

NEWS CORP LTD
Form F-4/A
July 24, 2003

Table of Contents

As filed with the Securities and Exchange Commission on July 24, 2003

Registration No. 333-105853

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

Form F-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

The News Corporation Limited

(Exact Name of the Registrant as Specified in its Charter)

Australia
*(State or Other Jurisdiction of
Incorporation or Organization)*

4833
*(Primary Standard Industrial
Classification Code Number)*

Not Applicable
*(I.R.S. Employer
Identification Number)*

2 Holt Street
Surry Hills, New South Wales, Australia 2010
(Country Code 61) 2-9-288-3000
*(Address, Including Zip Code, and Telephone Number,
Including Area Code of Registrant's Principal Executive Offices)*

Arthur M. Siskind
The News Corporation Limited
c/o News America Incorporated
1211 Avenue of the Americas
New York, New York 10036
(212) 852-7000
*(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent For Service)*

Copies to:

Lou R. Kling
Howard L. Ellin
**Skadden, Arps, Slate, Meagher
& Flom LLP**
Four Times Square
New York, New York 10036
(212) 735-3000

Warren G. Andersen
General Motors Corporation
300 Renaissance Center
Detroit, Michigan
(313) 665-4921

Larry D. Hunter
Hughes Electronics Corporation
200 North Sepulveda Boulevard
El Segundo, California 90245
(310) 662-9688

Joseph P. Gromacki
Jenner & Block, LLC

Frederick S. Green
Michael E. Lubowitz

Edgar Filing: NEWS CORP LTD - Form F-4/A

One IBM Plaza
Chicago, Illinois 60611
(312) 222-9350

Weil, Gotshal & Manges
LLP
767 Fifth Avenue
New York, New York
10153
(212) 310-8000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this Registration Statement and all other conditions under the transaction agreements described herein have been satisfied or waived.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: _____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

Information contained herein is subject to completion or amendment. Registration statements relating to these securities have been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time each registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such State.

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS

SUMMARY

The Companies

Background Regarding GM's Retained Economic Interest in Hughes

Description of the Transactions

Structure of the Transactions

Purposes of the Transactions

Fairness of the Transactions; Recommendation of the GM Board of Directors

Interests of Directors and Executive Officers of GM and Hughes

Advantages and Disadvantages of the Transactions to GM Common Stockholders

Regulatory Requirements

No Appraisal Rights

Hughes Common Stock

News Corporation Preferred ADSs

Hughes Directors and Executive Officers

Conditions to Completing the Transactions

Considerations Relating to the Time Interval Between GM Common Stockholder Approval and

Completion of the Transactions

Material U.S. Federal Income Tax Consequences Relating to the Transactions

Accounting Treatment

Comparative Market Price Data

Currencies and Exchange Rates

Selected Historical Financial Data

GM Selected Pro Forma Financial Data

Hughes Selected Historical Financial Data

News Corporation Selected Historical Financial Data

Unaudited Comparative Per Share Information

RISK FACTORS

Risk Factors Relating to GM After the Transactions

Risk Factors Relating to Hughes After the Transactions

Risk Factors Relating to News Corporation After the Transactions

THE TRANSACTIONS

Description of the Transactions

GM Background and Considerations

Regulatory Requirements

No Appraisal Rights

Stockholder Litigation Relating to the Transactions

Accounting Treatment

Material Tax Consequences Relating to the Transactions

Resale Limitations

DESCRIPTION OF PRINCIPAL TRANSACTION AGREEMENTS

Stock Purchase Agreement

Merger Agreement

GM/Hughes Separation Agreement

Ancillary Separation Agreements

GM PRO FORMA CAPITALIZATION

BUSINESS OF GM

GENERAL MOTORS UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BUSINESS OF HUGHES

BUSINESS OF NEWS CORPORATION

HUGHES DIRECTORS AND EXECUTIVE OFFICERS

Board of Directors

Committees

Executive Officers

Summary of Cash and Other Compensation

GM CAPITAL STOCK

Introduction

GM Preferred Stock

GM Preference Stock

GM's Dual-Class Common Stock Capital Structure

GM Board of Directors Policy Statement

* * * * *

HUGHES CAPITAL STOCK

Authorized Capital Stock

Common Stock

Class B Common Stock

Preferred Stock

Classified Board; Removal of Directors

Restrictions on Ownership; Conversion into Excess Stock

Standstill

Stock Exchange Listing

Book Entry; Uncertificated Shares

Transfer Agent and Registrar

NEWS CORPORATION CAPITAL STOCK

General

Preferred ADSs

Preferred Ordinary Shares

Australian Exchange Controls and Other Limitations Affecting Holders

Limitations on Foreign Acquisitions and Investment in Australian Companies

COMPARISON OF RIGHTS OF HOLDERS OF GM CLASS H COMMON STOCK, HUGHES

COMMON STOCK AND NEWS CORPORATION PREFERRED ADSs

Introduction

Comparison

SHARES ELIGIBLE FOR FUTURE SALE

The Transactions

Hughes Common Stock

News Corporation Preferred ADSs

MARKET PRICE AND DIVIDEND DATA

GM Class H Common Stock

Hughes Common Stock

News Corporation Preferred ADSs

GM CONSENT SOLICITATION MATTERS

Solicitation of Written Consent of GM Common Stockholders

Security Ownership of Certain Beneficial Owners and Management of General Motors

Interests of Executive Officers and Directors of News Corporation

Interests of Executive Officers and Directors of GM and Hughes

Directors of Hughes

Security Ownership of Directors and Executive Officers of Hughes

DEADLINE FOR STOCKHOLDER PROPOSALS

SHARE IDENTIFICATION ELECTION FOR GM CLASS H COMMON STOCKHOLDERS

CURRENCY OF PRESENTATION, EXCHANGE RATES AND CERTAIN DEFINITIONS
EXCHANGE CONTROLS AND OTHER LIMITATIONS

ENFORCEMENT OF CIVIL LIABILITIES AGAINST FOREIGN PERSONS AND
ENFORCEABILITY OF JUDGMENTS

LEGAL MATTERS

EXPERTS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

WHERE YOU CAN FIND MORE INFORMATION

APPENDIX A: THE FIRST GM CHARTER AMENDMENT--ARTICLE FOURTH OF THE GM
RESTATED CERTIFICATE OF INCORPORATION AFTER GIVING EFFECT TO THE FIRST
CHARTER AMENDMENT TO EFFECT THE TRANSACTIONS

APPENDIX B: THE SECOND GM CHARTER AMENDMENT--ARTICLE FOURTH OF THE GM
RESTATED CERTIFICATE OF INCORPORATION AFTER GIVING EFFECT TO THE SECOND
CHARTER AMENDMENT REFLECTING THE COMPLETION OF THE TRANSACTIONS

APPENDIX C: THE NEW HUGHES CHARTER--AMENDED AND RESTATED CERTIFICATE OF
INCORPORATION OF HUGHES

APPENDIX D: HUGHES AMENDED AND RESTATED BY-LAWS

APPENDIX E: FAIRNESS OPINIONS

Merrill Lynch Fairness Opinion

Bear Stearns Fairness Opinion

Credit Suisse First Boston Fairness Opinion

Goldman Sachs Fairness Opinion

Amendment No.1 to the Agreement and Plan Merger

Form of Opinion of Weil, Gotshal & Manges LLP

Forms of Allens Arthur Robinson

Form of Opinion of Kirkland & Ellis LLP

Form of Opinion of Weil, Gotshal & Manges LLP

Opinion of Skadden, Arps, Slate, Meagher & Flom

Form of Opinion of Allens Arthur Robinson

Form of Opinion of Mallesons Stephen Jaques

Consent of Deloitte & Touche LLP

Consent of Merrill Lynch, Pierce, Fenner & Smith

Consent of Bear, Stearns & Co. Inc.

Consent of Credit Suisse First Boston LLC

Consent of Goldman, Sachs & Co.

Consent of Ernst & Young LLP

Consent of Ernst & Young LLP

Consent of Reconta Ernst & Young S.p.A.

Consent of Deloitte & Touche LLP

Consent of Ernst & Young LLP

Form of Stockholder Consent Card

Form of Share Identification Election Form

Form of Supplemental Disclosure for Bermuda

Form of Supplemental Disclosure for Brazil

Form of Supplemental Disclosure for Germany

Form of Supplemental Disclosure For Netherlands

Form of Supplemental Disclosure for Switzerland

Table of Contents

PRELIMINARY DRAFT DATED JULY 24, 2003, SUBJECT TO COMPLETION

SOLICITATION OF WRITTEN CONSENT OF

**GENERAL MOTORS CORPORATION
COMMON STOCKHOLDERS**

**PROSPECTUS OF
HUGHES ELECTRONICS CORPORATION
*Common Stock,
par value \$0.01 per share***

**PROSPECTUS OF
THE NEWS CORPORATION LIMITED
*Preferred Limited Voting Ordinary Shares,
par value A\$0.50 per share,
represented by Preferred American Depositary Shares***

***The Separation of Hughes from GM
and Acquisition by News Corporation of
34% of Hughes***

General Motors is asking GM \$1 2/3 par value common stockholders and GM Class H common stockholders to approve transactions that will result in the split-off of Hughes from GM through a redemption of all outstanding shares of GM Class H common stock in exchange for shares of Hughes common stock and the acquisition by News Corporation of 34% of the common stock of Hughes outstanding upon completion of the transactions. As part of these transactions, up to 1,198,188,342 shares of Hughes common stock and up to 177,575,257 News Corporation Preferred ADSs will be issued to the GM Class H common stockholders.

Upon completion of the transactions, as described in greater detail in this document:

GM will receive (1) a \$275 million special cash dividend from Hughes and (2) for its retained economic interest in Hughes, approximately \$3.84 billion from News Corporation, comprised of approximately \$3.07 billion in cash and approximately \$0.77 billion in News Corporation Preferred ADSs and/or cash; and

GM Class H common stockholders will receive for each share of GM Class H common stock that they own (1) approximately 0.82336 of a share of Hughes common stock and (2) approximately \$2.47 worth of News Corporation Preferred ADSs and/or cash.

The Hughes common stock offered by this document will be listed on the New York Stock Exchange under the symbol . The News Corporation preferred limited voting ordinary shares offered by this document will be represented by News Corporation Preferred ADSs, each of which will represent four News Corporation preferred limited voting ordinary shares. The News Corporation Preferred ADSs offered by this document will be listed on the New York Stock Exchange under the symbol NWS.A.

WE URGE YOU TO READ THIS DOCUMENT CAREFULLY, INCLUDING

THE SECTION ENTITLED RISK FACTORS THAT BEGINS ON PAGE 48.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these transactions or the securities to be issued in connection with these transactions. In addition, neither the Securities and Exchange Commission nor any state securities commission has passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This document, which is dated , 2003, is a combined Consent Solicitation Statement of GM, Prospectus of Hughes and Prospectus of News Corporation and is first being mailed to GM common stockholders on or about , 2003.

Table of Contents

To the GM \$1 2/3 par value common stockholders and the GM Class H common stockholders:

GM is proposing to engage in transactions that will result in the separation of its currently wholly owned subsidiary, Hughes Electronics, from GM and the acquisition by News Corporation of 34% of Hughes. If approved by GM common stockholders, the transactions will be accomplished through the following principal steps:

The Hughes split-off GM will distribute to the GM Class H common stockholders one share of Hughes common stock in exchange for and in redemption of each outstanding share of GM Class H common stock that they own. In the aggregate, the shares distributed in the Hughes split-off will constitute approximately 80.2% of the outstanding common stock of Hughes. GM and Hughes will enter into certain separation-related arrangements as part of the Hughes split-off, which will include the payment by Hughes to GM of a \$275 million special cash dividend prior to the distribution.

The GM/News stock sale Simultaneously with the Hughes split-off, GM will sell the remaining approximately 19.8% of the outstanding common stock of Hughes to a subsidiary of News Corporation for approximately \$3.07 billion in cash and additional consideration consisting of News Corporation Preferred ADSs and/or cash worth approximately \$0.77 billion, subject to adjustment based on a collar mechanism that depends upon the trading price of News Corporation Preferred ADSs during a specified period of time prior to the completion of the transactions.

The News stock acquisition Immediately after the Hughes split-off and the GM/News stock sale, a subsidiary of News Corporation will acquire an additional approximately 14.2% of the equity of Hughes from the former GM Class H stockholders who received shares of Hughes common stock in the Hughes split-off. The News stock acquisition will be accomplished by merging an indirect wholly owned subsidiary of News Corporation into Hughes. In this merger, holders of Hughes common stock immediately prior to the merger (*i.e.*, the former GM Class H common stockholders) will receive in the aggregate approximately \$2.74 billion in consideration, subject to adjustment based on the collar mechanism, consisting of News Corporation Preferred ADSs and/or cash, in exchange for the Hughes common stock acquired by News Corporation, and will retain in the aggregate approximately 82.3% of the common stock of Hughes they received in the Hughes split-off.

As a result of the transactions, each holder of GM Class H common stock will receive for each share of GM Class H common stock approximately 0.82336 of a share of Hughes common stock and approximately \$2.47 worth of News Corporation Preferred ADSs, cash or a combination of News Corporation Preferred ADSs and cash, at News Corporation's election, subject to adjustment based on the collar mechanism.

You should understand that the above-referenced percentages and amounts are based on certain assumptions described in this document. The terms of the transactions and the specific amounts that GM and the GM Class H common stockholders will receive as a result of the transactions as well as the various factors affecting such amounts are described in greater detail in this document.

Upon completion of the transactions:

the GM Class H common stock will be eliminated and GM will no longer have tracking stock ;

the GM \$1 2/3 par value common stock will remain outstanding and will be GM's only class of common stock;

Hughes will become an independent public company;

News Corporation will indirectly own 34% of the outstanding Hughes common stock; and

the former GM Class H common stockholders will own the remaining 66% of the outstanding Hughes common stock.

THE BOARD OF DIRECTORS OF GENERAL MOTORS HAS APPROVED THE TRANSACTIONS AND RECOMMENDS THAT YOU VOTE TO APPROVE EACH OF THE PROPOSALS SUBMITTED FOR YOUR APPROVAL BY EXECUTING AND RETURNING THE ENCLOSED CONSENT CARD AS SOON AS POSSIBLE.

Table of Contents

GM, as the sole stockholder of Hughes, has already approved certain aspects of the transactions. However, other aspects of the transactions require GM common stockholder approval and, accordingly, none of the transactions will be completed unless GM common stockholder approval is obtained. If the GM \$1 2/3 par value common stockholders and GM Class H common stockholders, each voting separately as a class and voting together as a single class based on their respective per share voting power, do not approve each of the proposals relating to the transactions, none of the transactions will occur. In that event, Hughes will remain a wholly owned subsidiary of GM and GM Class H common stock will remain outstanding as a tracking stock of GM reflecting the financial performance of Hughes. Therefore, your vote on these matters is very important. This document contains important information about each of the transactions. **We urge you to read this document carefully, including the section entitled Risk Factors that begins on page 48.**

Hughes strongly supports its separation from GM and the acquisition by a subsidiary of News Corporation of 34% of Hughes pursuant to the transactions. Hughes joins with the GM board of directors in enthusiastically recommending that you vote in favor of the transactions.

