more than 1,500 local HD and digital channels and 150 national HD channels, in addition to new advanced programming services for customers.

As DIRECTV grows, Transplace continues to fulfill DIRECTV's transportation management needs and remains dedicated to cost savings on behalf of our client. DIRECTV is not only making entertainment history – it is today delivering the future of entertainment to viewers all across America.