

regime change inside DIRECTV specifically? Can you map out – you've given a little conflicting information on the call. Who's going to be running DIRECTV and when?

R. Murdoch We would expect really to leave everybody where they are, and they'll be reporting to Chase Carey after the changeover, rather than to Jack Shaw, whom we understand is planning his retirement.

C. Carey I meant it when I said we're very supportive of this management. They've done a great job in building this business in a very tough environment. Look, they've built the market leader. I do think we believe we can enhance that management, but our initiatives are going to be to enhance what the management is undertaking, not the change. We believe we can bring some expertise and perspectives, but that's really how I'm planning to run it.

B. Sherman Is Tony Ball going to be brought over from Sky to run DIRECTV?

C. Carey No.

- B. Sherman So there are no plans to bring anybody in from outside, other than you, at this point, Chase?
- C. Carey The only plans I have right now are to work with the management in place to determine how we can take the business to its full potential, enhance their performance, and drive it forward.
- B. Sherman Since everyone else got nine questions, let me just ask two very specific things. Is this going to be, in the strictest legal sense, both at the FCC and from a corporate governance situation, change of control?
- M Technically, under the FCC rules, it would be. That's why you're going down for approvals. That's just assumed, in connection with the application process.
- B. Sherman So you will be filing this at the FCC as well as Justice?
- M That's correct.
- B. Sherman Then also, I assume at this point there will be a standstill agreement, fairly quickly, in the litigation between NDS and DIRECTV?

C. Carey There's not a standstill on that. I think, obviously, all of us would prefer to work something out on a business basis as opposed to litigation, but there's not a standstill; though I think we all recognize we'd prefer to find a business solution here.

B. Sherman Yes, but if you guys wind up owning DIRECTV, you're not going to sue yourselves.

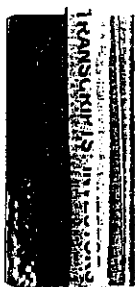
G. Ginsberg We have to move on. Operator, we have time for one last question.

Coordinator Jane Schulze, you may ask your question, and please state your company name.

J. Schulze Jane Schulze at *The Australian*. Mr. Murdoch, the question for you is have you now achieved everything you ever set out to when you ... so long ago, and do you have any other challenges left?

R. Murdoch There are always new challenges, but I don't have any in mind at the moment, Jane.

- J. Shaw *The Australian's* circulation is the one I can think of.
- R. Murdoch Just make that paper look better; will you?
- J. Schulze But Mr. Murdoch, do you see this as the culmination of what you've
always set out to achieve?
- R. Murdoch I think, for a long time, we've had ambitions to be in the distribution
business here and elsewhere; we think it's a great business. We think the
growth of multi-channel television and choice of the public is something
that's very popular, and it's something to base a very sound business on.
- G. Ginsberg Thank you very much, everybody, for participating in today's call.



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NEWS CORPORATION

April 9, 2003
5:00 p.m. CDT

(Use of speaker-phone, overlapping voices, background noise made transcription difficult.)

Coordinator Good evening, everyone, and thank you for holding. I'd like to turn the call over to Mr. Gary Ginsberg, Executive VP of Investor Relations and Corporate Communications. Sir, you may begin.

G. Ginsberg Thank you. Good evening, or good morning for those of you in Australia, and thanks for joining us on such short notice. I hope everyone by now has had a chance to read our press release, announcing News Corporation's acquisition of a 34% interest in Hughes Electronics. For those of you who haven't, it's accessible via our Internet site.

Today, we'd like to briefly summarize the terms of the deal we just announced, explain the rationale behind it, and then leave the majority of the time for your questions. On today's call are Rupert Murdoch, Chairman and Chief Executive of News Corp.; Peter Chernin, President and COO; Lauchlan Murdoch, Deputy COO; Dave DeVoe, CFO; and

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Chase Carey, who upon completion of this transaction, will become President and CEO of Hughes Electronics.

Before I turn the call over to Rupert and then to Chase for their brief remarks, let me first say that today's call is, of course, governed by the Safe Harbor Provisions, and in addition, News, GM, and Hughes intend to file a proxy or consent solicitation statement and other materials with the SEC, in connection with the proposed transaction. Because it will contain important information, investors are urged to read these materials, which when filed, will become available free of charge at the SEC's Web Site, www.sec.gov. Investors will also receive information on an appropriate time on how to obtain transaction related documents for free from News.

