

DIRECTV GROUP INC
Form 11-K
May 27, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549-1004

FORM 11-K

ý ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended November 30, 2007

OR

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-31945

DIRECTV THRIFT & SAVINGS PLAN

The DIRECTV Group, Inc.
2250 East Imperial Highway
El Segundo, California 90245
(Name of issuer of the securities held pursuant to
the plans and the address of its
principal executive offices)

Registrant's telephone number, including area code (310) 964-5000

Notices and communications from the Securities and Exchange Commission relative to this report should be
forwarded to:

Patrick T. Dolye
Senior Vice President and
Chief Financial Officer
2250 East Imperial Highway
El Segundo, California 90245

FINANCIAL STATEMENTS AND EXHIBIT

(a) FINANCIAL STATEMENTS

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Form 5500, Schedule H, Part IV, Line 4i–Schedule of Assets (Held at End of Year) as
of November 30, 2007 12

Certain schedules required by the Department of Labor’s Rules and Regulations for
Reporting and Disclosure under the Employee Retirement Income Security Act of
1974 are omitted because of the absence of conditions under which they are required
or as they are filed by the Trustee of the Master Trust in which the Plan participates.

(b) EXHIBIT

Exhibit 23 - Consent of Independent Registered Public Accounting Firm

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the DIRECTV Thrift & Savings Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

DIRECTV Thrift & Savings Plan
(Name of Plan)

Date: May 27, 2008

By: /s/ Paul A. James
Paul A. James
Senior Vice President, Human Resources
and Administration

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of the DIRECTV Thrift & Savings Plan

Los Angeles, California:

We have audited the accompanying statements of net assets available for benefits of the DIRECTV Thrift & Savings Plan (the "Plan") as of November 30, 2007 and 2006, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of November 30, 2007 and 2006, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of November 30, 2007, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2007 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

Los Angeles, California

May 27, 2008

DIRECTV THRIFT & SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	AS OF NOVEMBER 30,	
	2007	2006
	(Dollars in Thousands)	
INVESTMENT IN MASTER TRUST (Notes 2 and 6)	\$ 2,064,995	\$ 2,058,597
CONTRIBUTIONS RECEIVABLE:		
Employee	319	-
Employer	150	-
Total contributions receivable	469	-
NET ASSETS AVAILABLE FOR BENEFITS	\$ 2,065,464	\$ 2,058,597

See the Notes to Financial Statements.

DIRECTV THRIFT & SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEARS ENDED NOVEMBER 30,

2007 2006

(Dollars in Thousands)

INVESTMENT ACTIVITIES:

Net investment income from Master Trust (Notes 2 and 6)	\$	195,833	\$	304,612
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OTHER ACTIVITIES:

Employee contributions		20,670		17,999
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Employer contributions		8,180		6,472
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Benefit payments		(217,779)		(263,285)
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Plan transfers		(37)		1,115
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Net decrease from other activities		(188,966)		(237,699)
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INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		6,867		66,913
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NET ASSETS AVAILABLE FOR BENEFITS AT:

BEGINNING OF YEAR		2,058,597		1,991,684
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END OF THE YEAR	\$	2,065,464	\$	2,058,597
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See the Notes to Financial Statements.

DIRECTV THRIFT & SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1. PLAN DESCRIPTION AND RELATED INFORMATION

Description of the Plan – The DIRECTV Thrift & Savings Plan (the “Plan”) is a defined contribution plan of The DIRECTV Group, Inc. (the “Company”). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

The description of the Plan in the following notes provides only general information. Participants should refer to the Plan document for a more complete description of the Plan provisions.

On April 22, 2005, the Company contributed the assets of Hughes Network Systems, Inc. (“HNS”) into a newly formed subsidiary called Hughes Network Systems LLC (“HNS LLC”) and sold 50% of its interest in HNS LLC. The employees of HNS who became employees of HNS LLC and who participate in the Plan either were laid off or retired and under the provisions of the Plan were deemed fully vested in the Company matching contributions. In January 2006, The DIRECTV Group completed the sale of the remaining 50% interest in HNS.

Effective January 1, 2006, employees of DIRECTV Latin America, LLC (“DTVLA”) who transferred to the DIRECTV payroll and who did not remain on the DTVLA payroll were eligible to participate in the DIRECTV Thrift & Savings Plan.

Plan Administration - The Plan is administered by an Administrative Committee whose members are appointed by the Company. The trustee of the Plan is State Street Bank and Trust (“State Street”). Additional Plan information is provided to the participants by the Company in the form of a Summary Plan Description. The Plan expenses are paid by the Plan participants, as provided by the Plan document.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements of the Plan have been prepared in accordance with accounting principles generally accepted in the United States of America.

Recent Accounting Pronouncements - In September 2006, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 157, “Fair Value Measurements.” SFAS No. 157 defines fair value, sets out a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements of assets and liabilities. SFAS No. 157 applies under other accounting pronouncements previously issued by the FASB that require or permit fair value measurements. We do not expect the adoption of SFAS No. 157 on December 1, 2007 to have any effect on our consolidated results of operations or financial position.

