



THE DIRECTV GROUP ANNOUNCES THIRD QUARTER 2006 RESULTS

DIRECTV U.S. Revenues Increase 12% to \$3.4 Billion and Operating Profit before Depreciation and Amortization More than Doubles to \$823 Million

DIRECTV U.S. Cash Flow before Interest and Taxes Increases 31% to \$416 Million

El Segundo, Calif., November 8, 2006 – The DIRECTV Group, Inc. (NYSE:DTV) today reported that third quarter revenues increased 13% to \$3.67 billion and operating profit before depreciation and amortization¹ more than doubled to \$894 million compared to last year's third quarter. The DIRECTV Group reported that third quarter 2006 operating profit quadrupled and net income more than tripled to \$628 million and \$370 million, respectively, when compared to the same period last year. Earnings per share were \$0.30 compared with \$0.07 in the same period last year. These financial results include the effect of \$325 million of equipment that DIRECTV U.S. capitalized during the third quarter under its lease program, which was implemented March 1, 2006.

“Third quarter results provide an accurate snapshot of the benefits gained from our principal goal to grow DIRECTV profitably with a particular focus on higher quality subscriber growth. Highlights for DIRECTV U.S. included a 12% increase in revenues to \$3.40 billion, a more than doubling of operating profit before depreciation and amortization to \$823 million and a 31% increase in cash flow before interest and taxes to \$416 million,” said Chase Carey, president and CEO of The DIRECTV Group, Inc.

Carey continued, “As we’ve seen in recent quarters, much of the improved financial results can be attributed to our strategy of targeting higher quality subscribers. Although total gross subscriber additions of 1.0 million in the quarter were down 9% compared to the prior year, the more important metric is that we increased the number of higher quality subscribers added in the quarter by 7% compared to last year. We’re seeing that higher quality subscribers tend to buy more services—particularly high definition and digital video recorder services—which is contributing to our strong ARPU growth of 6% in the quarter. The improved subscriber base and higher penetration of advanced services are also the main factors driving the average monthly churn rate down from 1.89% last year to 1.80% in the current period, resulting in 165,000 net subscriber additions in the quarter.

“The increases in both operating profit before depreciation and amortization (including the cost of capitalized set-top receivers under our new lease program) as well as cash flow before interest and taxes are also largely due to the improved customer credit profiles and focus on controlling costs. For example, the total cost to acquire new subscribers was down 8% or \$56 million in the quarter due to the significant reduction in lower quality subscribers attained as well as an acquisition cost per subscriber, or SAC, that was relatively unchanged from the prior year despite a 72% increase in new customers added in the quarter with advanced services.”

Carey concluded, “In the coming months, we look forward to launching another 30 markets with standard definition local channels and 12 markets with high definition local channels, bringing our total coverage to approximately 97% and 70%, respectively, of U.S. TV households. With the launch of two additional dedicated HD satellites next year, we are poised to offer the most comprehensive and compelling

HD programming to a segment of the population that is expected to experience dramatic growth: homes with HD televisions. In addition, we will continue to introduce exciting services over the coming months including video-on-demand, a gaming lounge and software that enables your television to interact with your personal computer.”

Third Quarter Review

Lease Program. On March 1, 2006, DIRECTV U.S. introduced a set-top receiver lease program primarily to increase future profitability by providing DIRECTV U.S. with the opportunity to retrieve and reuse set-top receivers. Under this new program, set-top receivers are capitalized and depreciated over their estimated useful lives of three years. Prior to March 1, 2006, set-top receivers provided to new and existing DIRECTV U.S. subscribers were immediately expensed upon activation as a subscriber acquisition or upgrade and retention cost. The lease program is expected to result in a reduction in subscriber acquisition, upgrade and retention costs. The amount of set-top receivers capitalized during the period is now reported in the DIRECTV U.S. Consolidated Statements of Cash Flows under the captions “Cash paid for subscriber leased equipment – subscriber acquisitions” and “Cash paid for subscriber leased equipment – upgrade and retention”. The amount of cash DIRECTV U.S. paid during the quarter ended September 30, 2006 for leased set-top receivers totaled \$325 million – \$204 million for subscriber acquisitions and \$121 million for upgrade and retention.

THE DIRECTV GROUP'S OPERATIONAL REVIEW

The DIRECTV Group Dollars in Millions except Earnings per Common Share	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2006	2005	2006	2005
Revenues	\$3,667	\$3,233	\$10,572	\$9,569
Operating Profit Before Depreciation and Amortization(1)	894	365	2,476	1,045
Operating Profit	628	156	1,762	414
Net Income	370	95	1,064	215
Earnings Per Common Share (\$)	0.30	0.07	0.83	0.15
Free Cash Flow ⁽²⁾	320	191	886	88

Operational Review. In the third quarter of 2006, The DIRECTV Group's revenues of \$3.67 billion increased 13% over the same period in the prior year principally due to strong growth in average revenue per subscriber (ARPU) and a larger subscriber base at DIRECTV U.S., as well as the consolidation of Sky Brasil's financial results due to the completion of the merger with DIRECTV Brasil on August 23, 2006.