*/s/ G. RICHARD WAGONER, JR.
G. Richard Wagoner, Jr.
Chairman and Chief Executive Officer
General Motors Corporation*

*/s/ JACK A. SHAW
Jack A. Shaw
President and Chief Executive Officer
Hughes Electronics Corporation*

Table of Contents

ADDITIONAL INFORMATION

This document incorporates important business and financial information about GM, Hughes and News Corporation from other documents that are not included in or delivered with this document. You may obtain these documents at the SEC's website, www.sec.gov, and you may also obtain certain of these documents at the following websites:

GM: Documents relating to GM are available at GM's website, www.gm.com by selecting [Investor Information](#) and then selecting [SEC Filings](#) ;

Hughes: Documents relating to Hughes are available at Hughes' website, www.hughes.com by selecting [Investor Relations](#) and then selecting [SEC Filings](#) ; and

News Corporation: Documents relating to News Corporation are available at News Corporation's website, www.newscorp.com by selecting [Investor & Financial](#) and then selecting [SEC](#).

We are not incorporating the contents of the websites of the SEC, GM, Hughes, News Corporation or any other person into this document. We are only providing information about how you can obtain certain documents that are incorporated into this document by reference at these websites.

This information is also available to you without charge upon your written or oral request as described below. Written and telephone requests by GM common stockholders for any of the documents of GM, Hughes or News Corporation should be directed to GM as indicated below:

GM Fulfillment Center

MC 480-000-FC1

30200 Stephenson Hwy.

Madison Heights, Michigan 48071

Telephone: () -

If you would like to request copies of any documents, please do so no later than , 2003 in order to ensure timely delivery.

This date is five business days prior to the estimated end of the minimum 20 business day consent solicitation period required by the SEC because information has been incorporated into this document by reference.

For additional information about where to obtain copies of documents, see [Where You Can Find More Information](#) beginning on page 292.

Table of Contents**TABLE OF CONTENTS**

	Page
QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS	1
SUMMARY	11
The Companies	11
Background Regarding GM's Retained Economic Interest in Hughes	12
Description of the Transactions	12
Structure of the Transactions	20
Purposes of the Transactions	22
Fairness of the Transactions; Recommendation of the GM Board of Directors	23
Interests of Directors and Executive Officers of GM and Hughes	24
Advantages and Disadvantages of the Transactions to GM Common Stockholders	24
Regulatory Requirements	25
No Appraisal Rights	26
Hughes Common Stock	26
News Corporation Preferred ADSs	27
Hughes Directors and Executive Officers	28
Conditions to Completing the Transactions	28
Considerations Relating to the Time Interval Between GM Common Stockholder Approval and Completion of the Transactions	29
Material U.S. Federal Income Tax Consequences Relating to the Transactions	30
Accounting Treatment	30
Comparative Market Price Data	31
Currencies and Exchange Rates	31
Selected Historical and Pro Forma Financial Data	32
Unaudited Comparative Per Share Information	44
RISK FACTORS	48
Risk Factors Relating to the Transactions	48
Risk Factors Relating to GM After the Transactions	52
Risk Factors Relating to Hughes After the Transactions	52
Risk Factors Relating to News Corporation After the Transactions	64
THE TRANSACTIONS	66
Description of the Transactions	66
GM Background and Considerations	83
News Corporation's Reasons for the Transactions	157
Regulatory Requirements	157
No Appraisal Rights	158
Stockholder Litigation Relating to the Transactions	158
Accounting Treatment	159
Material Tax Consequences Relating to the Transactions	159
Resale Limitations	165
DESCRIPTION OF PRINCIPAL TRANSACTION AGREEMENTS	166
Stock Purchase Agreement	166
Merger Agreement	179
GM/Hughes Separation Agreement	183
Ancillary Separation Agreements	186
GM PRO FORMA CAPITALIZATION	188

Table of Contents

	Page

BUSINESS OF GM	189
GENERAL MOTORS UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	191
HUGHES PRO FORMA CAPITALIZATION	196
BUSINESS OF HUGHES	197
BUSINESS OF NEWS CORPORATION	198
HUGHES DIRECTORS AND EXECUTIVE OFFICERS	200
Board of Directors	200
Committees	202
Executive Officers	202
Summary of Cash and Other Compensation	203
GM CAPITAL STOCK	208
Introduction	208
GM Preferred Stock	209
GM Preference Stock	209
GM's Dual-Class Common Stock Capital Structure	210
GM Board of Directors Policy Statement	215
HUGHES CAPITAL STOCK	219
Authorized Capital Stock	219
Common Stock	219
Class B Common Stock	219
Preferred Stock	219
Classified Board; Removal of Directors	220
Restrictions on Ownership; Conversion into Excess Stock	220
Standstill	222
Stock Exchange Listing	223
Book Entry; Uncertificated Shares	223
Transfer Agent and Registrar	223
NEWS CORPORATION CAPITAL STOCK	224
General	224
Preferred ADSs	224
Preferred Ordinary Shares	232
Australian Exchange Controls and Other Limitations Affecting Holders	236
Limitations on Foreign Acquisitions and Investment in Australian Companies	237
COMPARISON OF RIGHTS OF HOLDERS OF GM CLASS H COMMON STOCK, HUGHES COMMON STOCK AND NEWS CORPORATION PREFERRED ADSs	241
Introduction	241
Comparison	241
MARKET PRICE AND DIVIDEND DATA	264
GM Class H Common Stock	264
Hughes Common Stock	264
News Corporation Preferred ADSs	265

Table of Contents

	<u>Page</u>
GM CONSENT SOLICITATION MATTERS	267
Solicitation of Written Consent of GM Common Stockholders	267
Security Ownership of Certain Beneficial Owners and Management of General Motors	275
Interests of Executive Officers and Directors of News Corporation	278
Interests of Executive Officers and Directors of GM and Hughes	278
Directors of Hughes	279
Security Ownership of Directors and Executive Officers of Hughes	279
DEADLINE FOR STOCKHOLDER PROPOSALS	281
SHARE IDENTIFICATION ELECTION FOR GM CLASS H COMMON STOCKHOLDERS	282
CURRENCY OF PRESENTATION, EXCHANGE RATES AND CERTAIN DEFINITIONS	284
EXCHANGE CONTROLS AND OTHER LIMITATIONS	285
ENFORCEMENT OF CIVIL LIABILITIES AGAINST FOREIGN PERSONS AND ENFORCEABILITY OF JUDGMENTS	286
LEGAL MATTERS	288
EXPERTS	288
DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS	290
WHERE YOU CAN FIND MORE INFORMATION	292
APPENDIX A: THE FIRST GM CHARTER AMENDMENT ARTICLE FOURTH OF THE GM RESTATED CERTIFICATE OF INCORPORATION AFTER GIVING EFFECT TO THE FIRST CHARTER AMENDMENT TO EFFECT THE TRANSACTIONS	A-1
APPENDIX B: THE SECOND GM CHARTER AMENDMENT ARTICLE FOURTH OF THE GM RESTATED CERTIFICATE OF INCORPORATION AFTER GIVING EFFECT TO THE SECOND CHARTER AMENDMENT REFLECTING THE COMPLETION OF THE TRANSACTIONS	B-1
APPENDIX C: THE NEW HUGHES CHARTER AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF HUGHES	C-1
APPENDIX D: HUGHES AMENDED AND RESTATED BY-LAWS	D-1
APPENDIX E: FAIRNESS OPINIONS	E-1
Merrill Lynch Fairness Opinion	E-2
Bear Stearns Fairness Opinion	E-6
Credit Suisse First Boston Fairness Opinion	E-11
Goldman Sachs Fairness Opinion	E-15

You should rely only on the information contained in, or incorporated by reference into, this document. We have not authorized anyone to provide you with information different from that contained in, or incorporated by reference into, this document. This does not constitute an offer to sell, nor a solicitation of an offer to buy, the securities offered by this document in any jurisdiction where offers and sales are not permitted under the laws of such jurisdiction. In addition, this does not constitute a solicitation of a consent or vote to

approve the transactions or any other matter in any jurisdiction where such a solicitation is not permitted under the laws of such jurisdiction. The information contained in, or incorporated by reference into, this document is accurate only as of the date of this document regardless of the time of delivery or of any sale of the securities offered by this document.

In order to help you to understand the effects of the transactions, we have set forth throughout this document certain illustrative calculations of share ownership percentages, values to be provided to GM and the GM Class H common stockholders and various other matters. You should understand that these calculations are for illustrative purposes only and the actual amounts will not be known until the time of the

Table of Contents

completion of the transactions because they depend upon certain variable factors that will not be determinable until such time. For the purposes of these calculations, we have made assumptions with respect to these variable factors. For information regarding the assumptions underlying these calculations, see **The Transactions Description of the Transactions Certain Assumptions** on page 79.

In addition, you should understand that the number of shares of Hughes common stock and News Corporation Preferred ADSs to be distributed or issued to GM Class H common stockholders in the transactions could differ from the estimates indicated on the cover of this document. The numbers of shares of Hughes common stock and News Corporation Preferred ADSs to be distributed or issued to GM Class H common stockholders in the transactions, as indicated on the cover of this document, are estimates of the maximum number of shares to be distributed or issued to such stockholders. The actual numbers to be distributed or issued will depend on certain variable factors that will not be known until the time of the completion of the transactions, such as the number of shares of GM Class H common stock outstanding as of such time, the exchange ratio and whether News Corporation elects to pay for shares of Hughes common stock to be acquired pursuant to the transactions with cash rather than News Corporation Preferred ADSs. Moreover, the number of News Corporation Preferred ADSs identified on the cover of this document does not include any News Corporation Preferred ADSs that may be issued to GM in the transactions.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS

Q1. What is the Hughes split-off?

- A1. The Hughes split-off consists of proposed transactions that will result in the distribution of approximately 80.2% of the equity of Hughes to the GM Class H common stockholders.

There are two principal components to the Hughes split-off:

Hughes Special Dividend. First, Hughes will declare and pay to GM a \$275 million special cash dividend.

Hughes Split-Off Share Exchange. GM will then distribute shares of Hughes common stock, representing approximately 80.2% of the equity of Hughes, to GM Class H common stockholders in redemption of all of the outstanding shares of GM Class H common stock. Shares of Hughes common stock will be exchanged for shares of GM Class H common stock on a one-share-for-one-share basis in the Hughes split-off share exchange.

Simultaneously with the Hughes split-off, GM and News Corporation will complete the proposed GM/News stock sale as described in the answer to Question 2 below.

For more information, see pages 13, 71 and 166.

Q2. What is the GM/News stock sale?

- A2. The GM/News stock sale is the proposed transaction in which, simultaneously with the completion of the Hughes split-off, GM will sell to a subsidiary of News Corporation all of the remaining equity of Hughes held by GM for approximately \$3.84 billion, comprised of approximately \$3.07 billion in cash with the balance of approximately \$0.77 billion paid in News Corporation Preferred ADSs and/or cash at News Corporation's election. You should note, however, that GM could receive less or more than the approximately \$3.84 billion if there are changes in the assumptions described elsewhere in this document. The answer to Question 6 below describes in greater detail what GM will receive in exchange for these shares in the GM/News stock sale. Upon completion of the GM/News stock sale, News Corporation will indirectly own approximately 19.8% of the outstanding equity of Hughes.

As a result of the Hughes split-off and the GM/News stock sale, Hughes will become an independent public company, separate from and no longer owned by GM.

Immediately after the simultaneous completion of the Hughes split-off and the GM/News stock sale, Hughes and News Corporation will complete the proposed News stock acquisition as described in the answer to Question 3 below.

For more information, see pages 13, 72 and 167.

Q3. What is the News stock acquisition?

- A3. The News stock acquisition is the proposed merger in which, immediately after the completion of the Hughes split-off and the GM/News stock sale, a wholly owned subsidiary of News Corporation will merge with and into Hughes. In the merger, a subsidiary of News Corporation will acquire approximately 14.2% of the outstanding equity of Hughes from the former GM Class H common stockholders through the conversion of a portion of the shares of Hughes common stock they will receive in the Hughes split-off into News Corporation Preferred ADSs and/or cash, at News Corporation's election, as described in the answer to Question 4 below. As a result, News Corporation will indirectly own exactly 34% of the Hughes common stock outstanding upon completion of the transactions, and the remaining 66% of the Hughes common stock outstanding upon completion of the transactions will be held by the former holders of GM Class H common stock.

For more information, see pages 13, 74 and 179.

Table of Contents

Q4. What will I receive if the transactions occur?

A4. *GM Class H Common Stockholders.* Upon completion of the transactions, based on certain assumptions described elsewhere in this document, GM Class H common stockholders will receive for each share of GM Class H common stock held immediately prior to the transactions:

approximately 0.82336 of a share of Hughes common stock; and

approximately \$2.47 worth of News Corporation Preferred ADSs and/or cash, subject to adjustment based on a collar mechanism that depends upon the trading price of News Corporation Preferred ADSs during a specified period of time prior to the completion of the transactions.

As a result of the transactions, all outstanding shares of GM Class H common stock will be redeemed and cancelled and GM Class H common stockholders will no longer be holders of the Class H tracking stock of GM. Instead, the former GM Class H common stockholders will be holders of an asset-based stock of Hughes. This asset-based stock will represent a direct equity interest in Hughes rather than the current tracking stock's direct equity interest in GM with its financial returns based on the financial performance of Hughes. GM Class H common stockholders also will receive News Corporation Preferred ADSs and/or cash for a portion of their interest in Hughes. While for U.S. federal income tax purposes the Hughes split-off share exchange generally will be tax-free to GM and its stockholders, the GM/News stock sale and the receipt by the former GM Class H common stockholders of News Corporation Preferred ADSs and/or cash in the News stock acquisition will be taxable transactions.

As described in greater detail elsewhere in this document, the number of shares of Hughes common stock and the number of News Corporation Preferred ADSs and/or the amount of cash that GM Class H common stockholders will receive in the transactions for each share of GM Class H common stock cannot be definitively determined until the time of the completion of the transactions because these amounts will depend upon factors that will not be known until that time.

GM \$1 2/3 Par Value Common Stockholders. Upon completion of the transactions, GM \$1 2/3 par value common stockholders will retain their shares of GM \$1 2/3 par value common stock. The GM \$1 2/3 par value common stock will then be GM's only class of common stock, and GM will be a company focused primarily on its core automotive and related businesses. GM will no longer own any shares of Hughes common stock. GM \$1 2/3 par value common stockholders will, however, have an indirect interest in the financial performance of News Corporation and Hughes to the extent that GM acquires any News Corporation Preferred ADSs pursuant to the GM/News stock sale, as described in the answer to Question 6 below, and continues to hold such shares.

For more information, see pages 13, 18, 24, 25, 72 and 155.

Q5. What is a share identification election?

A5. The receipt of Hughes common stock by GM Class H common stockholders is expected to be tax-free for U.S. federal income tax purposes, but the receipt of News Corporation Preferred ADSs and/or cash by the former GM Class H common stockholders in exchange for a portion of their Hughes common stock is expected to result in the recognition of gain (or loss) for U.S. federal income tax purposes. The share identification election is intended to provide GM Class H common stockholders the opportunity to associate the receipt of News Corporation Preferred ADSs and/or cash with specific shares of Hughes common stock received as a result of the conversion of particular shares of GM Class H common stock, which may affect the amount of taxable gain or loss recognized by them in connection with the taxable portion of the transactions.

You should understand that if a share identification election is not made in a timely manner, *each share* of GM Class H common stock will be exchanged for one share of Hughes common stock, and a portion of *each share* of Hughes common stock will then be converted into the appropriate amount of News Corporation Preferred ADSs and/or cash. As an alternative, GM Class H common stockholders have the option to make a share identification election that would result in certain *specific shares* of

Table of Contents

Hughes common stock being converted into the appropriate amount of News Corporation Preferred ADSs and/or cash. Further information about the three alternative share identification methods that GM Class H common stockholders may elect is provided elsewhere in this document.

