

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of	)	IBFS File Nos.:
)	
Liberty Media Corporation, Transferor	)	SAT-T/C-20090521-00054
	)	SAT-AMD-20090803-00080
	)	SAT-T/C-20090521-00055
DIRECTV, Transferee	)	SAT-AMD-20090803-00079
	)	SES-T/C-20090605-00809
	)	SES-AMD-20090803-000956
	)	SES-T/C-20090605-00810
	)	SES-AMD-20090803-00955
	)	SES-T/C-20090605-00811
	)	SES-AMD-20090803-00954
	)	SES-T/C-20090605-00812
	)	SES-AMD-20090803-00953
	)	SES-T/C-20090605-00813
	)	SES-AMD-20090803-00952
	)	SES-T/C-20090605-00814
	)	SES-AMD-20090803-00951
	)	SES-T/C-20090605-00815
	)	SES-AMD-20090803-00950
)	
	)	WTB File Nos.:
)	
	)	0003846311
Applications for Authority to Transfer Control of	)	0003846313
Satellite Earth Station and Space Station Licenses,	)	0003846315
and Wireless Authorizations	)	0003846350

ORDER

Adopted: October 1, 2009

Released: October 1, 2009

By the Acting Chief, International Bureau; Chief, Wireless Telecommunications Bureau:

1. On May 21, 2009, DIRECTV¹ filed the above-captioned applications to transfer control to DIRECTV of the satellite earth station, satellite space station and wireless licenses held by various subsidiaries of Liberty Media Corporation (“Liberty Media”). DIRECTV proposes a two-stage transaction. First, pursuant to authority already granted by the Commission,² Liberty Media will transfer control of its subsidiary, The DIRECTV Group, Inc. (“DTVG”), which holds the subject licenses through its own subsidiaries,³ to a newly created subsidiary of Liberty Media – Liberty Entertainment, Inc.

¹ DIRECTV, a Delaware corporation, is a newly formed holding company.

² *Liberty Media Corporation, Transferor, and Liberty Entertainment Inc., Transferee*, Order, 24 FCC Rcd 4110, 4110-11, ¶ 2 (Int’l. Bur., 2009) (“*LEI Split-Off Approval Order*”).

³ DIRECTV Enterprises, LLC; California Broadcast Center, LLC; Game Show Network, LLC; DIRECTV INC; DIRECTV, Inc.; and LABC Productions, LLC.

(“LEI”). LEI will then be spun-off to certain Liberty Media shareholders.⁴ Second, LEI will merge into and become a wholly-owned subsidiary of DIRECTV.⁵ At the end of the restructuring, LEI and DTVG will be separate subsidiaries of DIRECTV and, as described in further detail below, the current DTVG shareholders and the LEI shareholders will hold DIRECTV stock instead. In this *Order*, we find that the proposed transaction, as conditioned, serves the public interest, convenience and necessity. Accordingly, we approve these Applications subject to the terms and conditions set forth in the Commission’s order approving Liberty Media’s acquisition of a *de facto* controlling interest in DTVG and its subsidiaries.⁶

2. Currently, Liberty Media holds an approximate 54 percent equity interest and 47.9 percent voting interest in DTVG.⁷ As a result of this transaction, John C. Malone (“Malone”), the current Chairman of Liberty Media’s Board of Directors and the expected Chairman of LEI’s Board of Directors, and the shareholders of LEI⁸ will collectively own approximately 53 percent of the equity and hold 63.5 percent of the voting rights in DIRECTV, while the shareholders of DTVG will own approximately 47 percent of the equity and hold 36.5 percent of the voting rights in DIRECTV.⁹

⁴ See *LEI Split-Off Approval Order*, 24 FCC Rcd 4110-11, ¶ 2.

⁵ The parties have notified the Commission that the split-off of LEI as a separate public company, as approved in the *LEI Split-Off Approval Order*, may be completed prior to or as part of the instant transaction, which would result in the control of the licenses at issue transferring either from LEI to DIRECTV or from Liberty Media to DIRECTV. See Amendment to Application by Letter from William M. Wiltshire, Counsel for DIRECTV, and Robert L. Hoegle, Counsel for Liberty Media Corporation, to Marlene H. Dortch, Secretary, FCC, Aug. 3, 2009. So long as the parties follow our applicable rules and comply with their commitments to notify the Commission regarding how this transaction occurs, the transferor of licenses and authorizations may be either Liberty Media or LEI, though consistent with the original application, we refer in the text of this *Order* to a transfer from Liberty Media.

Moreover, we note that while this transaction was pending, Liberty Media applied for, and the Bureaus granted, several applications for internal intermediate corporate restructuring of certain assets holding Commission licenses and authorizations. See *Application for Satellite Space and Earth Station Authorizations for Transfer of Control or Assignment*, Shareholders of Greenlady Corp, Transferor, to Liberty NC, Transferee, Application Nos. SAT-T/C-20090727-00076, SAT-T/C-20090727-00077, SES-T/C-20090803-00958, SES-T/C-20090803-00959, SES-T/C-20090803-00960, SES-T/C-20090803-00961, SES-T/C-20090803-00962, SES-T/C-20090803-00963 and Wireless Telecommunications Bureau *Applications for Consent to Transfer of Control*, Shareholders of Greenlady Corp, Transferor, to Liberty NC, LLC, Transferee, File Nos. 0003906425, 0003906426, 0003906429, 0003906476. We approve the instant transaction recognizing this change in corporate structure.

