MPEG-4 is a method of signal compression utilized in select markets around the country. MPEG-4 is an advanced television transmission standard. DIRECTV uses MPEG-4 to deliver local network stations in select markets around the country. Although the customer experience is the same as non-MPEG-4 markets, dealers in these markets need to be aware of the hardware requirements.

**HD EQUIPMENT AND MPEG-4:**
- DIRECTV HD Receivers and HD DVRs are equipped to receive and decode MPEG-4 signals. Standard Receivers and DVRs are not able to receive and decode these signals.

**INSTALLATION REQUIREMENTS FOR MPEG-4 MARKETS:**
- All installations must consist of HD Receivers and HD DVRs in MPEG-4 markets, even if the customer chooses not to activate HD Access.

**COMPENSATION:**
- DIRECTV knows if the customer is in an MPEG-4 market and dealers will be provided the applicable hardware reimbursement/subsidy.
- If the customer activates HD Access, the dealer will receive the HD Receiver Subsidy payment in place of the Hardware Reimbursement.
- Commissionable service required for Hardware Reimbursement and HD Receiver Subsidy. SonicTap Audio Only is not a commissionable service.

**NATIONAL OFFERS:**
- Customers in MPEG-4 markets are still eligible for free receiver promotions

### MPEG-4 COMPENSATION GRID

<table>
<thead>
<tr>
<th>CUSTOMER WANTS</th>
<th>ENTER INTO ORDER ENTRY</th>
<th>INSTALL</th>
<th>REQUIRED ON ACCOUNT</th>
<th>COMPENSATION TYPE</th>
<th>RATE**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Receiver</td>
<td>Standard Receiver</td>
<td>HD Receiver</td>
<td>N/A</td>
<td>SD HW REIMB</td>
<td>$99 (up to 6) Dealer nets $0</td>
</tr>
<tr>
<td>DVR</td>
<td>DVR</td>
<td>HD DVR</td>
<td>DVR Service</td>
<td>SD HW REIMB</td>
<td>$99 (up to 6) Dealer nets $0</td>
</tr>
<tr>
<td>HD Receiver</td>
<td>HD Receiver</td>
<td>HD Receiver</td>
<td>HD Access</td>
<td>HD RCVR SUBSIDY*</td>
<td>$120 (up to 10)</td>
</tr>
<tr>
<td>HD DVR</td>
<td>HD DVR</td>
<td>HD DVR</td>
<td>HD Access DVR Service</td>
<td>HD RCVR SUBSIDY*</td>
<td>$120 (up to 10)</td>
</tr>
</tbody>
</table>

*24-month programming agreement required. **Assuming customer’s installation address falls within MPEG-4 market. Commissionable service required for Hardware Reimbursement and HD Receiver Subsidy. SonicTap Audio Only is not a commissionable service.

### QUESTIONS/ANSWERS

- Why MPEG-4 in my market?
  - To utilize our bandwidth capacity in the most efficient way possible. MPEG-2 compression, used by most markets in the country, takes more bandwidth to broadcast signals. In order to have enough bandwidth to launch all desired local networks, MPEG-4 is used for new markets launching local network channels.

- Why don't all markets use MPEG-4?
  - DIRECTV uses MPEG-4 technology for all of our HD broadcasts. In select markets, standard-definition locals are also broadcast in MPEG-4. However, since standard-definition locals are broadcast in MPEG-2 in most markets, there is no need to upgrade all existing customers in those markets to MPEG-4.

- How do I know if customer is in a MPEG-4 market?
  - After submitting the customer information in order entry, the system will alert you if the customer’s installation address is in a MPEG-4 market.

- What do I tell the customers?
  - Most customer’s will not need to be alerted. A big advantage is if they are currently a Standard-Definition customer and upgrade to HD in the future, no truck roll or hardware replacement is required.