The higher operating profit before depreciation and amortization of \$894 million and operating profit of \$628 million were mostly related to the DIRECTV U.S. business due to the capitalization of customer equipment under the lease program for both new and existing subscribers, the increase in gross profit generated from the higher revenues, and reduced subscriber acquisition costs resulting from the decline in lower quality gross subscriber additions. In addition, DIRECTV Latin America booked a gain of \$61 million associated with the DIRECTV Brasil and Sky Brasil merger. Also impacting the comparison was a \$30 million non-cash gain in the third quarter of 2005 related to the Sky Mexico transaction. The change in operating profit also reflects an increase in depreciation expense related to the new set-top box lease program at DIRECTV U.S.

Net income increased to \$370 million in the third quarter of 2006 primarily due to the changes in operating profit discussed above partially offset by higher income tax expense in the most recent quarter associated with the higher pre-tax income.

Year-To-Date Review

The DIRECTV Group's revenues of \$10.57 billion in the first nine months of 2006 increased 10% compared to the same period of 2005 driven principally by subscriber growth at DIRECTV U.S. and DIRECTV Latin America, as well as continued solid ARPU growth at DIRECTV U.S and the consolidation of the Sky Brasil financial results following the merger with DIRECTV Brasil in August 2006. These changes were partially offset by the exclusion of Hughes Network Systems' (HNS) results in 2006 due to its sale.

In the first nine months of 2006, operating profit before depreciation and amortization more than doubled to \$2.48 billion and operating profit more than quadrupled to \$1.76 billion driven primarily by DIRECTV U.S. due to the capitalization of \$664 million of customer equipment under the lease program for both new and existing subscribers, the increase in gross profit generated from higher revenues, and reduced subscriber acquisition costs resulting from the decline in lower quality gross subscriber additions, partially offset by higher retention and upgrade spending. Also impacting the comparison were several non-cash gains at DIRECTV Latin America including \$61 million recorded in the third quarter of 2006 at the completion of the Sky Brasil merger with DIRECTV Brasil, as well as \$57 million recorded in the first quarter of 2006 and \$58 million in the first nine months of 2005 related to the Sky Mexico transaction. In addition, HNS recorded losses in the first quarter of 2005 primarily related to charges associated with its sale. Operating profit was also negatively impacted by an increase in depreciation expense primarily as a result of the new set-top receiver leasing program at DIRECTV U.S.

Net income in the first nine months of 2006 increased to \$1.06 billion primarily due to the higher operating profit discussed above as well as a second quarter 2005 charge of \$65 million related to the premium paid for the redemption of senior notes and the write-off of a portion of deferred debt issuance costs from debt refinancing. Partially offsetting these improvements were higher 2006 income tax expense resulting from an increase in pre-tax income and a \$31 million credit in the second quarter of 2005 related to the favorable settlement of a U.S. federal income tax dispute associated with a previously divested business.

SEGMENT FINANCIAL REVIEW

DIRECTV U.S. Segment

DIRECTV U.S. Dollars in Millions except ARPU	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2006	2005	2006	2005
Revenue	\$3,403	\$3,048	\$9,915	\$8,810
Average Monthly Revenue per Subscriber (ARPU) (\$)	72.74	68.65	71.41	67.52
Operating Profit Before Depreciation and Amortization ⁽¹⁾	823	338	2,345	1,058
Operating Profit	597	171	1,734	542
Cash Flow Before Interest and Taxes ⁽³⁾	416	319	1,077	536
Free Cash Flow ⁽²⁾	121	230	393	381
Subscriber Data (in 000's except Churn)				
Gross Subscriber Additions	1,006	1,104	2,788	3,205
Average Monthly Subscriber Churn	1.80%	1.89%	1.62%	1.70%
Net Subscriber Additions	165	263	545	993
Cumulative Subscribers	15,678	14,933	15,678	14,933

DIRECTV U.S. gross subscriber additions of 1,006,000 declined 9% compared to the third quarter of 2005 primarily due to the implementation of revised credit policies and dealer incentives designed to improve the quality of new subscriber additions. As a result of these changes, DIRECTV U.S. increased the number of higher quality subscribers attained in the quarter by 7% compared to last year. This trend of attaining higher quality subscribers combined with the significant increase in subscribers with advanced services were major contributors to the reduction in monthly churn from 1.89% to 1.80% in the current quarter. DIRECTV U.S. added 165,000 net subscribers in the quarter bringing the total number of DIRECTV U.S. subscribers to 15.68 million as of September 30, 2006, an increase of 5% over the 14.93 million subscribers on September 30, 2005.

In the quarter, DIRECTV U.S. revenues increased nearly 12% to \$3.40 billion due to strong ARPU growth and the larger subscriber base. ARPU of \$72.74 increased 6.0% compared to last year principally due to programming package price increases as well as higher mirroring, lease, digital video recorder (DVR) and high-definition programming fees.