Making a share identification election will not change the total amount of Hughes common stock and News Corporation Preferred ADSs and/or cash that an electing stockholder will receive as a result of the transactions.

Each GM Class H stockholder should consult with his or her own tax advisor as to the particular tax consequences of the Hughes split-off, the GM/News stock sale and the News stock acquisition.

For more information, see page 282.

Q6. What will GM receive if the transactions occur?

A6. The transactions are designed to provide significant liquidity and value to GM in respect of GM's approximately 19.8% retained economic interest in Hughes. If the transactions occur, GM will receive:

a \$275 million special cash dividend from Hughes; and

based on certain assumptions described elsewhere in this document, approximately \$3.84 billion from News Corporation, comprised of approximately \$3.07 billion in cash and approximately \$0.77 billion in News Corporation Preferred ADSs and/or cash, subject to adjustment based on the collar mechanism.

The \$275 million special cash dividend from Hughes to GM will provide additional liquidity to GM in the context of the transactions and is designed to compensate GM for the value enhancement arising from the exchange of asset-based stock of Hughes (in the form of Hughes common stock) for the GM Class H common stock, a tracking stock of GM, on a one-share-for-one-share basis.

The amount of cash and the number of News Corporation Preferred ADSs that GM will receive in the transactions cannot be definitively determined until the time of the completion of the GM/News stock sale because these amounts will depend upon variable factors that will not be known until that time.

For more information, see pages 13, 17, 72 and 167.

Q7. What are News Corporation Preferred ADSs?

A7. News Corporation Preferred ADSs are preferred American depositary shares of News Corporation, which are traded on the NYSE under the symbol NWS.A. Each News Corporation Preferred ADS represents four preferred limited voting ordinary shares of News Corporation (which we sometimes refer to as Preferred Ordinary Shares), which are traded on the Australian Stock Exchange under the symbol NCPDP. News Corporation also has outstanding ordinary American depositary shares (which we sometimes refer to as News Corporation Ordinary ADSs), which are traded on the NYSE under the symbol NWS. Each News Corporation Ordinary ADS represents four ordinary shares of News Corporation (which we sometimes refer to as Ordinary Shares). Although holders of Ordinary Shares and News Corporation Ordinary ADSs have full voting rights, holders of Preferred Ordinary Shares and News Corporation Preferred ADSs have no voting rights except in limited circumstances.

For more information, see pages 27, 224 and 241.

Q8. Why will GM receive cash for most (and possibly all) of the interest in Hughes that GM will sell to News Corporation in the transactions as well as the \$275 million special cash dividend from Hughes while the GM Class H common stockholders will receive mainly Hughes common stock (and some News Corporation Preferred ADSs and/or cash) in the transactions for their GM Class H common stock?

A8. One reason for the separation of Hughes from GM is to better position the businesses of Hughes to compete within their industries by enabling Hughes to have greater flexibility in accessing capital and

Table of Contents

to benefit from an affiliation with News Corporation and its affiliates. Another reason is to enable GM to meet its own liquidity objectives over the near term and support its credit rating by monetizing its retained economic interest in Hughes and thus enhance GM's ability to focus on its core automotive and related finance operations. To meet these objectives, GM will receive cash for a significant portion, and possibly all, of its retained economic interest in Hughes. In addition, the \$275 million special cash dividend GM will receive from Hughes will provide additional liquidity to GM in the context of the transactions and is designed to compensate GM for the value enhancement arising to GM Class H common stockholders from the exchange of Hughes common stock (an asset-based stock of Hughes) for GM Class H common stock (a tracking stock of GM) on a one-share-for-one-share basis.

As a result of the transactions, the GM Class H common stockholders will continue to have an interest in the business of Hughes, but this interest will be in the form of common stock issued directly by Hughes rather than a tracking stock of GM reflecting the financial performance of Hughes. GM and Hughes believe that a principal reason GM Class H common stockholders own shares of GM Class H common stock is that they seek to benefit from an investment in the business of Hughes. The transactions will permit these stockholders to retain most of that investment interest through a direct asset-based ownership interest in Hughes common stock. In addition, the GM Class H common stockholders will receive News Corporation Preferred ADSs and/or cash for the portion of their interest in Hughes that will be exchanged in the News stock acquisition in order to increase News Corporation's ownership of Hughes.

The structure of the transactions, including the type and amount of consideration to be paid to GM and the GM Class H common stockholders in the transactions, was the result of negotiations among GM, Hughes and News Corporation. In light of GM's objectives and the interests of Hughes and the GM Class H common stockholders, the structure of the proposed transactions and the form and amount of consideration negotiated for the various interests was determined to be fair and appropriate in the context of the proposed transactions.

For more information, see pages 22, 70 and 83.

Q9. When will the transactions be completed?

A9. We are working diligently to complete the transactions as soon as reasonably possible. We will, however, not complete the transactions unless the conditions set forth in the transaction agreements are satisfied or waived. These conditions include, among other things, the requisite GM common stockholder approval of the proposals relating to the transactions, the receipt of an IRS private letter ruling regarding the tax-free status of the Hughes split-off share exchange and the receipt of antitrust and other regulatory approvals of the transactions. Assuming that all of the conditions are satisfied or waived within the time frame we currently anticipate, we expect to complete the transactions in late 2003 or early 2004.

For more information, see page 67.

Q10. Will News Corporation combine its business with the Hughes business in the merger?

A10. No. As a result of the transactions, Hughes will become an independent, publicly owned company with 34% of its outstanding common stock owned by a subsidiary of News Corporation and the remaining 66% owned by the former GM Class H common stockholders. Immediately after the completion of the transactions, the News Corporation subsidiary that acquired 34% of the outstanding Hughes common stock in the transactions will transfer all of the shares of Hughes common stock that it owns to Fox Entertainment, another subsidiary of News Corporation. Although News Corporation's Fox Entertainment subsidiary will own a significant minority interest in Hughes as a result of the transactions, News Corporation's and its subsidiaries' businesses will not be combined with the businesses of Hughes as part of the transactions.

For more information, see pages 21, 74 and 179.

Table of Contents

Q11. What are GM common stockholders being asked to approve?

A11. GM \$1 2/3 par value common stockholders and GM Class H common stockholders, each voting separately as a class and voting together as a single class based on their respective per share voting power, are being asked to approve an amendment to the GM restated certificate of incorporation and to ratify four matters relating to the transactions. The transactions will not take place unless each of these five matters is approved or ratified, as applicable, by GM \$1 2/3 par value common stockholders and GM Class H common stockholders. In addition, GM common stockholders are being asked to approve a further amendment to the GM restated certificate of incorporation to reflect the elimination of the GM Class H common stock after the completion of the transactions, but the transactions are not conditioned upon approval of this further GM charter amendment by GM \$1 2/3 par value common stockholders and GM Class H common stockholders.

Proposals 1 through 5, all of which relate to the transactions, are separate matters to be voted upon by GM common stockholders but are expressly conditioned upon the approval of each of the other proposals (but not proposal 6). This means that ALL FIVE of these proposals must be approved or ratified, as applicable, by GM \$1 2/3 par value common stockholders and GM Class H common stockholders in order for GM to obtain the requisite GM common stockholder approval of the transactions. The transactions described in this document will not be completed, even if all of the other conditions are satisfied or waived, if the requisite GM common stockholder approval of these five proposals is not received.

The proposals are as follows:

Proposal 1: Approval of GM Charter Amendment. This proposal is to approve an amendment to the GM restated certificate of incorporation that would provide GM the ability to implement the Hughes split-off share exchange.

The amendment would add two important provisions to the GM restated certificate of incorporation and make certain other clarifying changes to facilitate the transactions. As a result of these changes:

GM will be able to split off Hughes by exchanging one share of Hughes common stock for, and in redemption of, each outstanding share of GM Class H common stock; and

the provisions of the GM restated certificate of incorporation that provide for a recapitalization of GM Class H common stock into GM \$1 2/3 par value common stock at a 120% exchange rate under certain circumstances will not apply to the Hughes split-off share exchange.

These provisions will have effect only if the transactions are completed.

Proposal 2: Ratification of the New Hughes Certificate of Incorporation, Including the Excess Stock Provision. This proposal is to ratify the new Hughes certificate of incorporation, which would establish, among other things, the terms of the Hughes common stock after the transactions.

The new Hughes certificate of incorporation will contain a number of important provisions, including a provision that we sometimes refer to as the excess stock provision. The excess stock provision will provide that no person may acquire any shares of Hughes capital stock during the first year after the completion of the transactions if the acquisition would result in any such person (together with other persons treated as related to such person under the new Hughes certificate of incorporation) holding 10% or more of Hughes. This restriction will not apply to News Corporation's acquisition of 34% of the outstanding Hughes common stock in the transactions but will prevent News Corporation (and other persons treated as related to News Corporation under the new Hughes certificate of incorporation) from acquiring additional shares of Hughes capital stock for one year after completion of the transactions. This provision was designed to protect Hughes and its stockholders from liability for potential adverse tax effects from certain changes in the ownership of Hughes after the transactions and from the potential adverse impact of a third party seeking to acquire control of Hughes at a lower price than might be available due to the fact that News Corporation (which will be Hughes' largest stockholder after the transactions) and its affiliates, in order to preserve the tax-free status of the

Table of Contents

Hughes split-off share exchange, would not be permitted to acquire additional shares of Hughes during the one year duration of the excess stock provision and thus would not be able to offer a higher price or cause the third party to offer a higher price to Hughes stockholders. In addition, the excess stock provision was included in the new Hughes certificate of incorporation in order to induce News Corporation to enter into the agreements relating to the transactions since, during the negotiation of the transaction agreements, News Corporation informed GM and Hughes that it was not willing to agree to the transactions unless the transaction agreements prohibited third parties from acquiring substantial blocks of Hughes capital stock during the period that News Corporation was contractually prohibited from acquiring additional shares of Hughes capital stock. However, you should understand that this provision could have the effect of delaying, deferring or preventing a change of control of Hughes during the first year after the completion of the transactions.

Proposal 3: Ratification of the Hughes Split-Off, Including the Special Dividend. This proposal is to ratify the Hughes split-off, including the \$275 million special cash dividend from Hughes to GM, as described in this document.

By approving this proposal, you are consenting to an asset transfer from Hughes to GM (the \$275 million special cash dividend) in accordance with the GM board policy statement regarding certain capital stock matters and you are also approving certain other separation-related arrangements between GM and Hughes, including new tax sharing arrangements between GM and Hughes that will become effective upon the completion of the transactions.

Proposal 4: Ratification of the GM/News Stock Sale. This proposal is to ratify the GM/News stock sale as described in this document.

Proposal 5: Ratification of the News Stock Acquisition. This proposal is to ratify the News stock acquisition as described in this document.

Proposal 6: Approval of the Second GM Charter Amendment. This proposal is to approve a further amendment to the GM restated certificate of incorporation to eliminate certain provisions relating to the GM Class H common stock that will no longer be necessary after the completion of the transactions.

The completion of the transactions is NOT conditioned upon the approval by GM \$1 2/3 par value common stockholders and GM Class H common stockholders of proposal 6. Proposal 6, however, will not be implemented unless proposals 1 through 5 are approved and the transactions are completed.

For more information, see pages 150 and 267.

Q12. Will GM Class H common stockholders be forgoing any rights that they have now by approving the matters being submitted to them?

A12. Yes. By approving the proposals relating to the transactions, GM Class H common stockholders will forgo important rights that would otherwise be available to them if the transactions were completed without their approval:

First, the GM restated certificate of incorporation currently provides for the recapitalization of GM Class H common stock into GM \$1 2/3 par value common stock at a 120% exchange rate under certain circumstances. GM is asking both classes of its common stockholders to approve a charter amendment that will provide that the 120% recapitalization provision will not apply to the transactions described in this document. If the transactions were completed without that charter amendment, the 120% recapitalization provision would apply. If the 120% recapitalization provision applied, each share of GM Class H common stock would be valued for purposes of that provision at \$13.42, representing a premium of 20% to the GM Class H common stockholders based on the average of the closing prices of GM Class H common stock for the 15 consecutive trading days ending one trading day prior to April 9, 2003, the date of the public announcement of the transactions. If the 120% recapitalization provision applied, each share of GM Class H common stock would be exchanged for 0.38977 of a share of GM \$1 2/3 par value common stock, which would

Table of Contents

have been valued at \$34.42 per share, based on the average of the closing prices of GM \$1 2/3 par value common stock for the same 15 consecutive trading days. You should understand, however, that GM is not proposing the transactions on terms that would involve the 120% recapitalization provision of the GM restated certificate of incorporation.

Second, GM's board of directors has previously adopted a policy statement that generally calls for a proportionate dividend to be paid to GM Class H common stockholders in accordance with their tracking stock interest in Hughes whenever GM receives a dividend from Hughes, unless the transaction where the dividend is paid receives the consent of both classes of GM common stockholders. GM is asking both classes of its common stockholders to approve the \$275 million special cash dividend from Hughes to GM without the payment of a proportionate dividend to the holders of GM Class H common stock. If the transactions were completed without this approval (and without any other action by the GM board of directors to cause the policy statement to be inapplicable), GM would have been required to pay a dividend to GM Class H common stockholders in an aggregate amount of approximately \$220.4 million (or approximately \$0.20 per share of GM Class H common stock), representing approximately 80.2% of the \$275 million special cash dividend to be paid to GM by Hughes. You should understand, however, that GM is not proposing the transactions on terms that would involve the requirement to pay proportionate dividends to the GM Class H common stockholders under the GM board policy statement.

The terms of the transactions as proposed in this document provide that the 120% recapitalization provision and the payment of a proportionate dividend to GM Class H common stockholders will not be applicable. If the requisite GM common stockholder approval is not obtained, the transactions described in this document will not occur. In that event, the charter and policy statement provisions will continue in effect but there will be no recapitalization of GM Class H common stock into GM \$1 2/3 common stock at a 120% exchange rate and there will be no proportionate dividend paid to GM Class H common stockholders.

For more information, see pages 49, 152, 154, and 270.

Q13. What is the effect of ratification of certain matters as proposed in proposals 2, 3, 4 and 5?

A13. Ratification is an expression of approval by stockholders of one or more matters for which their approval is not necessarily required as a matter of law. In general, ratification by stockholders is effective to approve actions taken by a corporation and its board of directors, even if the actions are challenged by some of the stockholders, provided that such actions are not against public policy (such as actions involving waste, fraud or similar egregious misconduct).

GM believes, therefore, that ratification by GM common stockholders of the new Hughes certificate of incorporation (including the excess stock provision), the Hughes split-off (including the \$275 million special cash dividend from Hughes to GM), the GM/News stock sale and the News stock acquisition should extinguish any claim by such stockholders (other than for waste, fraud or similar egregious misconduct or based on lack of proper disclosure) against GM and its directors based on these transactions, including a claim alleging unfairness of these transactions to either or both classes of GM common stockholders or alleging any deficiency in the process of developing the terms of these transactions or the GM board of directors' consideration or approval of these transactions.

For more information, see pages 23, 67, 152 and 269.

Q14. What is the GM board of directors' recommendation regarding the proposals being submitted to GM common stockholders?

A14. The GM board of directors approved the transactions by unanimous vote of all those directors present at the applicable GM board meeting and recommends that GM \$1 2/3 par value common stockholders

Table of Contents

and GM Class H common stockholders vote to approve each of the proposals described in this document by executing and returning the enclosed consent card as soon as possible.