This call does not constitute an offer to sell or solicitation to buy in connection with the proposed transaction, which will only be made by means of an appropriate prospectus.

On this call, we make statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties, and other factors, including those described

in News' public filings with the SEC that could cause actual results to be materially different from those in the forward-looking statements.

With that, let me turn the call over to Rupert Murdoch.

R. Murdoch

Thank you, Gary. Good morning, ladies and gentlemen, and thank you. Sorry to keep you waiting. As Gary said, we're here to announce an extremely exciting event for News Corporation, the Fox Entertainment Group, and Hughes Electronics.

Today, after three years of patient negotiation, occasional frustration, but now great satisfaction, we've reached agreement with the Boards of General Motors and General Motors Hughes to acquire a significant 34% stake in Hughes Electronics. For all three of our companies, the benefits of this transaction are substantial. If it is rare to find a genuine win/win scenario in our crowded and competitive media landscape, it's truly exceptional to be able to create a win/win/win scenario as promising and powerful as the agreement we announced today. For the shareholders and customers of News Corporation, Fox, and GMH, today marks the start of a bright future.

Let me just briefly summarize the highlights of the definitive deal that we reached today, which is outlined in the handouts that you've received.

Under our agreement, News Corporation will acquire GM's 19.9% stake in Hughes at a price of \$3.8 billion, or \$14 a share comprising \$3...7 billion in cash and \$34.3 million News Corporation preferred limited voting ordinary ADRs for a value of \$22.40 each.

News Corp. will also acquire an additional 14.1% of Hughes from public shareholders and GM's pension and other benefit plans at a price of \$14. share, which we'll be using 122.2 million News Corp. preferred ADRs, using as a base ADR price of \$22.40. All these figures, I should say, of course, are U.S. dollars.

Upon closing of the transaction, News Corporation's 34% ownership interest in Hughes will be transferred to the Fox Entertainment Group, our 80.6%-owned subsidiary in exchange for 74.2 million shares in Fox at \$27.99 per share, as well as two notes for a total of \$4.5 billion. This agreement is subject to regulatory approvals, but we expect the transaction to close by the end of calendar 2003.

At that point, I will become Chairman of Hughes. Chase Carey will become the Company Chief Executive Officer, and Eddy Hartenstein, currently the Chief Executive of DIRECTV, will be a Vice Chairman of the board. The board will consist of 11 members, including myself, Mr. Carey, Mr. Hartenstein, Mr. Chernin, the President and CEO of News Corp. and CEO of Fox, Dave DeVoe, the Chief Financial Officer of News Corp. and Fox, and six independent directors.

I know one of the first questions you may have is, why we're housing Hughes within the Fox Entertainment Group, and the reason is simple. It belongs there. It belongs there, first of all, because it maintains the logical structure of News Corporation. Fox was created to house News Corp.'s American content and distribution assets, and as a television distribution platform, DIRECTV obviously fits within that structure.

Second of all, the company's position within Fox will facilitate the mutually beneficial relationship we look forward to forging between Hughes and Fox. To Hughes, this deal offers the opportunity to work in close collaboration with Fox, to provide its DIRECTV platform with an increasingly rich array of content, programming, and technological services.

For Fox, a DDH platform capable of delivering our content to American satellite TV viewers represents an invaluable outlet for our television products. In a landscape of increasing choice, but also increasing consolidation, such an outlet is essential if we are to ensure that our existing content and the content that we will create in the future continues to reach consumers.

We have built assets of immense value at Fox, assets like our cable channels, for instance, whose long-term viability will be greatly enhanced by the presence of assisted distribution platform, the definite advantage we do not plan to abuse. As stronger players, we plan to be in the multi-channel television industry. We have every intention of being a fair player as well. Both News Corporation and DIRECTV have committed to be bound by FCC program access regulations and of which we will make our content readily available to all satellite television providers, as well as cable and other competing platforms.

Our creative strength as a company will increase the vitality of the American television market, as a whole, enabling the sort of fair and fierce competition that our company was built on, and that quite frankly, we thrive on.