The third quarter 2006 operating profit before depreciation and amortization increased 144% to \$823 million and operating profit more than tripled to \$597 million primarily due to the capitalization of customer equipment, the increase in gross profit generated from the higher revenues and lower subscriber acquisition costs resulting from the decline in lower quality subscriber additions. Excluding the \$325 million of customer equipment that was capitalized under the new lease program, operating profit before depreciation and amortization would have increased 48%.

DIRECTV Latin America Segment

DIRECTV Latin America and Sky Consolidation. In August 2006, The DIRECTV Group completed a series of transactions with News Corporation, Grupo Televisa, Globo and Liberty Media that will strengthen the operating and financial performance of DIRECTV Latin America by combining the two platforms into a single platform in each of the major territories served in the region. In 2006, The DIRECTV Group paid News Corporation and Liberty Media approximately \$373 million for their equity stakes in Sky Mexico and received approximately \$59 million from Televisa. The DIRECTV Group also received a net payment of \$97 million from News Corporation at the completion of the Sky Brasil transaction. As a result of these transactions, The DIRECTV Group has a combined direct and indirect ownership of approximately 74% of the merged business in Brazil, 41% of Sky Mexico and 100% of PanAmericana, which covers most of the remaining countries in the region. These ownership percentages do not consider Darlene Investment LLC's minority interest in these businesses. Sky Mexico, whose results are not consolidated by DIRECTV Latin America, had approximately 1.40 million subscribers as of September 30, 2006.

DIRECTV Latin America Dollars in Millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenue	\$264	\$185	\$659	\$553
Operating Profit Before Depreciation and Amortization ⁽¹⁾	92	54	189	122
Operating Profit (Loss)	52	12	82	3
Net Subscriber Additions ⁽⁴⁾ (000's)	33	36	172	110
Cumulative Subscribers ⁽⁴⁾ (000's)	2,634	1,555	2,634	1,555

Operational Review. In the third quarter of 2006, DIRECTV Latin America's net subscriber additions of 33,000 were relatively unchanged from the prior period. The total number of DIRECTV subscribers in Latin America as of September 30, 2006 increased 69% to 2.63 million compared to 1.56 million as of September 30, 2005. The increase is due to the 869,000 subscribers added as a result of the merger with Sky Brasil, as well as the new subscribers added throughout the region over the past year.

Revenues for DIRECTV Latin America increased 43% to \$264 million in the quarter primarily due to the consolidation of Sky Brasil's operations. Also contributing to the increase in revenue was continued subscriber growth, particularly in Argentina and Venezuela. The increase in DIRECTV Latin America's third quarter 2006 operating profit before depreciation and amortization to \$92 million and the operating profit to \$52 million were primarily attributable to a non-cash gain of \$61 million in the third quarter of 2006 associated with the DIRECTV Brasil and Sky Brasil merger, as well as the gross profit on the increased revenue. Also impacting the comparison was a \$30 million non-cash gain in the third quarter of 2005 related to the Sky Mexico transaction.

Network Systems Segment

Network Systems Segment Dollars in Millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenue	-	-	-	\$211
Operating Loss Before Depreciation and Amortization ⁽¹⁾	-	-	-	(61)
Operating Loss	-	-	-	(61)

On April 22, 2005, The DIRECTV Group completed the sale of a 50% interest in HNS LLC, an entity that owns substantially all of the assets of HNS, to SkyTerra Communications, Inc. As of the date of this sale until January 2006, The DIRECTV Group accounted for 50% of HNS' net income or loss as an equity investment in "Other, net" in the Consolidated Statements of Operations. In January 2006, The DIRECTV Group completed the sale of the remaining 50% interest in HNS LLC to SkyTerra and received \$110 million in cash.

CONSOLIDATED BALANCE SHEET AND CASH FLOW

The DIRECTV Group Dollars in Billions	September 30, 2006	December 31, 2005
Cash, Cash Equivalents & Short-Term Investments	\$2.27	\$4.38
Total Debt	3.62	3.42
Net Debt/(Cash)	1.35	(0.96)

The DIRECTV Group's consolidated cash and short term investment balance of \$2.27 billion declined by \$2.11 billion in the first nine months of 2006 mostly due to the implementation of a \$3.00 billion share repurchase program announced on February 8, 2006. Through September 30, 2006, The DIRECTV Group had repurchased and retired 182.7 million shares of DIRECTV Group common stock for approximately \$2.95 billion at an average price of \$16.12 per share. Also impacting the cash balance through September 30, 2006, were net payments of \$218 million related to the DIRECTV Latin America transactions, \$110 million received for the sale of the remaining interest in HNS, as well as free cash flow in the period of \$886 million. Free cash flow was driven by cash flow from operations of \$2.17 billion partially offset by cash paid for satellites and property and equipment of \$1.29 billion. Total debt increased to \$3.62 billion primarily due to the consolidation of \$210 million of outstanding debt at Sky Brasil upon its merger with DIRECTV Brasil.

CONTACT INFORMATION

Media Contact: Robert Mercer (310) 964-4683.

Investor Relations: (212) 462-5200.