For more information, see pages 23, 82, 103, 110, 155 and 272.

Q15. Did the Hughes board of directors consider the transactions?

A15. Yes. The Hughes board of directors unanimously approved the transactions and recommended that GM approve the transactions.

For more information, see page 103.

Q16. Which GM common stockholders are entitled to vote on the transactions?

A16. Only GM \$1 2/3 par value common stockholders and GM Class H common stockholders who held shares on the record date, , 2003, are entitled to vote on the transactions.

For more information, see page 273.

Q17. What should I do now?

A17. GM \$1 2/3 par value common stockholders and GM Class H common stockholders whose shares are not held in street name through a broker should complete, date, sign and return the enclosed consent card as directed in this document and in the related materials as soon as possible.

If you are a GM \$1 2/3 par value common stockholder or GM Class H common stockholder and you participate in certain employee savings plans identified elsewhere in this document, your consent will serve as a voting instruction for the plan trustees, plan committees or independent fiduciaries of those plans, who will vote your shares of GM common stock held in any of these employee savings plans in accordance with your instructions. You may submit your consent for shares held in any of these employee savings plans by executing and returning the enclosed consent card.

If your shares of GM \$1 2/3 par value common stock and/or GM Class H common stock are held in street name by a broker, your broker will vote your shares only if you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without your instructions, your shares of GM common stock will not be voted in connection with the transactions, which will have the same effect as voting against the transactions.

Before submitting your consent or instructing your broker on how to vote, we urge all GM common stockholders to review and carefully consider the information contained in and incorporated by reference into this document, including the factors described in the section entitled Risk Factors beginning on page 48.

In addition, any GM Class H common stockholder who is the holder of record of his, her or its GM Class H common stock and who wishes to identify certain of such holder's shares of Hughes common stock to be received in the Hughes split-off share exchange as the shares to be converted into the right to receive News Corporation Preferred ADSs and/or cash in the News stock acquisition (instead of having a portion of each share so converted) should contact the exchange agent who will provide an election form to be completed and returned in accordance with the instructions accompanying such form. GM Class H common stockholders whose shares are held in street name through one or more brokers or through one or more custodial accounts should contact their broker(s) or other agent(s) if they wish to make such an election; whether such opportunity is available will be determined by the broker(s) or other agent(s). You should be aware, however, that making such an election will not change the aggregate number of shares of Hughes common stock or the aggregate amount of News

Table of Contents

Corporation Preferred ADSs and/or cash that an electing GM Class H common stockholder will receive in the transactions.

For more information, see pages 274, 282 and 283.

Q18. What happens if a GM common stockholder does not submit a consent?

A18. If a GM \$1 2/3 par value common stockholder or a GM Class H common stockholder does not submit a consent, it will have the same effect as a vote against the proposals relating to the transactions. We urge all GM \$1 2/3 par value common stockholders and GM Class H common stockholders to please complete, date, sign and return the enclosed consent card as soon as possible. However, with respect to shares held through employee savings plans, procedures differ among the plans with respect to the voting of shares for which no consent is received. These procedures are explained in greater detail elsewhere in this document. Your vote is important regardless of the number of shares that you own.

For more information, see pages 273 and 274.

Q19. Can GM common stockholders revoke their approval once the consent is submitted?

A19. Yes. Any GM \$1 2/3 par value common stockholder or GM Class H common stockholder can revoke his or her consent, or any withholding of consent, at any time prior to the requisite GM common stockholder approval of the transactions. GM common stockholder approval of the proposals relating to the transactions will occur as soon as consents representing the requisite GM common stockholder approval described above in the answer to Question 11 are delivered to GM in accordance with Delaware corporation law but no sooner than twenty business days after the date this document is mailed to GM common stockholders. However, if GM does not receive the number of consents required within 60 days of the earliest dated consent delivered to GM in accordance with Delaware corporation law, the requisite GM common stockholder approval of the proposals relating to the transactions will not have occurred.

You can revoke your consent by filing with the Secretary of GM a written notice stating that you would like to revoke your consent. You can also revoke your consent, or any withholding of consent, by filing with the Secretary of GM another consent bearing a later date. You should send any written revocations to the Secretary of GM at the following address:

**General Motors Corporation
Renaissance Center
P.O. Box 300
Mail Code 482-C38-B71
Detroit, Michigan 48265-3000
Attention: Secretary**

For more information, see page 273.

Q20. Should I send in my stock certificates now?

A20. No. You should NOT send in your stock certificates at this time. You will receive further correspondence regarding the exchange of shares of GM Class H common stock after the transactions have been completed.

Q21. What should I do if I have other questions?

A21. If you are a GM \$1 2/3 par value common stockholder or GM Class H common stockholder and you have any questions about any of the transactions or how to complete and submit your consent card, or if

Table of Contents

you would like to request additional copies of this document, please contact the GM consent solicitation agent as indicated below:

Morrow & Co., Inc.

445 Park Avenue

5th Floor

New York, New York 10022

() - **(Toll-Free) for calls in the United States, Canada and Mexico**
() - **(Collect) for calls outside the United States, Canada and Mexico**

You may also obtain free copies of documents publicly filed by GM, Hughes and News Corporation at the SEC's website at www.sec.gov, and you may also obtain certain of these documents at GM's website at www.gm.com or at Hughes' website at www.hughes.com or at News Corporation's website at www.newscorp.com. We are not incorporating the contents of the websites of the SEC, GM, Hughes, News Corporation or any other person into this document, but we are providing this information for your convenience.

For more information on how to obtain copies of documents, see [Where You Can Find More Information](#) on page 292.

Table of Contents

SUMMARY

*In this summary, we highlight selected information that we describe in greater detail elsewhere in this document. This summary does not contain all of the important information contained in this document. You should read carefully this entire document and the other documents to which we refer you for a more complete understanding of the Hughes split-off, the GM/News stock sale, the News stock acquisition and other related matters. In addition, we incorporate by reference into this document important business and financial information about GM, Hughes and News Corporation that is set forth in other documents that these companies have filed publicly with the SEC. You may obtain the information incorporated by reference into this document without charge from GM by following the instructions in the section entitled *Where You Can Find More Information* that begins on page 292.*

The Companies

General Motors Corporation (See page 189)

General Motors is primarily engaged in the automotive and, through its wholly owned Hughes subsidiary, the telecommunications and media industries. Additional information about Hughes is included below. GM is the world's largest manufacturer of automotive vehicles. GM also has financing and insurance operations and, to a lesser extent, is engaged in other industries. GM's other operations include the designing, manufacturing and marketing of locomotives and heavy-duty transmissions.

As a result of the transactions that are the subject of this document, Hughes will be separated from GM.

GM's principal executive offices are located at 300 Renaissance Center, Detroit, Michigan 48265-3000, and GM's telephone number is (313) 556-5000.

Hughes Electronics Corporation (See page 197)

Hughes is a world-leading provider of digital television entertainment, broadband satellite networks and services, and global video and data broadcasting. Hughes provides advanced communications services on a global basis and has developed a wide range of entertainment, information and communications services for home and business use, including video, data, voice, multimedia and Internet services.

Hughes is currently a wholly owned subsidiary of General Motors. As a result of the transactions that are the subject of this document, Hughes will be separated from GM.

Hughes' principal executive offices are located at 200 North Sepulveda Boulevard, El Segundo, California 90245, and Hughes' telephone number is (310) 662-9688.

The News Corporation Limited and Certain Affiliates (See page 198)

News Corporation. News Corporation is a diversified international media and entertainment company with operations in a number of industry segments, including filmed entertainment, television, cable network programming, magazines and inserts, newspapers and book publishing. The activities of News Corporation are conducted principally in the United States, the United Kingdom, Italy, Asia, Australia and the Pacific Basin.

News Corporation's principal executive offices are located at 2 Holt Street, Surry Hills, New South Wales, 2010 Australia, and News Corporation's telephone number is 61-2-9-288-3000.

NPAL. News Publishing Australia Limited, a wholly owned subsidiary of News Corporation, engages, through its subsidiaries, in News Corporation's businesses conducted in the United States. NPAL is the subsidiary of News Corporation that is acquiring 34% of Hughes in the GM/News stock sale and the News stock acquisition. NPAL's principal executive offices are located at 1211 Avenue of the Americas, New York, New York 10036, and NPAL's telephone number is (212) 852-7000.

Edgar Filing: NEWS CORP LTD - Form F-4/A

Fox Entertainment. News Corporation, through NPAL, holds approximately 80.6% of the equity of Fox Entertainment Group, Inc. and approximately 97% of its voting power. Immediately after the completion of

Table of Contents

the transactions, NPAL will transfer all of the shares of Hughes common stock that it owns to Fox Entertainment. In connection with this transfer, News Corporation's indirect ownership of Fox Entertainment will be increased to approximately 82% and its voting power will remain at approximately 97%. For more information about this transfer, see The Transactions Description of the Transactions Related Transactions. Fox Entertainment is principally engaged in the development, production and worldwide distribution of feature films and television programs, television broadcasting and cable network programming. Fox Entertainment's principal executive offices are located at 1211 Avenue of the Americas, New York, New York, 10036, and Fox Entertainment's telephone number is (212) 852-7111.

Background Regarding GM's Retained Economic Interest in Hughes

(See pages 68 and 209)

As part of the transactions that are the subject of this document, GM will sell all of its retained economic interest in Hughes to NPAL, a wholly owned subsidiary of News Corporation. While GM owns 100% of Hughes, its retained economic interest represents its notional interest in the financial performance of Hughes in accordance with the provisions of the GM restated certificate of incorporation. The GM restated certificate of incorporation allocates the earnings of Hughes between the two classes of GM common stock: GM \$1 2/3 par value common stock and GM Class H common stock. The percentage of Hughes' earnings that is allocable to the GM \$1 2/3 par value common stock represents what we sometimes refer to as GM's retained economic interest in Hughes. The remaining percentage of Hughes' earnings is allocable to the GM Class H common stock. Currently, GM's retained economic interest in Hughes is approximately 19.8% and the remaining approximately 80.2% economic interest in Hughes is represented by the outstanding GM Class H common stock. GM's retained economic interest in Hughes will be represented by all of the outstanding shares of Hughes Class B common stock at the time of the completion of the transactions.

GM's retained economic interest in Hughes is subject to adjustment from time to time in accordance with the provisions of the GM restated certificate of incorporation. For example, GM's retained economic interest in Hughes is subject to reduction as a result of the exercise of stock options in respect of GM Class H common stock and is subject to increase as a result of repurchases by GM of shares of GM Class H common stock. You should understand that, as a result of the operation of these provisions of the GM restated certificate of incorporation, the size of GM's retained economic interest in Hughes may change from time to time between now and the time of the completion of the transactions and, accordingly, may differ from the 19.8% amount calculated as of the date of this document. However, notwithstanding any changes in the size of GM's retained economic interest in Hughes, News Corporation will indirectly own exactly 34% of the outstanding Hughes common stock upon completion of the transactions. This is because the merger agreement provides that News Corporation will acquire in the News stock acquisition an amount of Hughes common stock that results in its ownership upon the completion of the transactions equaling exactly 34%. This means that if GM's retained economic interest in Hughes decreases between now and the time of the completion of the transactions, the number of shares of Hughes common stock that will be exchanged in the merger described below at Description of the Transactions The News Stock Acquisition will increase from the amounts used in the illustrative calculations set forth in this document. Similarly, if GM's retained economic interest in Hughes increases during such period, the number of shares of Hughes common stock that will be exchanged in the merger will decrease from the amounts used in the illustrative calculations set forth in this document.

GM's receipt of the \$275 million special cash dividend from Hughes will not have any affect on GM's retained economic interest in Hughes.

Description of the Transactions

(See pages 66 and 166)

The transactions that are the subject of this document principally consist of the Hughes split-off, the GM/ News stock sale and the News stock acquisition but also include other related transactions contemplated by the agreements among GM, Hughes and News Corporation. The obligations of the companies to complete

Table of Contents

the transactions that are the subject of this document are subject to the satisfaction or waiver of certain conditions, which are discussed below at Conditions to Completing the Transactions. The transactions are structured so that the Hughes split-off will occur simultaneously with the GM/News stock sale, and the News stock acquisition will occur immediately after the completion of those two transactions.

Let us tell you more about the transactions:

The Hughes Split-Off (See pages 71 and 166)

The Hughes split-off will be accomplished in two related steps – the payment of the Hughes special dividend and the Hughes split-off share exchange.

Hughes Special Dividend. The first step of the Hughes split-off is the declaration and payment by Hughes to GM of a \$275 million special cash dividend. The special cash dividend will provide additional liquidity to GM in the context of the transactions and is designed to compensate GM for the value enhancement to GM Class H common stockholders arising from the exchange of Hughes common stock, an asset-based stock of Hughes, for the GM Class H common stock, a tracking stock of GM, on a one-share-for-one-share basis.

Hughes Split-Off Share Exchange. The second step of the Hughes split-off is the Hughes split-off share exchange. Simultaneously with the GM/News stock sale, GM will distribute, on a one-share-for-one-share basis, shares of Hughes common stock to the holders of GM Class H common stock in exchange for and in redemption of all of the outstanding shares of GM Class H common stock. The distributed shares will represent approximately 80.2% of the outstanding equity in Hughes. All of the formerly outstanding shares of GM Class H common stock will be cancelled, and no shares of GM Class H common stock will be outstanding after the Hughes split-off share exchange.

GM does not currently have the ability to exchange shares of Hughes common stock in redemption of shares of GM Class H common stock. One principal effect of the proposed amendment to the GM restated certificate of incorporation pursuant to proposal 1 of GM's consent solicitation is to enable the GM board of directors to make this exchange on the terms described in this document.

The GM/News Stock Sale (See pages 72 and 167)

Immediately prior to the Hughes split-off, GM will own a number of shares of Hughes Class B common stock representing GM's approximately 19.8% retained economic interest in Hughes. Simultaneously with the Hughes split-off, GM will sell all of the shares of Hughes Class B common stock that it owns to NPAL in the GM/News stock sale.

News Corporation will pay \$14.00 per share in cash for 80% of the shares of Hughes Class B common stock purchased from GM (which we sometimes refer to as the fixed price shares). Based on certain assumptions described elsewhere in this document, the aggregate amount of this payment will be approximately \$3.07 billion.

News Corporation may elect to pay for the other 20% of the shares of Hughes Class B common stock purchased from GM (which we sometimes refer to as the variable price shares) in News Corporation Preferred ADSs, cash or a combination of News Corporation Preferred ADSs and cash, as described below at The Exchange Ratio Optional Cash Payment for Shares. For each variable price share purchased with News Corporation Preferred ADSs, News Corporation will deliver a number of News Corporation Preferred ADSs equal to the exchange ratio. Based on certain assumptions described elsewhere in the document, the aggregate value of this payment will be \$0.77 billion.

The News Stock Acquisition (See pages 74 and 179)

Following NPAL's purchase of approximately 19.8% of the outstanding equity in Hughes from GM in the GM/News stock sale, News Corporation will increase its indirect ownership in Hughes to exactly 34% through NPAL's acquisition of an additional approximately 14.2% of the equity of Hughes from the former GM Class H common stockholders that received Hughes common stock in the Hughes split-off share

Table of Contents

exchange. NPAL will acquire these additional shares pursuant to a merger of GMH Merger Sub, a wholly owned subsidiary of NPAL, with and into Hughes. Hughes will be the surviving company in the merger.