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In the case of DIRECT Television, we will thrive by taking what I feel is one of America's great television assets and substantially improving it. The beneficiaries of these improvements will be shareholders of News Corporation, Fox, and Hughes alike. All of them will be able to watch their asset grow faster and fundamentally stronger than was ever possible before. Certainly, we have considerable strength to build on. DIRECTV is an outstanding company with a very strong brand and a large customer base. Furthermore, I must tell you that Hughes' management has done a magnificent job running their business and controlling costs in their uncertain circumstances of the past two or three years.

Over the next few years, we plan to take the value of this asset and grow it dramatically, by employing not only the content we have created at Fox, but the talents, the programming, the experience, the technology, and the expertise we have developed at our leading television platforms around the world. We are fully confident that by doing so, we will create greater choice and a greater viewing experience for all Americans.

In the process, our efforts to invigorate the multi-channel industry and help make satellite TV a viable competitor to cable, more programming options, greater efficiencies, richer content, better customer service, and

compelling new technologies will give satellite television its first chance to break cable's still dominant hold on viewers.

The person who will oversee our efforts, as I mentioned, is Chase Carey, who will be President and Chief Executive Officer of GMH. Now, I will be very happy to pass it over to Chase, to give you a better sense of some of the strategies and improvements that we've planned. Thank you very much.

C. Carey

Thank you, Rupert. Before I get into our plans for Hughes, I want to emphasize something Rupert mentioned earlier, and that's the truly impressive job the management of Hughes has done over the past few years. It's not easy running a company under any circumstances, and it's a lot harder when the future of the company is in flux. We're highly supportive of this management and we want them to be as successful as possible.

As we look at Hughes, and the cornerstone of Hughes, or course, is DIRECTV, which has successfully established itself as the market leader in U.S. satellite television. Today, it is second only to Comcast in the number of multi-channel subscription homes it reaches in the U.S.

DIRECTV has created a fabulous brand and unique strength in key areas, like customer service, programming, and distribution. DIRECTV has also taken a number of steps in the past year to further strengthen its business by addressing its issues, like cost reduction. Our goal will be to bring the expertise of News Corp. to bear as we enhance and expand on DIRECTV's plans. We have a proven track record in building businesses, like the Fox Network and Fox News, as well as first hand experience in creating and operating successful satellite distribution platforms, businesses like BSkyB, which is considered the premiere satellite television platform in the world.

That expertise will be employed across the board at DIRECTV. In the cost area as DIRECTV's management has acknowledged, there's considerable work still to do. We plan to enhance those managers' efforts, by attacking cost from programming to marketing, churn, set-top box costs, and other areas. We'll also work with DIRECTV management on a plan to maximize the platform's growth potential. DIRECTV already provides a great consumer experience and we plan to make it even better. Initiatives in areas like customer service, marketing, onscreen guides, program packaging, and choice will all be critical, as we work to further increase the excellence of DIRECTV's offerings to consumers.

Technology, too, will be a crucial component of our plans to grow the success of DIRECTV. As technological innovations, like high-definition, personal video recorders, and interactivity become market realities, we're confident that DIRECTV will build on its leading ability to bring the most advanced experience and most rewarding experience to consumers.

While DIRECTV is the cornerstone, we also must focus on key issues across the rest of Hughes. H&F, already the worldwide leader in the enterprise business, has the opportunity to take that business to a higher level with the launch of Spaceway, a satellite system that requires an entirely new generation of capability.

In other businesses, like Latin America, there are significant challenges to address; and we'll work with Hughes' management to determine the best course in these and other issues in a decisive, expeditious, yet thoughtful manner. One of the greatest strengths we'll bring to the company is the decisiveness that will enable Hughes to address both problem areas, like Latin America and areas of opportunity, like the launch of interactivity and other technological innovations.

Hughes is clearly and understandably been handicapped in executing such plans by their For Sale status over the past few years. The clarity that comes from the end of that process, combined with the expertise we bring to the business, should enable us to energize the decision-making that is critical to the business's growth improvements from here.

We look forward to meeting all these challenges. We bring to this opportunity, the talent, the experience, and I say the excitement that we've developed in television markets all over the world. I think there's no greater multi-channel television business than DIRECTV; and I think there's no greater opportunity for New Corp., Fox, and Hughes' shareholders and customers, than this chance to make DIRECTV the strongest distribution platform in the world.