CONFERENCE CALL INFORMATION

A live webcast of The DIRECTV Group's third quarter 2006 earnings call will be available on the company's website at www.directv.com. The webcast will begin at 11:00 a.m. ET, today November 8, 2006 and will be archived on our website at www.directv.com.

FOOTNOTES

(1) Operating profit (loss) before depreciation and amortization, which is a financial measure that is not determined in accordance with accounting principles generally accepted in the United States of America, or GAAP, should be used in conjunction with other GAAP financial measures and is not presented as an alternative measure of operating results, as determined in accordance with GAAP. Please see each of The DIRECTV Group's and DIRECTV Holdings LLC's Annual Reports on Form 10-K for the year ended December 31, 2005 for further discussion of operating profit (loss) before depreciation and amortization. Operating profit before depreciation and amortization margin is calculated by dividing operating profit before depreciation and amortization by total revenues.

(2) Free cash flow, which is a financial measure that is not determined in accordance with GAAP, is calculated by deducting amounts under the captions "Cash paid for property and equipment", "Cash paid for satellites", "Cash paid for subscriber leased equipment – subscriber acquisitions", and "Cash paid for subscriber leased equipment – upgrade and retention" from "Net cash provided by (used in) operating activities" from the Consolidated Statements of Cash Flows. This financial measure should be used in conjunction with other GAAP financial measures and is not presented as an alternative measure of cash flows from operating activities, as determined in accordance with GAAP. The DIRECTV Group and DIRECTV U.S. management use free cash flow to evaluate the cash generated by DIRECTV U.S.' current subscriber base, net of capital expenditures, for the purpose of allocating resources to activities such as adding new subscribers, retaining and upgrading existing subscribers and for additional capital expenditures. The DIRECTV Group and DIRECTV U.S. believe this measure is useful to investors, along with other GAAP measures (such as cash flows from operating and investing activities), to compare DIRECTV U.S.' operating performance to other communications, entertainment and media companies. We believe that investors also use current and projected free cash flow to determine the ability of our current and projected subscriber base to fund required and discretionary spending and to help determine the financial value of the company.

(3) Cash flow before interest and taxes, which is a financial measure that is not determined in accordance with GAAP, is calculated by deducting amounts under the captions "Cash paid for property and equipment", "Cash paid for satellites", "Cash paid for subscriber leased equipment – subscriber acquisitions" and "Cash paid for subscriber leased equipment – upgrade and retention" from "Net cash provided by (used in) operating activities" from the Consolidated Statements of Cash Flows and then adding back net interest paid and "Cash paid (refunded) for income taxes". This financial measure should be used in conjunction with other GAAP financial measures and is not presented as an alternative measure of cash flows from operating activities, as determined in accordance with GAAP. The DIRECTV Group and DIRECTV U.S. management use cash flow before interest and taxes to evaluate the cash generated by DIRECTV U.S.' current subscriber base, net of capital expenditures, and excluding the impact of interest and taxes, for the purpose of allocating resources to activities such as adding new subscribers, retaining and upgrading existing subscribers and for additional capital expenditures. The DIRECTV Group and DIRECTV U.S. believe this measure is useful to investors, along with other GAAP measures (such as cash flows from operating and investing activities), to compare DIRECTV U.S.' operating performance to other communications, entertainment and media companies. We believe that investors also use current and projected cash flow before interest and taxes to determine the ability of our current and projected subscriber base to fund required and discretionary spending and to help determine the financial value of the company.

(4) DIRECTV Latin America net subscriber additions exclude DIRECTV Latin America's subscriber activity in Mexico as well as the 869,000 subscribers acquired in August, 2006 from Sky Brasil. DIRECTV Latin America cumulative subscribers exclude subscribers of the Sky Mexico service but include the consolidated Sky Brasil subscribers.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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

The DIRECTV Group (NYSE: DTV) is a world-leading provider of digital television entertainment services and is approximately 39 percent owned by News Corporation. Through its subsidiaries and affiliated companies in the United States, Brazil, Mexico and other countries in Latin America, The DIRECTV Group provides digital television service to more than 15.6 million customers in the United States, and more than 4 million customers in Latin America.