Based on certain assumptions described elsewhere in this document, upon completion of the merger the former GM Class H common stockholders will retain approximately 82.3% of the Hughes common stock received in the Hughes split-off share exchange. The other approximately 17.7% of the Hughes common stock received in the Hughes split-off share exchange will be exchanged in the merger. For these shares (which we sometimes refer to as the exchanged shares), the former GM Class H common stockholders will receive a number of News Corporation Preferred ADSs equal to the exchange ratio described below at The Exchange Ratio. News Corporation, however, may elect to pay an amount of cash instead of News Corporation Preferred ADSs for all or some of the exchanged shares, as described below at The Exchange Ratio Optional Cash Payment for Shares.

The Exchange Ratio (See pages 72, 75, 167 and 180)

General. The exchange ratio applicable to the variable price shares acquired from GM for News Corporation Preferred ADSs in the GM/News stock sale and the exchange ratio applicable to the exchanged shares acquired from the former GM Class H common stockholders for News Corporation Preferred ADSs in the News stock acquisition will be the same. The exchange ratio will be based on the average of the volume weighted average prices per News Corporation Preferred ADS over the 20 consecutive trading days ending on and including the fifth business day prior to the completion of the transactions and will vary depending upon whether such average price per share falls within or outside a negotiated collar range of \$17.92 to \$26.88. We sometimes refer to this per share average as the average closing price of News Corporation Preferred ADSs.

The collar mechanism is designed to provide that, based on certain assumptions described elsewhere in this document:

at average closing prices of News Corporation Preferred ADSs within the collar range, GM and the former GM Class H common stockholders will receive \$14.00 worth of News Corporation Preferred ADSs for each variable price share or exchanged share, as applicable, acquired by News Corporation for News Corporation Preferred ADSs;

at average closing prices of News Corporation Preferred ADSs above \$26.88, the high end of the collar range, GM and the former GM Class H common stockholders will receive more than \$14.00 worth of News Corporation Preferred ADSs for each variable price share or exchanged share, as applicable, acquired by News Corporation for News Corporation Preferred ADSs; and

at average closing prices of News Corporation Preferred ADSs below \$17.92, the low end of the collar range, GM and the former GM Class H common stockholders will receive less than \$14.00 worth of News Corporation Preferred ADSs for each variable price share or exchanged share, as applicable, acquired by News Corporation for News Corporation Preferred ADSs, subject in certain cases to a minimum value of \$11.00.

If the average closing price of News Corporation Preferred ADSs is:

within the collar, the exchange ratio will be determined by dividing \$14.00 by the average closing price of News Corporation Preferred ADSs, which results in a minimum exchange ratio of 0.52083 (\$14.00 divided by \$26.88) and a maximum exchange ratio of 0.78125 (\$14.00 divided by \$17.92), and, assuming that the value of each News Corporation Preferred ADS at the closing of the transactions is equal to the average closing price of News Corporation Preferred ADSs, GM and the former GM Class H common stockholders will receive \$14.00 of News Corporation Preferred ADSs for each variable price share or exchanged share, as applicable, acquired by News Corporation for News Corporation Preferred ADSs;

above the high end of the collar, the exchange ratio will stay the same as it would be at the high end of the collar, or 0.52083 (\$14.00 divided by \$26.88), and, assuming that the value of each News Corporation Preferred ADS at the closing of the transactions is equal to the average closing price of

Table of Contents

News Corporation Preferred ADSs, GM and the former GM Class H common stockholders will receive a number of News Corporation Preferred ADSs with a financial value greater than \$14.00 for each variable price share or exchanged share, as applicable, acquired by News Corporation for News Corporation Preferred ADSs; and

below the low end of the collar, the exchange ratio will stay the same as it would be at the low end of the collar, or 0.78125 (\$14.00 divided by \$17.92), and, assuming that the value of each News Corporation Preferred ADS at the closing of the transactions is equal to the average closing price of News Corporation Preferred ADSs, GM and the former GM Class H common stockholders will receive a number of News Corporation Preferred ADSs with a financial value less than \$14.00 for each variable price share or exchanged share, as applicable, acquired by News Corporation for News Corporation Preferred ADSs.

The amount of News Corporation Preferred ADSs and/or cash to be received by the former GM Class H common stockholders is described above and throughout this document at times with reference to each whole share of Hughes common stock that News Corporation will acquire. News Corporation, however, will, based on certain assumptions described elsewhere in this document, only acquire approximately 0.17664 of each share of Hughes common stock received by the former GM Class H stockholders in the Hughes split-off share exchange with the former GM Class H common stockholders retaining the other 0.82336 of each share of Hughes common stock. In order to determine the amount of News Corporation Preferred ADSs and/or cash the GM Class H common stockholders will receive for the 0.17664 of each share of Hughes common stock, the amount News Corporation pays per whole share must be multiplied by 0.17664. For example, \$14.00 worth of News Corporation Preferred ADSs and/or cash for each whole exchanged share would result in GM Class H common stockholders receiving approximately \$2.47 (calculated by multiplying \$14.00 by 0.17664) for the 0.17664 of each share of Hughes common stock acquired by News Corporation. In addition, GM Class H common stockholders who are the holders of record of their GM Class H common stock may elect the method to identify certain shares (instead of a portion of each share as described above) of Hughes common stock that they will hold immediately after the Hughes split-off share exchange that they wish to convert into the right to receive News Corporation Preferred ADSs and/or cash in the News stock acquisition. This may permit electing GM Class H common stockholders to identify for U.S. federal income tax purposes certain shares to be converted into the right to receive News Corporation Preferred ADSs and/or cash as a result of the transactions. Each GM Class H common stockholder whose shares are held in street name through one or more brokers or through one or more custodial accounts may be provided the opportunity to make a similar election with such stockholder's broker(s) or other agent(s) on an account-by-account basis; whether such opportunity is available will be determined by the broker(s) or other agent(s). You should contact your broker(s) or other agent(s) if you wish to make an election. You should understand that such an election will not change the aggregate number of News Corporation Preferred ADSs and/or cash that an electing GM Class H common stockholder will receive in the News Stock acquisition.

Termination and Top-Off Election. If, at any time prior to the completion of the transactions, the average of the volume weighted average prices per News Corporation Preferred ADS over any 20 consecutive trading day period is below \$14.08, GM will have the right to terminate the stock purchase agreement, and therefore, the transactions contemplated by this document. If GM exercises this right, News Corporation will have seven business days to avoid termination by agreeing to provide a minimum value of \$11.00 for each variable price share and exchanged share. If News Corporation makes this election (which we sometimes refer to as an election to "top-off") and the average closing price of News Corporation Preferred ADSs determined at the completion of the transactions is below \$17.92, the exchange ratio will be the greater of (1) 0.78125 and (2) \$11.00 divided by the average closing price per News Corporation Preferred ADS. As a result, if News Corporation elects to top-off, GM and the former GM Class H common stockholders will receive not less than \$11.00 of News Corporation Preferred ADSs for each variable price share or exchanged share, as applicable, acquired by News Corporation for News Corporation Preferred ADSs.

You should understand, however, that there can be no assurance either that GM would exercise its right to terminate the transactions if the average of the volume weighted average prices per News Corporation Preferred ADS over any twenty consecutive trading day period falls below \$14.08, or, if GM does exercise its

Table of Contents

right to terminate the transactions under such circumstances, that News Corporation will elect to top-off rather than allow the transactions to terminate and pay the \$150 million termination fee to GM. Any such determination by GM whether or not to terminate the transactions and any such determination by News Corporation whether or not to elect to top-off rather than allow the transactions to terminate will be made by the applicable company in its sole discretion based on the facts and circumstances existing at that time. **Finally, you should understand that a determination by GM not to exercise its termination right under such circumstances could result in GM and the former GM Class H common stockholders receiving less than \$11.00 worth of News Corporation Preferred ADSs for each variable price share and exchanged share, as applicable, acquired by News Corporation for News Corporation Preferred ADSs.**

Optional Cash Payment for Shares. News Corporation will have the right to pay cash instead of News Corporation Preferred ADSs for some or all of the variable price shares acquired from GM in the GM/News stock sale. If News Corporation elects to pay cash for some or all of the variable price shares, News Corporation also will be obligated to pay the former GM Class H common stockholders cash instead of News Corporation Preferred ADSs for that percentage of exchanged shares equal to the percentage of variable price shares acquired for cash.

If News Corporation elects to pay cash for some or all of the variable price shares and exchanged shares, it must pay \$14.00 per share, regardless of whether the average closing price of News Corporation Preferred ADSs is within or below the collar. However, if News Corporation elects to pay cash and the average closing price of News Corporation Preferred ADSs is greater than \$26.88, the high end of the collar, News Corporation must pay GM and the former GM Class H common stockholders the greater value that they would have received if News Corporation had paid with News Corporation Preferred ADSs. As a result, if the average closing price of News Corporation Preferred ADS is greater than \$26.88 and News Corporation elects to pay cash for any variable price shares and exchanged shares, it must pay an amount per share for which such election is made equal to (1) the average closing price of News Corporation Preferred ADSs multiplied by (2) 0.52083, which would be greater than \$14.00 per variable price share and exchanged share.

Certain Assumptions (See page 79)

In order to help you to understand the effects of the transactions, we have set forth throughout this document certain illustrative calculations of share ownership percentages, values to be provided to GM and the GM Class H common stockholders and various other matters. You should understand that these calculations are for illustrative purposes only. **The actual amounts will not be known until the time of the completion of the transactions as such calculations will depend upon certain variable factors that will not be determinable until that time.**

Certain assumptions with respect to these variable factors were required in order to provide these illustrative calculations. Changes in any of these assumptions, as well as other factors, could materially affect the share ownership percentages, values to be provided to GM and the GM Class H common stockholders and various other matters set forth throughout this document for illustrative purposes.

Table of Contents**Examples of Value to be Received by GM and Former GM Class H Common Stockholders**

GM. The following table sets forth illustrative calculations of the aggregate value GM will receive for its shares of Hughes Class B common stock (including approximately 219.5 million fixed price shares and approximately 54.9 million variable price shares) in the GM/News stock sale. The box in the table represents the exchange ratio collar mechanism described above. This collar represents a range of prices 20% above and below the \$22.40 closing price of News Corporation Preferred ADSs on April 4, 2003, the fifth day prior to the announcement of the transactions. The values presented in the table represent the value to be provided to GM for the sale of its retained economic interest in Hughes and are in addition to the \$275 million special cash dividend GM will receive from Hughes pursuant to the Hughes split-off.

		Aggregate Value of Consideration Provided by News Corporation to GM			
Average Closing Price of News Corporation Preferred ADSs	Exchange Ratio	Value if 100% of Variable Price Shares Acquired for News Corporation Preferred ADSs	Value if 50% of Variable Price Shares Acquired for News Corporation Preferred ADSs and 50% Acquired for Cash	Value if 100% of Variable Price Shares Acquired for Cash	
(in millions, except for per share amounts)					
\$ 32.00	0.52083	\$ 3,987	\$ 3,987	\$ 3,987	
\$ 31.00	0.52083	\$ 3,958	\$ 3,958	\$ 3,958	
\$ 30.00	0.52083	\$ 3,930	\$ 3,930	\$ 3,930	
\$ 29.00	0.52083	\$ 3,901	\$ 3,901	\$ 3,901	
\$ 28.00	0.52083	\$ 3,872	\$ 3,872	\$ 3,872	
\$ 27.00	0.52083	\$ 3,844	\$ 3,844	\$ 3,844	
\$ 26.88	0.52083	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 26.00	0.53846	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 25.00	0.56000	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 24.00	0.58333	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 23.00	0.60870	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 22.40	0.62500	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 22.00	0.63636	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 21.00	0.66667	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 20.00	0.70000	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 19.00	0.73684	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 18.00	0.77778	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 17.92	0.78125	\$ 3,840	\$ 3,840	\$ 3,840	
\$ 17.00	0.78125	\$ 3,801	\$ 3,821	\$ 3,840	
\$ 16.00	0.78125	\$ 3,758	\$ 3,799	\$ 3,840	
\$ 15.00	0.78125	\$ 3,715	\$ 3,778	\$ 3,840	
\$ 14.08	0.78125	\$ 3,676	\$ 3,758	\$ 3,840	
\$ 14.00	0.78571	\$ 3,676*	\$ 3,758*	\$ 3,840*	
\$ 13.00	0.84615	\$ 3,676*	\$ 3,758*	\$ 3,840*	
\$ 12.00	0.91667	\$ 3,676*	\$ 3,758*	\$ 3,840*	
\$ 11.00	1.00000	\$ 3,676*	\$ 3,758*	\$ 3,840*	

Edgar Filing: NEWS CORP LTD - Form F-4/A

* Assumes that GM has given notice of its intent to terminate the transactions because the average of the volume weighted average prices of News Corporation Preferred ADSs over any twenty consecutive trading day period is below \$14.08 and News Corporation has elected to top-off rather than allow the transactions to terminate and pay the termination fee to GM.

The closing price of News Corporation Preferred ADSs on July 18, 2003 was \$25.60.

Table of Contents

GM Class H Common Stockholders. The following table sets forth illustrative calculations of the value the former GM Class H common stockholders will receive for each exchanged share in the News stock acquisition. The box in the table represents the exchange ratio collar mechanism described above. This collar represents a range of prices 20% above and below the \$22.40 closing price of News Corporation Preferred ADSs on April 4, 2003, the fifth day prior to the announcement of the transactions. The table does not give effect to the treatment of fractional shares of Hughes common stock and News Corporation Preferred ADSs in the merger. Any fractional shares of Hughes common stock and News Corporation Preferred ADSs will be sold by the exchange agent for cash, with the proceeds distributed to the owners of such fractional shares.

		Value of Consideration Provided by News Corporation to Former GM Class H Common Stockholders for Each Exchanged Share		
Average Closing Price of News Corporation Preferred ADSs	Exchange Ratio	Value if 100% of Exchanged Shares Acquired for News Corporation Preferred ADSs	Value if 50% of Exchanged Shares Acquired for News Corporation Preferred ADSs and 50% of Exchanged Shares Acquired for Cash	Value if 100% of Exchanged Shares Acquired for Cash
\$ 32.00	0.52083	\$ 16.67	\$ 16.67	\$ 16.67
\$ 31.00	0.52083	\$ 16.15	\$ 16.15	\$ 16.15
\$ 30.00	0.52083	\$ 15.62	\$ 15.62	\$ 15.62
\$ 29.00	0.52083	\$ 15.10	\$ 15.10	\$ 15.10
\$ 28.00	0.52083	\$ 14.58	\$ 14.58	\$ 14.58
\$ 27.00	0.52083	\$ 14.06	\$ 14.06	\$ 14.06
\$ 26.88	0.52083	\$ 14.00	\$ 14.00	\$ 14.00
\$ 26.00	0.53846	\$ 14.00	\$ 14.00	\$ 14.00
\$ 25.00	0.56000	\$ 14.00	\$ 14.00	\$ 14.00
\$ 24.00	0.58333	\$ 14.00	\$ 14.00	\$ 14.00
\$ 23.00	0.60870	\$ 14.00	\$ 14.00	\$ 14.00
\$ 22.40	0.62500	\$ 14.00	\$ 14.00	\$ 14.00
\$ 22.00	0.63636	\$ 14.00	\$ 14.00	\$ 14.00
\$ 21.00	0.66667	\$ 14.00	\$ 14.00	\$ 14.00
\$ 20.00	0.70000	\$ 14.00	\$ 14.00	\$ 14.00
\$ 19.00	0.73684	\$ 14.00	\$ 14.00	\$ 14.00
\$ 18.00	0.77778	\$ 14.00	\$ 14.00	\$ 14.00
\$ 17.92	0.78125	\$ 14.00	\$ 14.00	\$ 14.00
\$ 17.00	0.78125	\$ 13.28	\$ 13.64	\$ 14.00
\$ 16.00	0.78125	\$ 12.50	\$ 13.25	\$ 14.00
\$ 15.00	0.78125	\$ 11.72	\$ 12.86	\$ 14.00
\$ 14.08	0.78125	\$ 11.00	\$ 12.50	\$ 14.00
\$ 14.00	0.78571	\$ 11.00*	\$ 12.50*	\$ 14.00*
\$ 13.00	0.84615	\$ 11.00*	\$ 12.50*	\$ 14.00*
\$ 12.00	0.91667	\$ 11.00*	\$ 12.50*	\$ 14.00*
\$ 11.00	1.00000	\$ 11.00*	\$ 12.50*	\$ 14.00*

* Assumes that GM has given notice of its intent to terminate the transactions because the average of the volume weighted average prices per News Corporation Preferred ADSs over any twenty consecutive trading day period is below \$14.08 and News Corporation has elected to top-off rather than allow the transactions to terminate and pay the termination fee to GM.