G. Ginsberg Operator, we will now be ready to take questions. I'd ask that you'd please limit it to one question on the call, so we can get through as many questions as possible.

Coordinator First question comes from Brendon Lyons. Sir, your line is open.

B. Lyons Yes, Brendon Lyons from J.B. Weir. Just based on the announcement, it looks like the number of DPs you'll be issuing to GMH seems set, but in terms of the number DPs that will be issued to other Hughes shareholders, can you clarify that number and whether you will offer them any cash at all?

C. Carey No, Brendon, what the deal is, is that we are giving GM roughly \$3 billion in cash, and we're issuing a total of 156.5 million ADRs, of which GM is getting 34.3 million shares. The amount of shares we issued is a 20% collar and at \$22.40, which is the center of the collar, the exchange ratio is 0.625 News Corp. shares. That exchange ratio can vary, dependent on News Corp.'s stock price. It can go as high as 0.781 to as low as 0.521.

B. Lyons Can I ask a quick second question? Are you prepared to put a number on the synergies you expect from this deal at this early stage or, perhaps, give some idea of what you expect the EPS impact will be in the first full year, both pre and post those synergies.

C. Carey What we expect, and this is really in fiscal 2005, which is really the first full year that we will operate and own the company, we're expecting the transaction to close sometime in either late 2003, early 2004. We would

expect for both News Corporation and Fox, in the first full year that we operate it, for the transaction to be marginally diluted or slightly accretive, to both Fox and to News Corporation. As we get into 2006, the transaction becomes accretive to both companies.

B. Lyon That would be diluted, perhaps before synergies and accretive after synergies. Is that right?

C. Carey It's hard to say what it is, but our numbers and our estimates, obviously, are based on the way that we will operate the business after we acquire it.

Coordinator The next question comes from Anthony Noto. Sir, your line is open.

A. Noto Thank you very much. I'm sort of dovetailing off on the last question. As you think about the impact on dilution and accretion in the first full year, how should we think about the PanAmSat business and whether there's any strategic opportunity to sell that to a strategic group. Then as you think about the churn rates currently at DIRECTV and in Latin America, what opportunity have you quantified there, based on your experience in endeavors similar to this? Thanks.

C. Chase

PanAmSat at this point, our plans are to operate that business and drive it to its full potential. We recognize there are parties that have talked about it, but at this point in time, our plan is to continue to own that business and operate it.

In terms of churn, it's an important area. DIRECTV, actually, in the last quarter, they report it did achieve some reduction in the churn, but it's clearly an area we'll focus on. When you look at the level we've driven churn down to in the U.K., where we're under 10%, I think it speaks to the potential we think we bring to improve the churn numbers here. I know DIRECTV is focused on it, but we do think we'll bring a level of expertise and insight that will enable us to make real headway on the churn issues in the U.S.

The Latin American business is probably a larger question. DIRECT Latin American business is in Chapter 11 at this point, so they are probably larger issues about where that business goes, than the churn. Currently, they have to work through and we have to work through with them that Chapter 11 process, but clearly, Latin America is a market that is challenging. The economies down there are challenging and we

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certainly are committed to and believe we can find a path to make the Latin American business one that makes sense for all parties here.

- Coordinator The next question comes from George Coleman. Your line is open.
- G. Coleman Good evening. Could you give any indication, as to how the structure of the coupon on the P-note between News and Fox will be set?
- M There are two components of the loan. There is a \$2.5 billion term loan, which would bear interest at News Corporation's cost of funds that cross over long-term debt, which is about 8%. There will a \$2 billion revolver, which will be set, based on News Corporation's borrowing rate under our revolver, which is LIBOR plus one. If you factored it today, looking at today's rates, that rate is about 2.3%. An effective rate on the \$4.5 million is slightly more than 5% initially.
- Coordinator The next question comes from Oliver Ansted. Your line is open.
- O. Ansted Just a quick question on the structure of the deal, the 14% that you're proposing to buy from the public shareholders, what were the main

rationale for that? Was that mainly to get the economic interest to a higher level from just the 20% GMH?