###

THE DIRECTV GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
Revenues	\$ 3,666.8	\$ 3,233.2	\$10,572.4	\$9,569.0
Operating Costs and Expenses				
Costs of revenues, exclusive of depreciation and amortization expense				
Broadcast programming and other	1,522.5	1,306.6	4,305.0	3,890.4
Subscriber service expenses	302.1	251.1	817.4	714.1
Broadcast operations expenses	62.4	65.4	207.9	190.8
Selling, general and administrative expenses, exclusive of depreciation and amortization expense				
Subscriber acquisition costs	455.3	708.4	1,464.5	2,113.7
Upgrade and retention costs	210.5	293.5	651.2	774.5
General and administrative expenses	280.8	273.6	768.3	873.4
Gain on disposition of businesses, net	(60.7)	(30.1)	(117.7)	(33.1)
Depreciation and amortization expense	265.7	208.3	714.1	631.4
Total Operating Costs and Expenses	3,038.6	3,076.8	8,810.7	9,155.2
Operating Profit	628.2	156.4	1,761.7	413.8
Interest income	28.4	44.8	107.9	97.9
Interest expense	(63.2)	(64.4)	(178.5)	(179.9)
Other, net	12.4	2.3	32.2	(71.3)
Income From Continuing Operations Before Income Taxes and Minority Interests	605.8	139.1	1,723.3	260.5
Income tax expense	(228.5)	(41.7)	(645.8)	(73.6)
Minority interests in net earnings of subsidiaries	(7.1)	(2.8)	(13.4)	(3.5)
Income from continuing operations	370.2	94.6	1,064.1	183.4
Income from discontinued operations, net of taxes	-	-	-	31.3
Net Income	\$370.2	\$94.6	\$1,064.1	\$214.7
Basic and Diluted Earnings Per Common Share:				
Income from continuing operations	\$0.30	\$0.07	\$0.83	\$0.13
Income from discontinued operations, net of taxes	-	-	-	0.02
Basic and Diluted Earnings Per Common Share:	\$0.30	\$0.07	\$0.83	\$0.15
Weighted average number of common shares outstanding (in millions)				
Basic	1,220.9	1,389.1	1,274.5	1,387.6
Diluted	1,227.9	1,395.5	1,281.1	1,393.8

THE DIRECTV GROUP, INC.
CONSOLIDATED BALANCE SHEETS

(Dollars in Millions)
(Unaudited)

ASSETS	September 30, 2006	December 31, 2005
Current Assets		
Cash and cash equivalents	\$2,039.1	\$3,701.3
Short-term investments	233.0	683.2
Accounts receivable, net of allowances of \$70.9 and \$80.5	1,155.5	1,033.2
Inventories	167.6	283.1
Deferred income taxes	119.7	163.3
Prepaid expenses and other	302.0	232.3
Total Current Assets	4,016.9	6,096.4
Satellites, net	1,974.5	1,875.5
Property and Equipment, net	1,979.6	1,199.2
Goodwill	3,594.2	3,045.3
Intangible Assets, net	1,835.2	1,878.0
Deferred Income Taxes	14.2	492.4
Investments and Other Assets	790.7	1,043.4
Total Assets	\$14,205.3	\$15,630.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$2,457.1	\$2,541.8
Unearned subscriber revenue and deferred credits	420.3	276.6
Short-term borrowings and current portion of long-term debt	220.7	9.7
Total Current Liabilities	3,098.1	2,828.1
Long-Term Debt	3,397.5	3,405.3
Other Liabilities and Deferred Credits	1,437.3	1,407.6
Commitments and Contingencies		
Minority Interests	62.6	49.2
Stockholders' Equity	6,209.8	7,940.0
Total Liabilities and Stockholders' Equity	\$14,205.3	\$15,630.2

THE DIRECTV GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Millions)
(Unaudited)

	Nine Months Ended September 30,	
	2006	2005
Cash Flows From Operating Activities		
Net Income	\$ 1,064.1	\$ 214.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	714.1	631.4
Gain from disposition of businesses, net	(117.7)	(33.1)
Net (gain) loss from sale of investments	(14.3)	0.6
Gain from discontinued operations	-	(31.3)
Loss on disposal of fixed assets	18.1	0.4
Share-based compensation expense	33.0	30.9
Write-off of debt issuance costs	-	19.0
Equity in earnings from unconsolidated affiliates	(17.9)	5.6
Deferred income taxes and other	578.4	84.3
Change in other operating assets and liabilities		
Accounts receivable, net	(89.5)	14.5
Inventories	119.3	(112.6)
Prepaid expenses and other	(33.3)	(80.4)
Accounts payable and accrued liabilities	(223.2)	38.8
Unearned subscriber revenue and deferred credits	135.6	103.1
Other, net	8.0	(182.1)
Net Cash Provided by Operating Activities	2,174.7	703.8
Cash Flows From Investing Activities		
Purchase of short-term investments	(1,963.1)	(3,050.9)
Sale of short-term investments	2,412.5	2,920.5
Investment in companies, net of cash acquired	(381.6)	-
Proceeds from sale of investments	182.4	113.1
Proceeds from collection of notes receivable	141.6	-
Proceeds from sale of businesses	-	246.0
Cash paid for property and equipment	(1,116.0)	(337.3)
Cash paid for satellites	(172.8)	(278.7)
Other, net	(31.3)	(10.3)
Net Cash Used in Investing Activities	(928.3)	(397.6)
Cash Flows From Financing Activities		
Common shares repurchased and retired	(2,946.6)	-
Net decrease in short-term borrowings	(1.5)	(4.9)
Excess tax benefit from share-based compensation	1.5	-
Cash proceeds from refinancing transactions	-	3,003.3
Repayment of long-term debt	(5.0)	(2,002.4)
Repayment of other long-term obligations	(72.3)	(67.2)
Stock options exercised	115.3	34.5
Debt issuance costs	-	(4.7)
Net Cash Provided by (Used in) Financing Activities	(2,908.6)	958.6
Net increase (decrease) in cash and cash equivalents	(1,662.2)	1,264.8
Cash and cash equivalents at beginning of the period	3,701.3	2,307.4
Cash and cash equivalents at the end of the period	\$ 2,039.1	\$ 3,572.2
Supplemental Cash Flow Information		
Cash paid for interest	\$ 180.1	\$ 182.6
Cash paid for income taxes	20.2	9.7

