




MEMORANDUM

CONFIDENTIAL

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TO: DBS Members and Affiliates
FROM: Steven T. Berman, General Counsel 
DATE: March 18, 1998
RE: DBS Board Policies

Please find enclosed for your records a complete set of current DBS Board policies. These policies should be kept with your Marketing Agreement for safekeeping and easy reference.

As most of you realize, the DBS business has undergone much change since its inception less than four years ago. While the goals and the mission of NRTC have not changed, the DBS business continues to change drastically. In general, DBS Board policies are adopted from time to time to clarify NRTC's and our DBS participants' respective roles in this ever-changing and dynamic business environment. It is in that spirit that the NRTC Board recently approved two new DBS Board policies – DBS Policy No. 9 entitled “Marketing Agreement – Qualification Requirements and Termination for Non-Compliance” and DBS Policy No. 10 entitled “Conflicts of Interest – Avoidance As Condition For Continued Member/Associate Status”.

A brief description of the two new DBS Board policies is provided below:

DBS Policy No. 9 has three basic points. First, it memorializes the requirement that only NRTC Members and Associates (affiliates) can hold an interest in a Marketing Agreement. Although this requirement has always been implicit, this policy makes it explicit. Second, DBS Policy No. 9 addresses what may happen when a Member or Associate terminates its affiliation with NRTC. Third, DBS Policy No. 9 addresses the use of subscriber information for the benefit of both the DBS participants and NRTC. In the past, NRTC has traditionally used subscriber information in various contexts, most obviously for billing fulfillment, payment processing and territorial integrity. Additionally, NRTC and our DBS participants have, both individually and jointly, used subscriber information to conduct grass-roots lobbying campaigns and provide marketing updates to subscribers. The Marketing Agreement currently recognizes that a DBS participant has “a substantial proprietary interest” in subscriber information. It does not state, however, that a DBS participant has an “exclusive” proprietary interest in such subscriber information. In order to clarify the rights of both parties, NRTC adopted this policy. Please note that DBS Policy No. 9 specifically requires that neither party (NRTC or DBS participant) use subscriber information in conflict with the other party's rights or obligations under the Marketing Agreement.

DBS Policy No. 10 memorializes the concept that no competitor of NRTC (e.g., PrimeStar, EchoStar) or current provider or supplier of DBS services (i.e., DIRECTV) can become a DBS participant under the Marketing Agreement.

EXHIBIT

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CSATT 0155

THE NATIONAL RURAL TELECOMMUNICATIONS COOPERATIVE

EXHIBIT

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NATIONAL RURAL TELECOMMUNICATIONS COOPERATIVE

Board of Directors DBS Policies

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Revised: 03/13/98

CSATT 0156

**NATIONAL RURAL TELECOMMUNICATIONS COOPERATIVE
HERNDON, VA**

DBS BOARD POLICY NO. 1

SUBJECT: DBS Service Policy

I PURPOSE

To set forth requirements for DBS participation, method of application for and purchase of Committed Member Residences.

II POLICY

A. Membership Requirements for DBS Participation

1. Members

Members in the following classes are eligible to participate in NRTC's DBS program:

Class A: A Class A member shall be both the National Rural Utilities Cooperative Finance Corporation, the National Rural Electric Cooperative Association, and an organization which qualifies for membership in both NRUCFC and NRECA.

Class B: A Class B member shall be the National Telephone Cooperative Association and a not-for-profit cooperative telephone or mutual aid organization which qualifies for membership in NTCA.

Class C: A Class C member shall be a locally owned and operated independent telephone company which qualifies for membership in the National Telephone Cooperative Association.

2. Affiliates

An associated organization not eligible for membership in NRTC may be able to participate in NRTC's DBS program as an affiliated organization ("Affiliate").

Affiliated Organizations

Those organizations which have been determined by NRTC's Board of Directors to be important and useful to NRTC, its members or NRTC areas of involvement.

3. Membership Fees and Dues

Class A & B Members*	\$1000 membership fee 500 annual dues for five years
Class C Members*	\$500 membership fee \$250 annual dues for five years
Affiliates	Non-refundable ten year annual dues paid in advance in the amount of \$5000 based on annual dues of \$500/yr.

*For current NRTC members which joined before 1991 and wish to participate in the DBS program, NRTC requires a five-year dues extension of \$500/year for Class A and Class B Members and \$250/year for Class C Members.

B. DBS Territories

1. DBS Territories defined as Committed Member Residences

Committed Member Residences are defined as those territories specific which an NRTC Member or Affiliate applies for and or purchases the exclusive right to serve. The purchase options available for Committed Member Residences are generally described below. "RSAs" means Rural Service Areas as defined by counties. "MSAs" means Metropolitan Statistical Areas as defined by counties. NRTC will provide information to advise which RSA counties or zip codes within MSA counties are available for purchase.