Edgar Filing: NEWS CORP LTD - Form F-4/A

The closing price of News Corporation Preferred ADSs on July 18, 2003 was \$25.60.

Table of Contents

For more information about the assumptions used to calculate the values set forth in the tables above, see [The Transactions](#) [Description of the Transactions](#) [Certain Assumptions](#).

GM Termination Fee (See pages 82 and 178)

GM will be required to pay News Corporation a \$300 million termination fee if:

News Corporation or GM terminates the stock purchase agreement because the transactions are not completed by April 9, 2004 (as that date may be extended pursuant to the stock purchase agreement), and (1) GM common stockholders have not voted on the proposals relating to the transactions, (2) the GM board of directors has determined to change or revoke its recommendation that GM common stockholders approve the proposals relating to the transactions and (3) within 12 months of such termination either (A) a competing transaction has been proposed and GM or Hughes enters into an agreement with respect to a competing transaction to the proposed transactions with the party that made the initial competing transaction proposal or (B) a Hughes spin-off distribution is either publicly announced by GM or completed. A competing transaction generally means an alternative strategic transaction involving Hughes and any third party other than News Corporation, and a Hughes spin-off distribution generally means a distribution of Hughes capital stock to GM stockholders either alone or in connection with the sale of up to 5% of Hughes outstanding capital stock in a negotiated transaction;

News Corporation or GM terminates the stock purchase agreement because GM fails to obtain the requisite GM common stockholder approval of the transactions at such time as a competing transaction has been disclosed, GM continued to recommend the transactions to its shareholders and, within 12 months of such termination, GM or Hughes enters into an agreement with respect to a competing transaction with the party that made the initial competing transaction proposal;

GM terminates the stock purchase agreement because GM proposes to enter into a competing transaction that constitutes a superior proposal. A superior proposal generally means a bona fide, written proposal by a third party for a competing transaction that is on terms that the GM board of directors determines in good faith would, if completed, result in a transaction that would be more favorable to GM and its stockholders than the transactions described in this document, taking into account such factors as the GM board of directors in good faith deems to be relevant; or

News Corporation terminates the stock purchase agreement because GM enters into, or the GM or Hughes board of directors approves or recommends, a competing transaction.

GM will be required to pay News Corporation a \$150 million termination fee if News Corporation or GM terminates the stock purchase agreement because the GM board of directors notifies News Corporation that it cannot or will not be able to recommend the transactions or is required to change or revoke its recommendation of the transactions to GM common stockholders for their approval. After that termination, GM will be required to pay News Corporation another \$150 million termination fee if GM or Hughes enters into an agreement with respect to a competing transaction or GM publicly announces or completes a Hughes spin-off distribution within 12 months of such termination.

News Corporation Termination Fee (See pages 74 and 179)

News Corporation will be required to pay GM a \$150 million termination fee if GM provides notice to News Corporation that it is terminating the stock purchase agreement because the average of the volume weighted average prices per News Corporation Preferred ADS over any 20 trading day period between now and the completion of the transactions is less than \$14.08 and News Corporation does not elect to provide a minimum value of \$11.00 per share to GM for the variable price shares in the GM/News stock sale and to the former GM Class H common stockholders for the exchanged shares in the News stock acquisition, as described in greater detail elsewhere in this document.

Table of Contents

Structure of the Transactions

In order to help you better understand the Hughes split-off, the GM/News stock sale and the News stock acquisition and how they will affect GM, Hughes and News Corporation, the charts below illustrate, in simplified form, the organizational structures of GM, Hughes and News Corporation *before* and *after* the transactions. You should note that the illustration of the organizational structure of the companies after the transactions gives effect to the transfer by NPAL to Fox Entertainment of all of its shares of Hughes common stock immediately following the completion of the transactions.

BEFORE THE TRANSACTIONS

Table of Contents

AFTER THE TRANSACTIONS

* This chart assumes that News Corporation elects to pay for 100% of the variable price shares in the GM/News stock sale and 100% of the exchanged shares in the News stock acquisition with News Corporation Preferred ADSs and that the average closing price of News Corporation Preferred ADSs is \$25.60, which was the closing price of News Corporation Preferred ADSs on July 18, 2003. This percentage reflects the approximate aggregate equity ownership of Preferred Ordinary Shares, including shares represented by News Corporation Preferred ADSs, and Ordinary Shares, including shares represented by News Corporation Ordinary ADSs, and is based on there being outstanding 3,230,208,960 Preferred Ordinary Shares and 2,097,411,050 Ordinary Shares, which were the respective numbers of outstanding shares on July 18, 2003.

Table of Contents

Purposes of the Transactions

(See page 83)

There are two principal purposes for the transactions from the perspective of GM and Hughes. One is that the separation of Hughes from GM and News Corporation's affiliation with Hughes are expected to better position Hughes to compete in the distribution of multi-channel video programming and, overall, in the telecommunications and media industries. The other is that the transactions are expected to provide significant value to GM and its common stockholders and significant liquidity to GM.

Separation of Hughes from GM and Affiliation with News Corporation

As a result of the transactions, Hughes will become a publicly traded company that is no longer wholly owned by GM. Hughes believes that, as an independent public company, it will have greater flexibility in accessing capital for operations and expansion, including through the use of its own publicly traded stock as currency for future strategic acquisitions or alliances. The transactions also will more closely align the investments of GM Class H common stockholders with Hughes' business prospects by providing those stockholders with an asset-based stock of Hughes in exchange for their GM tracking stock interest in the financial performance of Hughes.

In addition, Hughes believes that its affiliation with News Corporation and its affiliates will benefit Hughes. News Corporation holds interests in a number of satellite direct-to-home television platforms outside the United States, which will allow it both to share with Hughes the benefits of its experience with diverse service offerings and business practices and to achieve economies of scope and scale in research and development and equipment procurement. News Corporation also owns and has interests in a number of entertainment and media businesses that are complementary to Hughes' businesses. Moreover, News Corporation has demonstrated efficient decision-making, strategic vision, innovation and willingness to commit capital and take risks to achieve superior returns. Hughes believes that the addition of News Corporation representatives to the Hughes board of directors and management, as well as the strategic opportunities that are expected to be associated with News Corporation's significant equity interest in Hughes after the transactions, should enhance Hughes' ability to develop and deploy new services and technologies, to expand its business and enhance its competitiveness in the markets in which it competes.

Value and Liquidity to GM and GM Class H Common Stockholders

The transactions offer a premium to GM for its retained economic interest in Hughes and to the GM Class H common stockholders for a portion of their economic interests in Hughes. They also will provide significant liquidity and value to GM from the proceeds GM will receive from the sale of its retained economic interest in Hughes and the special cash dividend.

From GM's perspective, the transactions present an opportunity to meet its own liquidity objectives over the near term and support its credit rating. Based on certain assumptions described elsewhere in this document, GM will receive approximately \$3.07 billion in cash and up to approximately \$0.77 billion in News Corporation Preferred ADSs and/or cash, at News Corporation's election, subject to adjustment based on a collar mechanism that depends upon the trading price of News Corporation Preferred ADSs during a specified period of time prior to the completion of the transactions, for the sale of its retained economic interest in Hughes to News Corporation pursuant to the GM/News stock sale. Also, as part of the transactions, GM will receive a \$275 million special cash dividend from Hughes in connection with the Hughes split-off. Because GM will exit its investment in Hughes pursuant to the transactions, after the transactions GM will be able to focus its management and other resources primarily on its core automotive and related businesses.

In addition, GM Class H common stockholders will receive, for a portion of the Hughes common stock they will receive in the Hughes split-off, News Corporation Preferred ADSs or cash, or a combination of both. Based on certain assumptions described elsewhere in this document, upon completion of the transactions, GM Class H common stockholders will receive, in exchange for each share of GM Class H common stock held immediately prior to the transactions, approximately 0.82336 of a share of Hughes common stock and

Table of Contents

approximately \$2.47 worth of News Corporation Preferred ADSs and/or cash, at News Corporation's election, subject to adjustment based on the collar mechanism.

Fairness of the Transactions;

Recommendation of the GM Board of Directors

(See pages 82, 103, 110, 155 and 272)

After careful consideration, based on the factors and other matters described elsewhere in this document, the GM board of directors has determined that the transactions that are the subject of this document are advisable to, and in the best interests of, GM and its common stockholders and that those transactions as a whole, on the terms and conditions of the transaction agreements, are fair to the holders of GM \$1 2/3 par value common stock and to the holders of GM Class H common stock. By voting to approve or ratify the proposals relating to the transactions, GM common stockholders will be ratifying the transactions, including the Hughes split-off (including the \$275 million special cash dividend from Hughes), the GM/News stock sale, the News stock acquisition and the new Hughes certificate of incorporation (including the excess stock provision). As further described elsewhere in this document, GM believes that ratification by GM common stockholders should extinguish any claim by such stockholders (other than for waste, fraud or similar egregious misconduct or based on lack of proper disclosure) against GM and its directors based on these transactions, including a claim alleging unfairness of these transactions to the holders of either or both classes of GM common stock or alleging any deficiency in the process of developing the terms of these transactions or the GM board of directors' consideration or approval of these transactions.

In connection with its review of the transactions and its consideration of the fairness of the transactions, the GM board of directors has received opinions from several investment banking firms. Two independent investment banking firms, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bear, Stearns & Co. Inc., financial advisors to GM in connection with the transactions, have provided opinions to the GM board of directors to the effect that, as of the date of the opinions and based upon and subject to the assumptions, conditions, limitations and other matters described in those opinions, taking into account all relevant financial aspects of the transactions taken as a whole, the consideration to be provided to GM and to the holders of GM Class H common stock, as applicable, in the transactions is fair, from a financial point of view, to the holders of GM \$1 2/3 par value common stock as a class and to the holders of GM Class H common stock as a class, respectively.

Both the Hughes board of directors and the GM board of directors have received opinions from two other independent investment banking firms, Credit Suisse First Boston LLC and Goldman, Sachs & Co., financial advisors to Hughes, to the effect that, based upon and subject to the matters described in those opinions and based upon such other matters as Credit Suisse First Boston and Goldman Sachs considered relevant, as of the date of their opinions and based on market conditions as of that date, the consideration to be received by the holders of Hughes common stock in the merger is fair, from a financial point of view, to the holders of Hughes common stock (other than News Corporation and its affiliates) as of immediately prior to the merger.

We have included the full text of the fairness opinions received by the GM board of directors in Appendix E to this document. We urge you to read each of these opinions carefully. In addition, you should understand that a significant portion of the fees to be paid to the financial advisors of GM and Hughes is contingent upon the completion of the transactions.

The GM board of directors has approved the transactions by unanimous vote of all those directors present at the applicable GM board meeting and recommends that the GM \$1 2/3 par value common stockholders and GM Class H common stockholders vote to approve each of the proposals described in this document by executing and returning the enclosed consent card as soon as possible.

Table of Contents

Interests of Directors and Executive Officers of GM and Hughes

(See page 278)

You should be aware that some of the directors and executive officers of GM and Hughes have interests in connection with the transactions that are different from, or in addition to, the interests of other stockholders of GM. In particular, certain executive officers of Hughes are participants in some of the Hughes retention and key employee severance arrangements and certain directors and executive officers of Hughes will remain or become directors and executive officers of Hughes following the completion of the transactions.

As of July 18, 2003, the directors and executive officers of GM, individually and the group as a whole, held less than one percent of the outstanding shares and voting power of each class of GM common stock.

The GM board of directors was aware of these interests and considered them, among other matters, in approving the transactions.

Advantages and Disadvantages of the Transactions to GM Common Stockholders

(See page 155)

The following is a description of certain important advantages and disadvantages of the transactions to GM common stockholders. As described below, the transactions will have differing effects on and consequences for holders of GM \$1 2/3 par value common stock and holders of GM Class H common stock.

GM Class H Common Stockholders

Following completion of the transactions, Hughes will be independent of GM and affiliated with News Corporation, a diversified international media and entertainment company that has demonstrated its ability to support, develop and operate direct-to-home television businesses.

As a result of the transactions, all outstanding shares of GM Class H common stock will be cancelled and the former GM Class H common stockholders will no longer be holders of a tracking stock of GM, but instead will be holders of an asset-based stock of Hughes and, under certain circumstances, News Corporation Preferred ADSs. Holders of News Corporation Preferred ADSs have only limited voting rights. If and to the extent that News Corporation elects, the former GM Class H common stockholders will receive cash instead of News Corporation Preferred ADSs. While most aspects of the transactions will be tax-free, the receipt of News Corporation Preferred ADSs and/or cash will be taxable to GM Class H common stockholders, as described further at [Material U.S. Federal Income Tax Consequences Relating to the Transaction](#).

If the requisite GM common stockholder approval of the proposals relating to the transactions is obtained, the GM Class H common stockholders will not have their shares of GM Class H common stock exchanged for shares of GM \$1 2/3 par value common stock at a 120% exchange rate in connection with the transactions, as currently provided for under certain circumstances by the GM restated certificate of incorporation.

In addition, if the requisite GM common stockholder approval of the proposals relating to the transactions is obtained, GM common stockholders will be approving and consenting to the \$275 million special cash dividend from Hughes to GM without the distribution of a portion of that amount to GM Class H common stockholders that is currently provided for under certain circumstances pursuant to a policy statement of the GM board of directors and without any adjustment of GM's retained economic interest in Hughes. If the transactions were completed without the approval of GM common stockholders (and without any other action by the GM board of directors to cause the policy statement to be inapplicable), GM would have been required to pay a dividend to GM Class H common stockholders in an aggregate amount of approximately \$220.4 million (or approximately \$0.20 per share of GM Class H common stock), representing about 80.2% of the special cash dividend to be paid to GM by Hughes.

However, if the requisite GM common stockholder approval of the transactions is not obtained, the transactions will not occur. If that happens, GM Class H common stockholders will have no right to exchange

Table of Contents

their shares for shares of GM \$1 2/3 par value common stock at a 120% exchange rate or to receive any dividend distribution from GM in connection with the transactions.

Pursuant to the stock purchase agreement and the GM/Hughes separation agreement, Hughes may be required to indemnify GM for certain liabilities, including with respect to certain tax matters and the historical operation of Hughes, and News Corporation for certain liabilities.