THE DIRECTV GROUP, INC.
SELECTED SEGMENT DATA
(Dollars in Millions)
(Unaudited)

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2006	2005	2006	2005
DIRECTV U.S.				
Revenues	\$ 3,403.1	\$ 3,048.4	\$ 9,914.9	\$ 8,809.7
Operating Profit Before Depreciation and Amortization (1)	823.4	337.8	2,344.7	1,058.0
Operating Profit Before Depreciation and Amortization Margin (1)	24.2%	11.1%	23.6%	12.0%
Operating Profit	\$ 597.4	\$ 170.6	\$ 1,734.1	\$ 542.2
Operating Profit Margin	17.6%	5.6%	17.5%	6.2%
Depreciation and Amortization	\$ 226.0	\$ 167.2	\$ 610.6	\$ 515.8
Capital Expenditures (2) (3)	513.4	203.0	1,156.5	546.9
DIRECTV LATIN AMERICA				
Revenues	\$ 264.0	\$ 185.2	\$ 658.6	\$ 552.6
Operating Profit Before Depreciation and Amortization (1)	92.3	54.2	188.7	122.1
Operating Profit Before Depreciation and Amortization Margin (1)	35.0%	29.3%	28.7%	22.1%
Operating Profit (Loss)	\$ 51.7	\$ 12.0	\$ 82.4	\$ 2.5
Operating Profit Margin	19.6%	6.5%	12.5%	0.5%
Depreciation and Amortization	\$ 40.6	\$ 42.2	\$ 106.3	\$ 119.6
Capital Expenditures (2)	52.6	27.2	122.2	68.8
NETWORK SYSTEMS				
Revenues	\$ -	\$ -	\$ -	\$ 211.4
Operating Loss Before Depreciation and Amortization (1)	-	-	-	(60.8)
Operating Loss	-	-	-	(60.8)
Depreciation and Amortization	-	-	-	-
Capital Expenditures (2)	-	-	-	18.1
ELIMINATIONS and OTHER				
Revenues	\$ (0.3)	\$ (0.4)	\$ (1.1)	\$ (4.7)
Operating Loss Before Depreciation and Amortization (1)	(21.8)	(27.3)	(57.6)	(74.1)
Operating Loss	(20.9)	(26.2)	(54.8)	(70.1)
Depreciation and Amortization	(0.9)	(1.1)	(2.8)	(4.0)
Capital Expenditures (2)	-	2.6	-	32.2
TOTAL				
Revenues	\$ 3,666.8	\$ 3,233.2	\$ 10,572.4	\$ 9,569.0
Operating Profit Before Depreciation and Amortization (1)	893.9	364.7	2,475.8	1,045.2
Operating Profit Before Depreciation and Amortization Margin (1)	24.4%	11.3%	23.4%	10.9%
Operating Profit	\$ 628.2	\$ 156.4	\$ 1,761.7	\$ 413.8
Operating Profit Margin	17.1%	4.8%	16.7%	4.3%
Depreciation and Amortization	\$ 265.7	\$ 208.3	\$ 714.1	\$ 631.4
Capital Expenditures (2)	566.0	232.8	1,278.7	666.0

(1) See footnote 1 on page 6.

(2) Capital expenditures include cash paid and amounts accrued during the period for property, equipment and satellites.

(3) Beginning in March 2006, capital expenditures at DIRECTV U.S. include the cost of set-top receivers capitalized under its lease program.

DIRECTV HOLDINGS LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Millions)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
Revenues	\$ 3,403.1	\$ 3,048.4	\$ 9,914.9	\$ 8,809.7
Operating Costs and Expenses				
Costs of revenues, exclusive of depreciation and amortization expense				
Broadcast programming and other	1,416.8	1,240.7	4,062.7	3,528.0
Subscriber service expenses	285.4	240.4	777.6	680.1
Broadcast operations expenses	44.8	39.4	132.4	110.1
Selling, general and administrative expenses, exclusive of depreciation and amortization expense				
Subscriber acquisition costs	432.0	691.4	1,401.0	2,059.2
Upgrade and retention costs	208.2	291.3	645.1	766.7
General and administrative expenses	192.5	207.4	551.4	607.6
Depreciation and amortization expense	226.0	167.2	610.6	515.8
Total Operating Costs and Expenses	2,805.7	2,877.8	8,180.8	8,267.5
Operating Profit	597.4	170.6	1,734.1	542.2
Interest income	17.8	8.2	49.5	12.7
Interest expense	(53.6)	(60.6)	(163.4)	(175.3)
Other expense	(0.6)	(0.8)	(1.9)	(66.4)
Income Before Income Taxes	561.0	117.4	1,618.3	313.2
Income tax expense	(214.1)	(45.1)	(618.2)	(120.2)
Net Income	\$ 346.9	\$ 72.3	\$ 1,000.1	\$ 193.0