⁶ *News Corp. and DIRECTV Group, Inc., Transferors, and Liberty Media Corp., Transferee, for Authority to Transfer Control*, MB Docket 07-18, Memorandum Opinion and Order, 23 FCC Rcd 3265, 3340-49, App. B (2008) (“*Liberty Media-DIRECTV Order*”).

⁷ IBFS Applications, Exh. B at 6.

⁸ IBFS Applications, Exh. B at 2-3. After consummation of the transaction described in the *LEI Split-Off Approval Order*, LEI stockholders will hold their interest in The DIRECTV Group, Inc. through their holding of stock in LEI. *Id.* at 7. After the instant transaction, LEI stockholders will hold an interest in DIRECTV, which will be the sole shareholder of The DIRECTV Group, Inc. and LEI. *Id.* at 8.

⁹ *Id.* at 4, 8. John C. Malone, along with his wife and associated trusts, will control 2.5% of the equity and 24% of the vote in DIRECTV, while other LEI shareholders will control 50.4% of the DIRECTV equity and 39.5% of the vote. *Id.* at 2, 8. In the merger of DTVG into a wholly-owned subsidiary of DIRECTV, DTVG shareholders will receive one share of DIRECTV Class A common stock for each share of DTVG common stock held. In the merger of LEI into a wholly-owned subsidiary of DIRECTV, the holders of LEI Series A and Series B common stock (other than John Malone, his wife and associated trusts) will receive 1.1111 shares of DIRECTV Class A common stock for each share of LEI Series A or Series B common stock held (as adjusted pursuant to the merger agreement). John C. Malone, his wife and associated trusts will receive 1.1111 shares of DIRECTV Class B common stock for each share of LEI Series B common stock held (as adjusted pursuant to the merger agreement). *Id.* at 2, as amended. See also The DIRECTV Group, Inc., *DIRECTV Group and Liberty Media Corporation Announce Combination*, May 4, (continued....)

3. By their own terms, all of the *Liberty Media-DIRECTV Order* conditions will continue to apply to DIRECTV (including its subsidiary DTVG and all relevant programming assets) following the transaction.¹⁰ First, the *Liberty Media-DIRECTV Order* expressly provides that many conditions apply to DTVG and its subsidiaries. Second, the *Liberty Media-DIRECTV Order* makes clear that the conditions apply to “Liberty Media,” which is defined to include any entity or program rights holder in which Malone holds an attributable interest.¹¹ The Applications state that Malone will hold approximately 24% of the voting power in DIRECTV.¹² As a result, Malone will continue to hold an attributable interest in DIRECTV, DTVG, LEI, and the programming assets that are the subject of these conditions.¹³ Therefore all of the conditions adopted in the *Liberty Media-DIRECTV Order* will apply to DIRECTV after this transaction is consummated.¹⁴

4. We agree that the grant of the Applications is in the public interest. As explained by DIRECTV, by further simplifying the company’s ownership and capital structure, the transaction will result in greater strategic, financial, and operational flexibility for DIRECTV, enhancing competition among distributors in the multi-channel video programming marketplace, to the ultimate benefit of consumers.¹⁵ Moreover, because the *Liberty-DIRECTV Order* conditions will continue to apply, we discern no public interest harms arising from this transaction.

5. Accordingly, IT IS ORDERED, that, pursuant to sections 1, 4(i), 4(j), 303(r), 309, and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 154(j), 303(r), 309, 310(d), this *Order* IS ADOPTED, and that the above-captioned Applications for Authority to Transfer Control of The DIRECTV Group, Inc., its subsidiaries and the Satellite Earth Station, Satellite Space Station and wireless licenses held by these entities, from Liberty Media Corporation to DIRECTV, as amended, ARE GRANTED, subject, as noted herein, to all of the terms and conditions specified in *News Corp. and DIRECTV Group, Inc., Transferors, and Liberty Media Corp., Transferee, for Authority to Transfer Control*, MB Docket 07-18, Memorandum Opinion and Order, 23 FCC Rcd 3265 (2008).

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2009 (press release), available at <http://investor.directv.com/releasedetail.cfm?ReleaseID=381363> and The DIRECTV Group Inc., SEC Form 8-K (May 4, 2009) (containing the merger agreement).

¹⁰ *Liberty Media-DIRECTV Order*, 23 FCC Rcd at 3340-49, App. B. The conditions consist of 1) a Condition to Remedy Overlapping MVPD Service in Puerto Rico; 2) a Program Carriage Condition to Prevent Discrimination Against All Forms of Unaffiliated Video Programming; 3) Program Access Conditions to Ensure Non-Discriminatory Access to All Satellite Cable Programming; 4) Conditions Concerning Access to Local Broadcast Television Station Signals; and 5) Additional Conditions Concerning Access to Regional Sports Networks. *Id.*

¹¹ *Id.* at 3340, App. B, n.3.

¹² IBFS Applications, Exh. B at 2.

¹³ IBFS Applications, Exh. B at 4; *Liberty Media-DIRECTV Order*, 23 FCC Rcd at 3340-49, App. B.

¹⁴ Further, the IBFS Applications state that the parties do not seek relief from any of the conditions adopted by the Commission in the *Liberty Media-DIRECTV Order*. IBFS Applications, Exh. B at 5.

¹⁵ *Id.* at 4.

6. This action is taken pursuant to authority delegated under Sections 0.204, 0.261, and 0.331, of the Commission's Rules, 47 C.F.R. §§ 0.204, 0.261, and 0.331.

FEDERAL COMMUNICATIONS COMMISSION

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