Effective December 1, 2006, the Plan adopted FASB Position AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined Contribution Health and Welfare and Pension Plans (the “FSP”). Under the FSP, investment contracts held by a defined contribution plan are required to be reported at fair value with an additional line item showing an adjustment of fully benefit-responsive contracts from fair value to contract value. The adoption of the FSP did not have a material effect on the Plan’s financial statements and did not impact the amount of net assets available for benefits.

Investment Valuation and Income Recognition - The Plan, along with the DIRECTV Savings Plus Plan, participate in the Hughes Electronics Corporation Savings Plan Master Trust (the "Master Trust") which was renamed The DIRECTV Group, Inc. Master Trust effective December 31, 2006. See Note 6, for further discussion of the Master Trust. The Plan's investments in the Master Trust are presented at fair value, which has been determined based on the fair value of the underlying investments of the Master Trust. If available, quoted market prices are used to value the underlying investments of the Master Trust. In instances where quoted market prices are not available, the fair value of investments is estimated primarily by independent investment brokerage firms, the trustee and insurance companies. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates.

Financial Instruments and Investments - The Plan invests in the Master Trust which utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that significant changes in the values of investment securities could occur in the near term and that such changes could have a material adverse effect on the Plan's financial statements.

Income Taxes - The Plan obtained its latest determination letter in 2003 in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the "Code"). The Plan has been amended since receiving the determination letters, however, the Company believes that the Plan currently is designed and being operated in compliance with the applicable requirements of the Code and is, therefore, not subject to federal income taxes under present income tax laws. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements. Contributions made by participants on a "pre-tax" basis, the Company's matching contributions, and the earnings thereon are not subject to federal income taxes to the participants until distributed from the Plan.

NOTE 3. PLAN PARTICIPATION

All employees of the Company and its domestic subsidiaries that have adopted the Plan are eligible to participate in the Plan as soon as administratively feasible following one hour of service. Subject to certain limitations, the Plan provides that eligible non-highly compensated participants may contribute from 1 percent to 20 percent (in whole percentages) of their compensation to the Plan and eligible highly compensated participants may contribute from 1 percent to 12 percent (in whole percentages) of their compensation to the Plan. The participants may direct these contributions to any of the investment funds included in the Master Trust described in Note 6.

The Company contributes to the DIRECTV Common Stock Fund an amount equal to 100 percent of the individual employee's contribution to the Plan up to 4 percent of the employee's compensation. Effective January 1, 2007, the Plan was amended to provide that the Company match on participants' contributions will be invested according to the investment instructions each participant makes for their contributions to the Plan.

Individual accounts are maintained for each participant. Each participant's account is maintained to reflect: credits for contributions into the Plan; credits for the Company's applicable matching contributions; charges for loans taken and credits for repayments to those loans; charges for any partial withdrawals from the Plan; an allocation of earnings or losses from applicable Fund performance, and a periodic charge for the Plan's administrative expenses.

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contributions is based on years of service. Participants become fully vested after three years of service. Forfeited Company contributions, if any, are used to reduce future Company contributions to the Plan.

The Plan provides that if a participant separates from service from the Company as a result of retirement, the participant may elect to receive their vested interest in their account balance in either a lump sum or installments. If the participant separates as a result of death or disability, their vested interest in their account balance will be paid in a lump sum payment.

At November 30, 2007 and 2006, the Plan assets include forfeited Company contributions that totaled \$416,822 and \$724,239, respectively. These amounts will be used to reduce future employer contributions. During the years ended November 30, 2007 and 2006, the forfeitures used to reduce employer contributions were \$408,900 and \$731,085, respectively.

Although it has not expressed any intention to do so, the Company reserves the right to terminate the Plan at any time subject to the provisions set forth in ERISA. Upon such termination, the participants' rights to the Company's

contributions vest immediately, and the account balances are to be fully paid to the participants.

NOTE 4. PARTICIPANT LOANS

The Plan allows participants to borrow from their vested account balances, subject to certain limitations. The loans, secured by the balance in the participant's account, bear interest at the rate of 1 percent over the Prime Rate as published in the Eastern edition of The Wall Street Journal (which rate is fixed at the inception of the loan), and maturities generally may not exceed four years. The loans mature between 2007 and 2011 at interest rates ranging from 5% to 9.25%.

The loans are deducted from the participants' vested account balances using a source hierarchy. The funds are withdrawn from sources in the following order: after-tax employee contributions, pre-tax employee contributions, rollover contributions, and vested company match. The funds are withdrawn pro-rata from the respective investment funds available from each source. Principal and interest payments are paid ratably through payroll deductions. The loan repayments are reinvested in the inverse order of the sources that the loan was redeemed from and into the funds based on current investment mixes.