GM \$1 2/3 Par Value Common Stockholders

As a result of the transactions, GM will have only one class of outstanding common stock, the GM \$1 2/3 par value common stock. GM will then no longer have tracking stock and will be focused primarily on its core automotive and related businesses. After the transactions, the GM \$1 2/3 par value common stockholders will continue to hold their shares of GM \$1 2/3 par value common stock. However, their shares will reflect only the financial performance of GM's core automotive and related businesses, which will not include the Hughes business.

As part of the Hughes split-off, GM will receive a \$275 million special cash dividend from Hughes, and no portion of this dividend payment will be distributed to the GM Class H common stockholders.

Based on certain assumptions described elsewhere in this document, upon completion of the GM/News stock sale, GM will receive approximately \$3.84 billion from News Corporation, comprised of approximately \$3.07 billion in cash and approximately \$0.77 billion in News Corporation Preferred ADSs and/or cash, subject to adjustment based on the collar mechanism. The amount of cash and the number of News Corporation Preferred ADSs that GM would receive in the transactions, however, cannot be definitively determined until the time of the completion of the GM/News stock sale because each will depend upon certain factors that will not be known until that time. As a result of the transactions, through and to the extent of any GM ownership of News Corporation Preferred ADSs after the transactions, the GM \$1 2/3 par value common stockholders will have an indirect interest in News Corporation and Hughes following the transactions.

GM may be required to indemnify Hughes for certain liabilities, including with respect to the historical operation of GM's core automotive and related businesses, and News Corporation for certain liabilities.

Regulatory Requirements

(See page 157)

U.S. Antitrust Requirements

Under U.S. antitrust laws, the transactions may not be completed until GM, Hughes and News Corporation have filed the necessary report forms with the Antitrust Division of the Department of Justice and the Federal Trade Commission and the required waiting period has terminated or expired. We filed the notifications required by the Hart-Scott-Rodino Act on May 2, 2003. On June 2, 2003, the Antitrust Division of the Department of Justice issued requests for additional information to Hughes and News Corporation. The Department of Justice's Antitrust Division may fail to permit the completion of the transactions on a timely basis, bring an action seeking to prevent the transactions or impose onerous conditions in connection with its clearance.

FCC Approval

To complete the transactions, we must also obtain the approval of the FCC for the transfer of control over the FCC licenses held by Hughes. We filed an application for the requisite FCC approval on May 2, 2003. The FCC placed the application on public notice on May 16, 2003 and invited petitions, oppositions and other comments by third parties in respect of the application by June 16, 2003. A number of third parties have filed comments on, or petitions to deny, our application, asking the FCC to impose conditions on its grant of approval, designate the application for a formal hearing before deciding the merits, and/or deny the application. On July 1, 2003, GM, Hughes and News Corporation filed a consolidated opposition and reply.

Table of Contents

On July 8, 2003, GM, Hughes and News Corporation received a request for information from the FCC, and our response is due August 6, 2003. GM, Hughes and News Corporation believe that the issues raised by third parties with respect to our application are without merit. However, there can be no assurance that the FCC will grant its consent in a timely manner or that the FCC will not agree with the views of those third parties opposing the application and deny its approval or impose onerous conditions in connection with granting its approval.

Foreign and Certain Other Regulatory Matters

The transactions may be subject to regulatory requirements of other state, federal and foreign governmental agencies and authorities, including clearances for the transactions from competition and communications authorities in foreign jurisdictions and requirements relating to the regulation of the offer and sale of securities. We are currently working to evaluate and comply in all material respects with these requirements, as appropriate, and do not currently anticipate that they will delay completion of the transactions.

Although we currently expect to receive all governmental approvals and clearances required in order to complete the transactions, we cannot assure you that we will obtain all such governmental approvals and clearances or that the granting of these approvals and clearances will be timely. In addition, any approval or clearance could impose conditions on the completion of the transactions or require changes to the terms of the transactions. These conditions or changes could result in the conditions to the transactions not being satisfied.

No Appraisal Rights

(See page 158)

GM common stockholders and, immediately after the Hughes split-off share exchange, Hughes common stockholders are not entitled to appraisal rights in connection with the transactions that are the subject of this document.

Hughes Common Stock

(See page 219)

Upon completion of the transactions, Hughes common stock will be the only outstanding class of Hughes capital stock. Each share of Hughes common stock will entitle the holder to one vote on all matters submitted for stockholder approval. Holders of Hughes common stock will have no redemption, conversion or preemptive rights. Following completion of the transactions, Hughes does not expect to pay dividends on the Hughes common stock in the foreseeable future.

The new Hughes certificate of incorporation will contain an excess stock provision that will provide for restrictions on the transfer of Hughes capital stock during the first year after completion of the transactions. These restrictions are designed to protect Hughes and its stockholders from, among other things:

liability for potential adverse tax effects that could result in the event that the Hughes split-off share exchange is taxable to GM; and

the potential adverse impact of third-party attempts to gain control of Hughes at a time when News Corporation and its affiliates, in order to preserve the tax-free status of the Hughes split-off share exchange, may be prohibited or substantially delayed in their ability to acquire additional Hughes capital stock and, as a result, not be in a position to defend against a third party attempting to gain control, possibly provide greater consideration to Hughes common stockholders or cause any third party to offer greater consideration than would otherwise be the case.

The excess stock provision of the new Hughes certificate of incorporation will provide that, subject to certain exceptions, during the first year after completion of the transactions, no person may acquire, actually or constructively by virtue of certain of the attribution provisions of the Internal Revenue Code of 1986, as amended (which we sometimes refer to as the Code), any shares of Hughes capital stock that would cause

Table of Contents

such person to own, actually or constructively, 10% or more of any class of Hughes capital stock. This restriction will not apply to News Corporation's acquisition of 34% of the outstanding Hughes common stock in the transactions but will prevent News Corporation (and other persons treated as related to News Corporation under the new Hughes certificate of incorporation) from acquiring additional shares of Hughes capital stock for one year after completion of the transactions. After completion of the transactions, News Corporation and those parties from whom ownership of Hughes capital stock would be attributed to News Corporation, may continue to own 34% of Hughes' outstanding capital stock. They may not, however, acquire any additional shares, actually or constructively by virtue of certain of the attribution provisions of the Code, during the one year period after completion of the transactions. For purposes of the excess stock provision, those persons from whom ownership of Hughes capital stock will be attributed to News Corporation under the new Hughes certificate of incorporation could include holders of Hughes common stock that do not have a formal affiliation with News Corporation, such as persons in whom News Corporation has made an investment.

The new Hughes certificate of incorporation also will prohibit a group of stockholders, including News Corporation, K. Rupert Murdoch and certain related persons and entities, which we sometimes refer to as the News group, from collectively owning 50% or more of Hughes voting securities. This prohibition will not apply if:

any member of the News group commences a tender or exchange offer for all of Hughes' voting securities or enters into an agreement to acquire all of such voting securities pursuant to a merger or other business combination transaction with Hughes;

a majority of the independent directors of the Hughes board consent to such acquisition; or

a person not affiliated with any member of the News group acquires, or announces an intention to acquire, 25% or more of Hughes or announces its intention to effect a merger or other business combination transaction with Hughes that will result in such person owning 25% or more of the corporation surviving the merger or business combination, and the Hughes board of directors approves that merger or business combination.

These standstill provisions will no longer apply if:

a majority of the independent directors of the Hughes board so determines;

the News group acquires 50% or more of Hughes under the circumstances described in the first two bullets of the preceding paragraph;

the News group acquires 80% or more of Hughes; or

any of Mr. Murdoch, Chase Carey, Peter Chernin or David DeVoe (or any of their successors) is not nominated for re-election to the Hughes board of directors, or any of these persons ceases to be a director and the nominating/ corporate governance committee of the Hughes board of directors fails to fill their vacancy with a person specified by a majority of these four directors (or their successors), unless, at that time:

- the News group owns less than 17% of Hughes; or
- News Corporation (or its subsidiaries) has disposed of 25% or more of the Hughes common stock it will acquire in the transactions.

News Corporation Preferred ADSs

(See pages 224 and 241)

News Corporation Preferred ADSs are preferred American depositary shares of News Corporation and are traded on the New York Stock Exchange under the symbol NWS.A. Each News Corporation Preferred ADS represents four Preferred Ordinary Shares of News Corporation. These shares are traded on the Australian Stock Exchange under the symbol NCPDP. News Corporation also has outstanding News

Table of Contents

Corporation Ordinary ADSs, which are traded on the NYSE under the symbol NWS. Each News Corporation Ordinary ADS represents four Ordinary Shares. Unlike the holders of Ordinary Shares and News Corporation Ordinary ADSs, the holders of the Preferred Ordinary Shares and News Corporation Preferred ADSs have no voting rights except in limited circumstances.

Hughes Directors and Executive Officers

(See page 200)

GM, Hughes and News Corporation have agreed that the Hughes board of directors upon the completion of the transactions will initially have eleven members. At least a majority of the members of the Hughes board of directors will be independent directors as determined under the new Hughes certificate of incorporation and by-laws until such time as the standstill provisions in the new Hughes certificate of incorporation described above at Hughes Common Stock no longer apply.

K. Rupert Murdoch, the current Chairman of the board of directors and Chief Executive of News Corporation, will be the Chairman of Hughes. Chase Carey, a current director of and advisor to News Corporation, will be the President and Chief Executive Officer of Hughes. Eddy Hartenstein, the current Corporate Senior Executive Vice President of Hughes, will serve as the Vice Chairman of Hughes. Other persons who will serve as directors or executive officers of Hughes immediately after the transactions are identified at Hughes Directors and Executive Officers.

Conditions to Completing the Transactions

(See pages 68, 173 and 183)

The obligations of the companies to complete the transactions are subject to a number of conditions that must be satisfied or waived before the transactions can be completed. One important condition to the companies' obligations to complete the GM/News stock sale is that GM, Hughes and News Corporation must be prepared to simultaneously complete the Hughes split-off. In addition, unless the companies are prepared to complete the News stock acquisition immediately after the completion of the Hughes split-off and the GM/News stock sale, the transactions will not occur. Other important conditions include the following:

the receipt of the requisite GM common stockholder approval of each of the five proposals relating to the transactions;

the expiration or termination of the waiting periods applicable to the transactions under the Hart-Scott-Rodino Act and any similar law of foreign jurisdictions;

the absence of any effective injunction or order that prevents the completion of the transactions;

the receipt of FCC approval for the transfer of control over licenses and other authorizations in connection with the transactions;

the receipt of all other approvals of, or the making of all other filings with, governmental authorities required to complete the transactions, other than approvals and filings, the absence of which, in the aggregate, would not reasonably be expected to have a material adverse effect on Hughes;

the receipt and continued effectiveness of a ruling from the IRS to the effect that the Hughes split-off share exchange will be tax-free to GM and its stockholders for U.S. federal income tax purposes;

the approval for listing on the NYSE of the Hughes common stock that will be issued in the transactions;

the approval for listing on the NYSE of any News Corporation Preferred ADSs that may be issued in the transactions;

the accuracy, in all material respects, of each company's representations and warranties contained in the stock purchase agreement, as applicable, as of the completion of the transactions;

Table of Contents

the performance, in all material respects, of each company's obligations under the stock purchase agreement and the merger agreement; and

the absence of a continuing material adverse effect on Hughes.

Considerations Relating to the Time Interval Between GM Common Stockholder Approval and Completion of the Transactions

(See page 110)

The GM board of directors has determined that the transactions that are the subject of this document are in the best interests of GM and its common stockholders as a whole and are fair to the holders of both classes of GM common stock and has approved the transactions by unanimous vote of all those directors present at the applicable GM board meeting and recommends that the GM common stockholders of each class vote to approve each of the proposals described in this document. However, even if the requisite GM common stockholder approval is obtained, it is possible that the transactions would not be completed for a significant period of time after that approval if other applicable conditions to the transactions are not satisfied or waived at that time. It is possible that the business or financial condition of News Corporation or Hughes or financial, economic or other circumstances could change significantly during that time period and in a manner not considered at the time that the GM board of directors approved the transactions. You should understand that, despite any such change in circumstances that might occur during this time interval, it is not a condition to completion of the transactions that the GM board of directors update its determination that the transactions are fair to both classes of GM common stockholders. However, until the requisite GM common stockholder approval has been received, the GM board of directors may change or revoke its recommendation that GM common stockholders approve the proposals relating to the transactions if it determines in good faith and upon advice of legal counsel that it is required to do so in accordance with its fiduciary duties. In such event, GM or News Corporation may terminate the transaction agreements (in which event GM would be required to pay News Corporation a \$150 million termination fee plus, under certain circumstances in which GM or Hughes enters into an agreement with respect to a competing transaction or GM publicly announces or completes a Hughes spin-off distribution, an additional \$150 million termination fee).

Under the terms of the transaction agreements, GM and Hughes have agreed not to solicit any proposals from third parties, or engage in discussions with or furnish information to any third party, with respect to a competing transaction. However, until the requisite GM common stockholder approval of the proposals relating to the transactions has been received, GM and Hughes are permitted to engage in such discussions and provide such information (but not solicit proposals) with regard to a superior proposal, subject to certain conditions described at Description of Principal Transaction Agreements Stock Purchase Agreement Covenants No Solicitation of Competing Transactions Involving Hughes, if the GM board of directors determines that it is necessary for GM to do so in order to comply with its fiduciary duties.

GM common stockholders should understand that, if they vote to approve the proposals recommended by the GM board of directors, such approval will result in the termination of GM's ability to engage in discussions regarding superior proposals. That would mean that GM would have no practical ability to enter into any agreement or arrangement with respect to a competing transaction without breaching the non-solicitation covenant. However, if GM common stockholders fail to approve the proposals recommended by the GM board of directors, the transactions could not be completed and GM common stockholders would not have the opportunity to participate in the benefits of the transactions as described in this document and, under certain circumstances in which GM or Hughes enters into a competing transaction, GM would be required to pay News Corporation a \$300 million termination fee. Further, in either case, there can be no assurance that any proposal for a competing transaction would be available to Hughes and GM or, if available, would result in any agreement or arrangement for a competing transaction.

Accordingly, for all of the reasons described elsewhere in this document, the GM board of directors recommends that GM common stockholders vote to approve each of the proposals.

Table of Contents

Material U.S. Federal Income Tax Consequences Relating to the Transactions

(See page 159)

GM has applied for an IRS private letter ruling to the effect that the Hughes split-off share exchange will be treated as a tax-free distribution for U.S. federal income tax purposes. Receipt of this ruling is a condition to the completion of the transactions. If the ruling is issued and remains in effect, then, for U.S. federal income tax purposes, neither the GM Class H common stockholders nor GM (except as to certain prior intercompany transactions that will be taken into income) will recognize gain or loss as a result of the Hughes split-off share exchange.

The receipt of News Corporation Preferred ADSs and/or cash by the former GM Class H common stockholders in exchange for shares of Hughes common stock in the News stock acquisition will be a taxable transaction for U.S. federal income tax purposes (and also may be a taxable transaction under applicable state, local or other income tax laws).

The GM/News stock sale will be a taxable sale to GM, in which GM will recognize gain or loss for U.S. federal income tax purposes (and also possibly under applicable state, local or other income tax laws).