DIRECTV HOLDINGS LLC
CONSOLIDATED BALANCE SHEETS
(Dollars in Millions)
(Unaudited)

	September 30, 2006	December 31, 2005
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,202.9	\$ 1,164.8
Accounts receivable, net of allowances of \$65.1 and \$75.0	1,079.7	995.9
Inventories	163.2	281.4
Deferred income taxes	108.5	148.1
Prepaid expenses and other	210.7	136.9
Total Current Assets	2,765.0	2,727.1
Satellites, net	1,960.5	1,907.9
Property and Equipment, net	1,584.7	848.3
Goodwill	3,031.7	3,031.7
Intangible Assets, net	1,632.4	1,875.0
Other Assets	152.2	135.0
Total Assets	\$ 11,126.5	\$ 10,525.0
LIABILITIES AND OWNER'S EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,979.0	\$ 2,362.9
Unearned subscriber revenue and deferred credits	392.6	259.0
Current portion of long-term debt	10.4	7.8
Total Current Liabilities	2,382.0	2,629.7
Long-Term Debt	3,397.5	3,405.3
Other Liabilities and Deferred Credits	990.9	989.2
Deferred Income Taxes	330.1	204.4
Commitments and Contingencies		
Owner's Equity	4,026.0	3,296.4
Total Liabilities and Owner's Equity	\$ 11,126.5	\$ 10,525.0

DIRECTV HOLDINGS LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Millions)
(Unaudited)

	Nine Months Ended September 30,	
	2006	2005
Cash Flows From Operating Activities		
Net Income	\$ 1,000.1	\$ 193.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	610.6	515.8
Share-based compensation expense	28.4	20.8
Equity losses from unconsolidated affiliates	1.9	-
Amortization of debt issuance costs	3.7	5.1
Write-off of debt issuance costs	-	19.0
Deferred income taxes	165.3	67.1
Change in other operating assets and liabilities		
Accounts receivable, net	(82.2)	16.8
Inventories	118.2	(113.4)
Prepaid expenses and other	(73.8)	(33.1)
Other assets	(23.8)	(7.0)
Accounts payable and accrued liabilities	(376.6)	180.5
Unearned subscriber revenue and deferred credits	133.6	91.4
Other liabilities and deferred credits	54.6	(78.6)
Net Cash Provided by Operating Activities	1,560.0	877.4
Cash Flows From Investing Activities		
Cash paid for property and equipment	(329.9)	(250.2)
Cash paid for subscriber leased equipment - subscriber acquisitions	(402.9)	-
Cash paid for subscriber leased equipment - upgrade and retention	(261.0)	-
Cash paid for satellites	(172.8)	(246.7)
Other	(2.1)	(1.7)
Net Cash Used in Investing Activities	(1,168.7)	(498.6)
Cash Flows From Financing Activities		
Cash proceeds from refinancing transactions	-	3,003.3
Repayment of long-term debt	(5.0)	(2,001.8)
Repayment of borrowing from Parent	-	(875.0)
Repayment of other long-term obligations	(50.1)	(47.0)
Cash dividend to Parent	(300.0)	-
Cash contribution from Parent	-	538.3
Excess tax benefit from share-based compensation	1.9	-
Debt issuance costs	-	(4.7)
Net Cash Provided by (Used in) Financing Activities	(353.2)	613.1
Net increase in cash and cash equivalents	38.1	991.9
Cash and cash equivalents at beginning of the period	1,164.8	34.5
Cash and cash equivalents at end of the period	\$ 1,202.9	\$ 1,026.4

Supplemental Cash Flow Information

Cash paid for interest	\$ 164.9	\$ 177.7
Cash paid (refunded) for income taxes	568.0	(9.9)

Non-GAAP Financial Measure Reconciliation Schedules

(Unaudited)

The DIRECTV Group				
Reconciliation of Operating Profit Before Depreciation and Amortization to Operating Profit*				
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
	(Dollars in Millions)		(Dollars in Millions)	
Operating Profit Before Depreciation and Amortization	\$ 893.9	\$ 364.7	\$ 2,475.8	\$ 1,045.2
Subtract: Depreciation and amortization expense	265.7	208.3	714.1	631.4
Operating Profit	\$ 628.2	\$ 156.4	\$ 1,761.7	\$ 413.8

*For a reconciliation of this non-GAAP financial measure for each of our segments, please see the Notes to the Consolidated Financial Statements which will be included in The DIRECTV Group's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006. This Form 10-Q is expected to be filed with the SEC in November 2006.