2. RSAs

a. RSA County Option -

- Member or Affiliate applying under the RSA County Option will purchase the right to distribute DBS services to all residences (now

or hereafter existing) within the particular RSA county, subject to any programming distribution restrictions.

b. RSA Non-Cabled County Option -

- Member or Affiliate applying under the RSA Non-Cabled County option will purchase the right to distribute DBS services to all residences (now or hereafter existing) within the RSA County which do not have cable television service available.

3. MSAs

a. MSA Zip Code areas in which a member may apply for and be approved by NRTC to serve shall only include those MSA Zip Codes in which electric or telephone utility service is currently provided by a Member or potential member of NRTC.

b. MSA Non-Cabled Zip Code Option -

- Member or Affiliate applying under the MSA Non-Cabled Zip Code Option will purchase the right to distribute DBS services to all non-cabled residences (now or hereafter existing) within an MSA Zip Code area.

C. DBS Application and Approval Process

1. Required DBS Application Documents and Information to be submitted to NRTC as follows:

a. An executed DBS Agreement (Two Originals) and other required documents.

b. Under MSA Non Cabled Zip Code Option, the Member must demonstrate upon request by NRTC that electric and/or telephone utility service is currently provided by a Member or potential Member of NRTC in the specific Zip Code.

2. NRTC approval of Committed Member Residences and acceptance of DBS Agreement and required payments.

- a. If Member or Affiliate's application documents are complete and the DBS Agreement is accepted by NRTC, NRTC will approve the requested Committed Member Residences.
- b. If NRTC approves the Committed Member Residences requested by Member or Affiliate, NRTC will notify Member or Affiliate of the calculation of the total required Committed Member payment and total required DBS Development and Marketing fee payment that will be due and payable ("Total Required Payment"). The NRTC Development and Marketing Fee Rate Schedule is attached.
- c. The Total Required Payment must be received by NRTC within ten (10) business days of notification. If the total required payment is not received within ten (10) business days of the approval notification, NRTC may return the application documents and accept other applications for Member or Affiliate's Committed Member Residences and NRTC will have no further obligation to such Member with regard to the returned application.
- d. NRTC Marketing and Development Fees paid by Committed Members shall be held in escrow for the benefit of the committed members and shall be used by NRTC to pay expenses related solely to the development, marketing and investment in the DBS Business and CFC support services. If the DBS business is not able to be provided to the Committed Members, any marketing and development fees remaining in escrow shall be returned to the committed members on a pro-rata basis.

3. Execution of DBS Agreement

Upon receipt of the Total Required Payment from Member or Affiliate, NRTC shall execute the DBS Agreement and provide Member or Affiliate an original execution copy. No DBS Agreement or grant of rights will be considered final or binding on NRTC until execution of the DBS Agreement by NRTC.

D. Minimum Purchase Requirement

NRTC Members and Affiliates must commit to purchase a minimum number of Committed Member Residences under one of the following options:

a. RSA County Option

- Must commit to pay for at least one RSA County.

b. RSA Non-Cabled County Option

- Must commit to pay for all Non-cabled Residences within at least one RSA County.

c. MSA Non-Cabled Zip Code Option

- Must commit to pay for all non-cabled residences within at least one MSA zip code area.

E. Application Periods

1. Initial Offering--Charter Member Enrollment Period

Time period: June 1-September 1, 1992

Eligible:

- a. Members extending dues in NRTC
- b. Eligible non-members submitting before September 2, 1992, completed membership forms with fees and dues acceptable to NRTC before or with a DBS Application.

Acceptance Terms:

DBS Agreements will be accepted on a first come, first served basis.

2. Post-Charter Member Enrollment Period

Time period:

From September 2, 1992 and thereafter until changed by the NRTC Board of Directors.

Eligible:

- a. Members extending dues in NRTC.

- b. Eligible non-members submitting completed membership forms with fees and dues acceptable to NRTC before or with a DBS application.
- c. Beginning October 1, 1992, Affiliates who pay ten (10) years Affiliate Organization annual fees in advance and whose DBS Application is accepted and approved by NRTC to participate in DBS.

Acceptance Terms:

- a. NRTC shall accept contracts for available Committed Member Residences on September 2, 1992 and thereafter without preference to Charter Member status.
- b. DBS Agreements will be accepted on a first come, first served basis.

3. Availability of DBS Application Documents

- a. No earlier than June 1, 1992, NRTC will provide DBS Application Documents including DBS Agreements and territory information to Members or Affiliates making a request on an "NRTC Contract Request" Form.
- b. Requests for DBS Application Documents will be processed on a first come, first served basis.