(Background noise, can't hear speaker.)

R. Murdoch There's considerable governance....

O. Ansted I beg your pardon. I didn't catch that.

R. Murdoch It's a legal answer really, but there are governance benefits in having more than a third.

(Background noise.)

O. Ansted Just a quick second question, the ... promissory note that's going to be issued, does that affect the debt rating for News Corp. in any way?

R. Murdoch No, both Moody's and S&P have given us the all clear for both Fox and News.

M Yes, they both confirmed their ratings.

R. Murdoch They're ... but they confirmed their current ratings.

O. Ansted In terms of the cash requirements or the operating status for DIRECTV, is that going to require any additional funding arrangement to be put in place for the first few years?

(Overlapping voices)

R. Murdoch No, we already have more than that now in cash. We'll be using ... and cash resources.

C. Chase I think your question was is DIRECTV or Hughes going to be looking to News for any further funding. Was that your question?

O. Ansted Sort of, yes.

(Overlapping voices)

C. Chase The answer is no. The Hughes business has a fully funded business plan. They've got their own resources. They've got their own agreements ...

O. Ansted Despite the growth intentions for the business, is it pretty much fully funded on an operating basis?

(Background noise.)

C. Carey It is fully funded now... due to cash break-even.

Coordinator Our next question comes from Jessica Reif-Cohen.

J. Reif-Cohen I got cut off for awhile, so I hope that nobody asked this; but why is there no-collar on Fox and there's a collar on News Corp? So Fox is higher when the deal closes, potentially Fox could wind up paying more for DIRECTTV than News Corp. would, like happened with Chris-Craft? Do you have any intention of selling back down to 80%?

C. Carey On the latter question, no. To the extent that we could have done it with News, we would have preferred to issue and have a fixed exchange ratio deal. We couldn't do that; it's not what General Motors wanted. I think anytime you make an acquisition of this size, what you like to do is, you want to be certain that you understand what the purchase price is. But with respect to Fox, we didn't think that it was right that Fox should take the risk with respect to the fluctuation in News Corp. share price. That's why it's done in the way it's done.

J. Reif-Cohen Does PanAmSat go into Fox, also?

C. Carey PanAmSat is in Hughes.

R. Murdoch Yes, in the whole of Hughes. The answer is yes.

J. Reif-Cohen I just have one other question that is completely different. It sounds like you're going to put more functionality in the set-top boxes, interactivity, PVR functionality. Can you just discuss how aggressive you're going to be on the DTH or DBS side, and how do you think it's going to affect your basic broadcast operations?

R. Murdoch I didn't get the last part?

J. Reif-Cohen The question is, on PVR functionality, how aggressive will you be on putting it into the set-top boxes for DIRECTV. At the same time, how do you expect that to affect your broadcast businesses, your Fox network and Fox stations?

P. Chernin This is Peter. I think, on the first question, I think we'll be as aggressive as we think the marketplace calls for. We'll try and offer the best technology and the best functionality and see what the consumer demanded. I think to the degree it affects the broadcast operation, it's going to affect it anyway. So if PVRs come to affect broadcasting, we're certainly not going to put our head in the sand with DIRECTV and say, we're going to offer a weaker service because we want to protect a different side of the business. The broadcasting operation has to compete

in the real world. We'll try and build what we think is the best consumer service; and we'll try and build such compelling broadcasting shows. PVRs are going to be a fact of life in the broadcasting business, and we're thinking a lot about what the implications of that are for programming already.

C. Carey I think a lot of the technologic innovations will be timing. I do think these are going to be real important and positive in part of DIRECTV's business in its opportunity to really create a unique consumer experience. I think we just have to be intelligent about the marketing, and when is the market mature enough to launch it in the right way.

J. Reif-Cohen You've said in the past that your goal would be to increase ARPU. I didn't hear that on this call or on the previous call. Is that still the plan, not to decrease pricing, but to try to move up ARPU?

C. Carey Competitively, we're going to compete on the consumer experience. We want to create a fabulous consumer experience in terms of service, choice, quality of picture, breadth of offerings, technological innovations, really make it a great value. That is how we compete. Certainly, we'd like to increase revenue. It's a competitive marketplace. We'll have to see where