NOTE 5. PAYMENT OF BENEFITS

Benefit payments to participants are recorded upon distribution. The amounts included in net assets available for benefits that have been allocated to accounts of participants who have elected to withdraw benefits from the Plan, but were not yet paid from the Plan as of November 30, 2007 and 2006 totaled \$413,111 and \$1,091,093, respectively.

NOTE 6. INFORMATION CONCERNING THE MASTER TRUST

The Master Trust was created pursuant to a trust agreement between the Company and State Street, as trustee of the funds, to permit the commingling of trust assets of both the DIRECTV Thrift & Savings Plan and the DIRECTV Savings Plus Plan (collectively the "Plans"), for investment and administrative purposes. The assets of the Master Trust are held by State Street. Although assets of the Plans are commingled in the Master Trust, the Plans' record keeper, Fidelity Employer Services Company LLC, maintains supporting records for the purpose of allocating the net gains or losses of the investments to each of the Plans and to each participant's account. The net investment income or loss of the investment assets is allocated by the record keeper to each Plan and to each participant's account based on the investments held in their account balances.

The following tables summarize the net assets and net investment income of the Master Trust.

a) NET ASSETS OF THE MASTER TRUST

	AS OF NOVEMBER 30,	
	2007	2006
	(Dollars in Thousands)	
INVESTMENTS:		
Short-term investment funds	\$ 1,672	\$ 2,736
Common stock	573,967	629,117
DIRECTV common stock	215,311	230,854
News Corporation common stock	37,086	41,771
Common/Collective Trusts	668,406	638,742
Mutual funds	647,933	592,885
Participant loans	13,675	13,372
Total investments	2,158,050	2,149,477
Dividends and interest receivable	963	1,048
Receivable for securities sold	1,384	1,525
Payable for securities purchased	(1,115)	(1,087)
Payable for investment management and administrative expenses	(3,061)	(2,454)
NET ASSETS OF THE MASTER TRUST	\$ 2,156,221	\$ 2,148,509
NET INVESTMENT IN MASTER TRUST – BY PLAN		
Thrift & Savings Plan		
Investment in Master Trust	\$ 2,064,995	\$ 2,058,597
Plan's percentage interest in net assets of the Master Trust	95.8%	95.8%
Savings Plus Plan		

Investment in Master Trust	\$ 91,226	\$ 89,912
Plan's percentage interest in net assets of the Master Trust	4.2%	4.2%

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Changes in assets:		
Contributions	\$ 2,367	\$ 7,942
Net appreciation	18,937	100,120
Distributions to participants or their beneficiaries	(19,480)	(22,408)
Transfers to plans of related entities	(16,567)	(32,576)
Total changes in assets	\$ (14,743)	\$ 53,078

These amounts represent both the participant and the non-participant directed amounts.

NOTE 8. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Related parties of the Plan include the Company and News Corporation, as it holds approximately 41% interest in the Company as of November 30, 2007.

On February 27, 2008, Liberty Media Corporation, or Liberty Media, and News Corporation completed a transaction in which Liberty Media acquired News Corporation's approximately 41% interest in the Company as of that date.

As disclosed in Note 6, the Master Trust includes investments in the DIRECTV common stock and News Corporation common stock. During the Plan year, certain officers of the Company were also officers and directors of News Corporation.

At November 30, 2007 and 2006, the Plan held, through the Master Trust, 7,969,667 and 9,345,208 shares, respectively, of common stock of The DIRECTV Group, Inc., the sponsoring employer, with the cost basis of \$130,092,067 and \$151,844,827, respectively, The Plan also held 1,575,853 and 1,856,318 shares at November 30, 2007 and 2006, respectively, of common stock of News Corporation, party-in-interest, with a cost basis of \$24,159,874 and \$28,459,774, respectively.

During the years ended November 30, 2007 and 2006, the Plan, through the Master Trust, recorded dividend income for the News Corporation Common Stock of \$205,075 and \$246,942, respectively.

NOTE 9. SUBSEQUENT EVENTS

Effective January 1, 2008, the Plan was amended to change the default fund for participants who do not select an investment election from the DIRECTV Fixed Income Fund to the Fidelity Freedom Fund that most closely matches the participants potential retirement date.

NOTE 10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	AS OF NOVEMBER 30, (Dollars in Thousands)	
	2007	2006
Net assets available for benefits per the financial statements	\$ 2,065,464	\$ 2,058,597
Payable to participants	(413)	(1,091)
Net assets available for benefits per Form 5500	\$ 2,065,051	\$ 2,057,506
Benefit payments per the financial statements	\$ 217,779	\$ 263,285
Payable to participants – Current Year	413	1,091
Payable to participants – Prior Year	(1,091)	(852)
Benefit payments per Form 5500	\$ 217,101	\$ 263,524

DIRECTV THRIFT & SAVINGS PLAN

FORM 5500, SCHEDULE H, PART IV, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF NOVEMBER 30, 2007

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment	(e) Current Value
*	Various Participants	Participant Loans (maturing between 2007 and 2011 at interest rates of 5% to 9.25 %)	\$ 11,158,219

* Party-in-interest