The DIRECTV Group				
Reconciliation of Cash Flow before Interest and Taxes³ and Free Cash Flow² to Net Cash Provided by Operating Activities				
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
	(Dollars in Millions)		(Dollars in Millions)	
Cash Flow before Interest and Taxes	\$ 392.8	\$ 216.5	\$ 978.3	\$ 182.2
Adjustments:				
Cash paid for interest	(66.2)	(66.0)	(180.1)	(182.6)
Interest income	28.4	44.8	107.9	97.9
Income taxes paid	(35.3)	(4.7)	(20.2)	(9.7)
Subtotal - Free Cash Flow	319.7	190.6	885.9	87.8
Add Cash Paid For:				
Property and equipment	487.2	131.6	1,116.0	337.3
Satellites	67.6	51.2	172.8	278.7
Net Cash Provided by Operating Activities	\$ 874.5	\$ 373.4	\$ 2,174.7	\$ 703.8

DIRECTV Holdings LLC				
Reconciliation of Cash Flow before Interest and Taxes³ and Free Cash Flow² to Net Cash Provided by Operating Activities				
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
	(Dollars in Millions)		(Dollars in Millions)	
Cash Flow before Interest and Taxes	\$ 416.2	\$ 318.7	\$ 1,076.8	\$ 535.6
Adjustments:				
Cash paid for interest	(56.6)	(62.8)	(164.9)	(177.7)
Interest income	17.8	8.2	49.5	12.7
Income taxes (paid) refunded	(256.1)	(34.2)	(568.0)	9.9
Subtotal - Free Cash Flow	121.3	229.9	393.4	380.5
Add Cash Paid For:				
Property and equipment	110.8	101.9	329.9	250.2
Subscriber leased equipment - subscriber acquisitions	203.5	-	402.9	-
Subscriber leased equipment - upgrade and retention	121.1	-	261.0	-
Satellites	67.6	51.1	172.8	246.7
Net Cash Provided by Operating Activities	\$ 624.3	\$ 382.9	\$ 1,560.0	\$ 877.4

(2) and (3) - see footnotes on page 6 of this earnings release

DIRECTV HOLDINGS LLC

**Non-GAAP Financial Measure Reconciliation and Other Data
(Unaudited)**

DIRECTV Holdings LLC				
Reconciliation of Pre-SAC Margin to Operating Profit				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
	(Dollars in Millions)			
Operating Profit	\$ 597.4	\$ 170.6	\$ 1,734.1	\$ 542.2
Adjustments:				
Subscriber acquisition costs (expensed)	432.0	691.4	1,401.0	2,059.2
Depreciation and amortization expense	226.0	167.2	610.6	515.8
Cash paid for subscriber leased equipment - upgrade and retention	(121.1)	-	(261.0)	-
Pre-SAC margin*	<u>\$ 1,134.3</u>	<u>\$ 1,029.2</u>	<u>\$ 3,484.7</u>	<u>\$ 3,117.2</u>
Pre-SAC margin as a percentage of revenue*	33.3%	33.8%	35.1%	35.4%

SAC Calculation				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
	(Dollars in Millions, Except SAC Amounts)			
Subscriber acquisition costs (expensed)	\$ 432.0	\$ 691.4	\$ 1,401.0	\$ 2,059.2
Cash paid for subscriber leased equipment - subscriber acquisitions	203.5	-	402.9	-
Total acquisition costs	<u>\$ 635.5</u>	<u>\$ 691.4</u>	<u>\$ 1,803.9</u>	<u>\$ 2,059.2</u>
Gross subscriber additions (000's)	1,006	1,104	2,788	3,205
Average subscriber acquisition costs-per subscriber (SAC)	\$ 632	\$ 626	\$ 647	\$ 642

Other Data				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Average monthly revenue per subscriber (ARPU)	\$ 72.74	\$ 68.65	\$ 71.41	\$ 67.52
Average monthly churn %	1.80%	1.89%	1.62%	1.70%
Total number of subscribers-platform (000's)	15,678	14,933	15,678	14,933
Capital expenditures (millions)	\$ 513.4	\$ 203.0	\$ 1,156.5	\$ 546.9

* Pre-SAC Margin, which is a financial measure that is not determined in accordance with accounting principles generally accepted in the United States of America, or GAAP, is calculated for DIRECTV U.S. by adding amounts under the captions "Subscriber acquisition costs" and "Depreciation and amortization expense" to "Operating Profit" from the Consolidated Statements of Operations and subtracting "Cash paid for subscriber leased equipment - upgrade and retention" from the Consolidated Statements of Cash Flows. This financial measure should be used in conjunction with other GAAP financial measures and is not presented as an alternative measure of operating results, as determined in accordance with GAAP. The DIRECTV Group and DIRECTV U.S. management use Pre-SAC Margin to evaluate the profitability of DIRECTV U.S.' current subscriber base for the purpose of allocating resources to discretionary activities such as adding new subscribers, upgrading and retaining existing subscribers and for capital expenditures. To compensate for the exclusion of "Subscriber acquisition costs," management also uses operating profit and operating profit before depreciation and amortization expense to measure profitability.

The DIRECTV Group and DIRECTV U.S. believe this measure is useful to investors, along with other GAAP measures (such as revenues, operating profit and net income), to compare DIRECTV U.S.' operating performance to other communications, entertainment and media companies. The DIRECTV Group and DIRECTV U.S. believe that investors also use current and projected Pre-SAC Margin to determine the ability of DIRECTV U.S.' current and projected subscriber base to fund discretionary spending and to determine the financial returns for subscriber additions.