4. NRTC receipt and processing of DBS Applications

- a. All submitted DBS Applications will be processed in application groups with such application groups defined as all valid applications received by NRTC during normal business hours between Monday and Friday of each calendar week.
- b. If competing applications are submitted for the same Committed Member Residences within the same application group, NRTC will grant Committed Member Residences to one Applicant according to the following order of preference: (1) to the Applicant which provides electric or telephone utility service to the greatest number of Committed Member Residences applied for under a County or Zip Code Option; (2) to the Applicant which applies under a County or Zip Code Option with the earliest date of membership approval; and 3) to the Applicant selected through random drawing.

- c. In the event a Member or Affiliate is not approved for all Committed Member Residences requested, such Member or Affiliate shall be approved for those remaining available residences.

5. Additional Territory Purchasing

All Members and Affiliates have been offered the opportunity to purchase cabled households in the territory where they previously purchased non-cabled households. The option is available through March 31, 1994.

Additional Members and Affiliates upon DIRECTV's approval will be permitted to purchase their remaining cabled households and cabled households of other Members and/or Affiliates which purchase their non-cabled households only:

Acceptance Terms:

- a. The Member and/or Affiliate must have purchased the cabled and non-cabled households in their territory.
 - b. NRTC and DIRECTV must approve the purchase.
 - c. Requests will be processed on a first come, first serve basis.
- F. NRTC reserves the right to refuse participation in the DBS program to any Member, Affiliate or other person or entity in its sole discretion.
- G. The Chief Executive Officer of NRTC has been delegated the authority to implement this policy and to approve any waivers or variances and to resolve any conflicts associated with its implementation.

III. This policy supersedes and cancels all policies in conflict herewith.

Date Adopted: April 1, 1992
(Page 3 of Minutes)


Secretary of the Board

CSATT 0163

Date Revised: May 29, 1992
Date Revised: August 3, 1992
Date Revised: Dec. 10, 1992
Date Revised: March 8, 1994
Renumbered August 2, 1994

NATIONAL RURAL TELECOMMUNICATIONS COOPERATIVE

DBS BOARD POLICY NO. 4

SUBJECT: Use of DIRECTV™ and DSS™ and Other Trademarks by DBS Committed Members

I. Purpose

To set forth a policy which explains the rights and obligations of NRTC DBS members and affiliates ("Members") under the NRTC/DIRECTV Trademark License Agreement (the "Trademark Agreement") and any other agreements that NRTC may execute from time to time which allow the use of trademarks.

II. Policy

A. Pursuant to the DBS Distribution Agreement between NRTC and DIRECTV dated as of April 10, 1992, DIRECTV granted to NRTC a license to use the DIRECTV™ and DSS™ trademarks which are the property of GM Hughes Electronics/DIRECTV."

B. NRTC and its Members have been granted the right to use the DIRECTV and DSS trademarks under the Trademark Agreement.

C. Pursuant to the Trademark Agreement, NRTC and its Members are bound by the same terms, conditions, restrictions, limitations, obligations and provisions of the Trademark Agreement. A copy of the Trademark Agreement is attached hereto as Attachment A for reference.

D. It is NRTC's responsibility pursuant to the Trademark Agreement to strictly monitor and control the use of any trademark used by a Member under pre-established guidelines set forth in the Trademark Agreement.

E. In general, each Member must abide by the following trademark usage guidelines:

1. Each distinct usage of the trademarks DIRECTV and DSS shall be submitted to NRTC for review at least twenty-one (21) days prior to any reproduction of such trademark. To the extent reasonably possible, NRTC shall approve or disapprove in writing the use of the trademark within three (3) business days of receipt of the request.

2. A Member shall not modify or depart from the form of a trademark in any use of such trademark.

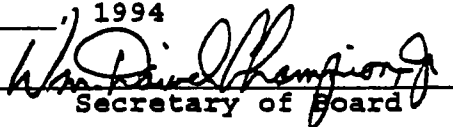
3. A Member shall maintain a separate and complete file of its usage of the DIRECTV and DSS trademarks which shall be available for review by NRTC and DIRECTV.

4. A Member shall follow the trademark usage guidelines as they appear in the Trademark Agreement and attachments thereto.

F. NRTC may execute from time to time other agreements which allow NRTC and its Members to use specific trademarks (i.e. VISA, Mastercard, American Express, etc.). NRTC shall provide Members the terms of such other agreements to ensure that all Members have full knowledge of their respective trademark usage obligations.

III. This policy supersedes and cancels all policies in conflict herewith.

Date Adopted: August 2, 1994


Secretary of Board