Accounting Treatment

(See page 159)

GM will record the \$275 million special cash dividend from Hughes to GM as a reduction in GM's investment in Hughes. GM will record the exchange of Hughes common stock for all the outstanding shares of GM Class H common stock in the Hughes split-off share exchange at book value. Simultaneously with the Hughes split-off, based on certain assumptions described elsewhere in this document, GM will sell all of its retained economic interest in Hughes (in the form of the Hughes Class B common stock) to News Corporation for approximately \$3.07 billion in cash and up to an additional approximately \$0.77 billion in News Corporation Preferred ADSs and/or cash, subject to adjustment based on the collar mechanism, pursuant to the GM/News stock sale. Based on a price of \$14.00 per share of GM Class H common stock, the net book value of Hughes at March 31, 2003, and certain other assumptions, the transactions would have resulted in a gain of approximately \$1.22 billion, net of tax. In addition, GM currently anticipates that as a result of the transactions, there will be a net reduction of GM stockholders' equity of approximately \$7.12 billion. The financial results of Hughes for all periods prior to the completion of the transactions will be reported as discontinued operations in GM's consolidated financial statements. GM will record any News Corporation Preferred ADSs received at their fair market value at the time of the transactions, and will account for them using the cost method.

For Hughes, the transactions represent an exchange of equity interests by investors. As such, Hughes will continue to account for its assets and liabilities at historical cost and will not apply purchase accounting. Hughes will record the \$275 million special cash dividend payment to GM as a reduction to additional paid-in capital. Any difference between the Hughes consolidated tax liability or receivable as determined on a separate return basis and the cash payment to or from GM resulting from the tax agreement described below at *Description of Principal Transaction Agreements Ancillary Separation Agreements Tax Agreement*, also will be reflected as a reduction or increase in additional paid-in capital. Upon completion of the transactions, Hughes will expense related costs that include investment advisor fees of approximately \$50 million and retention and severance benefits to certain employees of approximately \$62 million and approximately \$5 million, respectively. In addition, certain employees of Hughes may earn up to \$45 million in additional retention benefits during the 12-month period subsequent to the completion of the transactions, and additional severance payments may be payable as described below at *GM Consent Solicitation Matters Interests of Executive Officers and Directors of GM and Hughes Hughes Retention Bonus Plan; Hughes Executive Change in Control Severance Agreements; Other Employee Severance Benefits; Hughes Stock Options*.

Table of Contents**Comparative Market Price Data**

(See page 264)

Presented below are the per share closing prices for the GM \$1 2/3 par value common stock (symbol: GM), as quoted on the NYSE, the GM Class H common stock (symbol: GMH), as quoted on the NYSE, and the News Corporation Preferred ADSs (symbol: NWS.A), as quoted on the NYSE, on the following dates:

April 9, 2003, the last trading day before the public announcement of the signing of the transaction agreements among GM, Hughes and News Corporation relating to the transactions that are the subject of this document; and

July 18, 2003, the latest practicable date before the filing of this document.

Also presented below are implied equivalent per share prices on each of those dates for GM Class H common stock calculated by multiplying the closing price per News Corporation Preferred ADS on each of the two dates by an exchange ratio of 0.62167 and 0.54688, respectively. These ratios represent the number of News Corporation Preferred ADSs a former Class H common stockholder would receive for each exchanged share acquired by News Corporation for News Corporation Preferred ADSs in the News stock acquisition, calculated as described above at Description of the Transactions The Exchange Ratio and assuming that the average closing price of News Corporation Preferred ADSs is equal to the closing price of News Corporation Preferred ADSs on each such date.

	GM \$1 2/3 Par Value Common Stock Price	GM Class H Common Stock Price	News Corporation Preferred ADS Price	Share Price Equivalent for GM Class H Common Stock Based on News Corporation Preferred ADS Price
April 9, 2003	\$ 34.48	\$ 11.48	\$ 22.52	\$ 14.00
July 18, 2003	\$ 35.87	\$ 13.37	\$ 25.60	\$ 14.00

Currencies and Exchange Rates

(See page 284)

Unless otherwise stated or the context otherwise requires, all references in this document to A\$ are to Australian dollars and all references to \$ or US\$ are to U.S. dollars.

For your convenience, this document contains translations of A\$ amounts into US\$ amounts at specified exchange rates. These translations of A\$ into US\$ and of US\$ into A\$ have been made at the indicated Noon Buying Rate in New York City for cable transfers in Australian dollars as certified for customs purposes by The Federal Reserve Bank of New York. On July 18, 2003, the latest practicable date for which exchange rate information was available before the filing of this document, the Noon Buying Rate was US\$0.6454 per A\$1.00. These translations should not be construed as representations that the A\$ amounts actually represent such US\$ amounts or could be converted to US\$ at the rates indicated.

For a five-year history of relevant exchange rates, see Currency of Presentation, Exchange Rates and Certain Definitions.

Table of Contents**SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA****GM Selected Historical Financial Data**

The following statements of operations data for each of the three years in the period ended December 31, 2002 and the balance sheet data as of December 31, 2002 and 2001 have been derived from GM's consolidated financial statements incorporated into this document by reference, which have been audited by Deloitte & Touche LLP, independent auditors. The statement of operations data for the years ended December 31, 1999 and 1998 and the balance sheet data as of December 31, 2000, 1999 and 1998 have been derived from GM's audited consolidated financial statements, which have not been incorporated into this document by reference.

The statements of operations data for each of the three-month periods ended March 31, 2003 and 2002 and the balance sheet data as of March 31, 2003 have been derived from GM's unaudited consolidated financial statements that have been incorporated into this document by reference.

You should read the data below in conjunction with GM's consolidated financial statements (including the notes thereto) in GM's Annual Report on Form 10-K for the year ended December 31, 2002, Management's Discussion and Analysis of Financial Condition and Results of Operations in GM's Current Report on Form 8-K dated June 6, 2003 and GM's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, which are incorporated into this document by reference. Certain amounts for 2001 and prior years have been reclassified to conform with the 2002 classifications.

	For the three months ended March 31,		For the year ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
(in millions, except per share amounts)							
Statement of Operations Data							
Total net sales and revenues	\$ 49,365	\$ 46,214	\$ 186,763	\$ 177,260	\$ 184,632	\$ 176,558	\$ 155,445
Total costs and expenses	47,217	45,860	184,683	175,742	177,468	167,511	150,501
Income from continuing operations before income taxes and minority interests	2,148	354	2,080	1,518	7,164	9,047	4,944
Income tax expense	656	125	533	768	2,393	3,118	1,636
Equity income (loss) from minority interests	(9)	(1)	189	(149)	(319)	(353)	(259)
Income from continuing operations	1,483	228	1,736	601	4,452	5,576	3,049
Income (loss) from discontinued operations						426	(93)
Net Income	1,483	228	1,736	601	4,452	6,002	2,956
Dividends on preference stocks		(24)	(47)	(99)	(110)	(80)	(63)
Earnings attributable to common stocks	\$ 1,483	\$ 204	\$ 1,689	\$ 502	\$ 4,342	\$ 5,922	\$ 2,893
Earnings (losses) Per Share:							
<i>GM \$1 2/3 par value common stock(1)</i>							
Basic earnings per share (EPS) from continuing operations	\$ 2.71	\$ 0.58	\$ 3.37	\$ 1.78	\$ 6.80	\$ 8.70	\$ 4.40

Edgar Filing: NEWS CORP LTD - Form F-4/A

Diluted EPS from continuing operations	2.71	0.57	3.35	1.77	6.68	8.53	4.32
Cash dividends declared per share	0.50	0.50	2.00	2.00	2.00	2.00	2.00

Table of Contents

	For the three months ended March 31,		For the year ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
(in millions, except per share amounts)							
<i>GM Class H common stock</i> (1)(2)							
Basic EPS from continuing operations	\$ (0.04)	\$ (0.14)	\$ (0.21)	\$ (0.55)	\$ 0.56	\$ (0.26)	\$ 0.23
Diluted EPS from continuing operations	(0.04)	(0.14)	(0.21)	(0.55)	0.55	(0.26)	0.23
Cash dividends declared per share							

	As of March 31,	As of December 31,				
	2003	2002	2001	2000	1999	1998
(in millions, except per share amounts)						
Balance Sheet Data:						
Cash and cash equivalents	\$ 26,982	\$ 21,449	\$ 18,555	\$ 10,284	\$ 10,442	\$ 9,874
Total assets	382,436	368,996	322,412	301,129	273,729	245,872
Notes and loans payable	211,726	201,940	166,314	144,655	131,688	116,075
Minority interests	835	834	746	707	596	563
GM-obligated mandatorily redeemable preferred securities of subsidiary trusts				139	218	220
Stockholders equity	9,366	6,814	19,707	30,175	20,644	15,052

Table of Contents

	For the three months ended March 31,		For the year ended December 31,		
	2003	2002	2002	2001	2000
(in millions, except per share amounts)					
Transitional Disclosures Under Statement of Financial Accounting Standards No. 142(3):					
Reported net income	\$ 1,483	\$ 228	\$ 1,736	\$ 601	\$ 4,452
Add:					
Goodwill amortization				327	318
Amortization of intangibles with indefinite lives				7	7
Adjusted net income	\$ 1,483	\$ 228	\$ 1,736	\$ 935	\$ 4,777
Basic earnings (losses) per share attributable to GM common stocks					
EPS attributable to GM \$1 2/3 par value common stock:					
Reported	\$ 2.71	\$ 0.58	\$ 3.37	\$ 1.78	\$ 6.80
Amortization of goodwill and other intangibles				0.33	0.36
Adjusted	\$ 2.71	\$ 0.58	\$ 3.37	\$ 2.11	\$ 7.16
EPS attributable to GM Class H common stock:					
Reported	\$ (0.04)	\$ (0.14)	\$ (0.21)	\$ (0.55)	\$ 0.56
Amortization of goodwill and other intangibles				0.17	0.18
Adjusted	\$ (0.04)	\$ (0.14)	\$ (0.21)	\$ (0.38)	\$ 0.74
Earnings (losses) per share attributable to GM common stocks assuming dilution					
EPS attributable to GM \$1 2/3 par value common stock:					
Reported	\$ 2.71	\$ 0.57	\$ 3.35	\$ 1.77	\$ 6.68
Amortization of goodwill and other intangibles				0.33	0.35
Adjusted	\$ 2.71	\$ 0.57	\$ 3.35	\$ 2.10	\$ 7.03
EPS attributable to GM Class H common stock:					
Reported	\$ (0.04)	\$ (0.14)	\$ (0.21)	\$ (0.55)	\$ 0.55
Amortization of goodwill and other intangibles				0.17	0.17
Adjusted	\$ (0.04)	\$ (0.14)	\$ (0.21)	\$ (0.38)	\$ 0.72

- (1) Earnings per share (EPS) attributable to each class of GM common stock was determined based on the attribution of earnings to each such class of common stock for the period divided by the weighted-average number of common shares for each such class outstanding during the period. Diluted EPS attributable to each class of GM common stock considers the effect of potential common shares, unless the inclusion of the potential common shares would have an antidilutive effect.

Earnings attributable to GM \$1 2/3 par value common stock for the period represent the earnings attributable to all GM common stocks, adjusted for the losses/ earnings attributable to GM Class H common stock for the respective period.

Edgar Filing: NEWS CORP LTD - Form F-4/A

Losses/ earnings attributable to GM Class H common stock represent the net loss/income of Hughes, adjusted to exclude: (1) the effects of GM purchase accounting adjustments arising from GM's acquisition of Hughes Aircraft Company, prior to 2002, and (2) the write-off of goodwill for DIRECTV Latin America and DIRECTV Broadband recorded in Hughes' stand alone financial statements as of March 31, 2002 and other adjustments. In accordance with Statement of Financial Account Standards

Table of Contents

No. 142, Goodwill and Other Intangible Assets, GM evaluated the carrying value of goodwill associated with its Direct-to-Home Broadcast reporting unit in the aggregate and determined the goodwill was not impaired. In addition, the calculated losses adjusted for these items are reduced by the amount of dividends accrued on the Series A Preferred Stock of Hughes (as an equivalent measure of the effect that GM's payment of dividends on the GM Series H 6.25% Automatically Convertible Preference Stock would have if paid by Hughes).

The calculated losses/ earnings are then multiplied by a fraction, the numerator of which is equal to the weighted-average number of shares of GM Class H common stock outstanding, and the denominator of which is a number equal to the weighted-average number of shares of GM Class H common stock that if issued and outstanding would represent a 100% interest in the earnings of Hughes. The GM Class H dividend base may be adjusted as described at GM Capital Stock GM's Dual-Class Common Stock Capital Structure Dividends.

- (2) The amounts for GM Class H common stock have been adjusted to reflect a three-for-one stock split, in the form of a 200% stock dividend, paid on June 30, 2000.
- (3) Pursuant to paragraph 61 of SFAS No. 142 Goodwill and Other Intangible Assets, referred to as SFAS 142, amounts shown are GM's reported net income exclusive of amortization expense recognized related to goodwill and amortization of intangibles with indefinite lives required under previous accounting standards, on an after-tax basis.

SFAS 142 changes the accounting for goodwill and indefinite lived intangible assets from an amortization method to an impairment-only approach. Goodwill, including goodwill recorded in past business combinations, is no longer amortized, but is tested for impairment at least annually at the reporting unit level. GM implemented SFAS 142 on January 1, 2002.

Table of Contents**GM Selected Pro Forma Financial Data**

The tables below present pro forma operating results for the three months ended March 31, 2003 and the year ended December 31, 2002, giving effect to the transactions as if they had occurred on January 1, 2002, and balance sheet data as of March 31, 2003, giving effect to the transactions as if they had occurred as of that date.

The pro forma financial data are not intended to be indicative of either future results of operations or results that might have been achieved had the transactions occurred on the dates specified. In the opinion of GM's management, all adjustments necessary to fairly present such pro forma condensed financial data have been made based upon the proposed terms of the transactions.

	As of and for the three months ended March 31, 2003	For the year ended December 31, 2002
	Pro Forma Giving Effect to the Transactions	Pro Forma Giving Effect to the Transactions
(in millions, except per share amounts)		
Statements of Operations Data:		
Total net sales and revenues	\$ 47,138	\$ 177,276
Total costs and expenses	44,940	174,938
Income before income taxes and minority interests	2,198	2,338
Income tax expense	682	644
Equity income (loss) and minority interests	21	281
Net Income	\$ 1,537	\$ 1,975
Earnings Per Share:		
<i>GM \$1 2/3 par value common stock</i>		
Basic earnings per share (EPS)	\$ 2.74	\$ 3.53
Diluted EPS	2.74	3.51
Cash dividends declared per share	0.50	2.00
<i>GM Class H common stock</i>		
Basic EPS		
Diluted EPS		
Balance Sheet Data:		
Cash and cash equivalents	\$ 27,415	
Total assets	366,175	
Notes and loans payable	206,711	
Minority interests	271	
Stockholders' equity	2,245	

Table of Contents**Hughes Selected Historical Financial Data**

The following selected historical financial data have been derived from, and should be read in conjunction with (1) the revised consolidated financial statements and supplementary data (including the notes thereto) for the three years ended December 31, 2002 in Hughes' Current Report on Form 8-K dated July 24, 2003, the revised Management's Discussion and Analysis of Financial Condition and Results of Operations for the three years ended December 31, 2002 and the three months ended March 31, 2003 and 2002 in Hughes' Current Report on Form 8-K dated June 20, 2003 and (2) the consolidated financial statements (including the notes thereto) in Hughes' Quarterly Report on Form 10-Q for the three months ended March 31, 2003, which are incorporated into this document by reference.

The following consolidated statements of operations data for each of the three years in the period ended December 31, 2002 and the consolidated balance sheet data as of December 31, 2002 and 2001 have been derived from Hughes' revised consolidated financial statements incorporated into this document by reference, which have been audited by Deloitte & Touche LLP, independent auditors. The consolidated statement of operations data for the years ended December 31, 1999 and 1998 and the consolidated balance sheet data as of December 31, 2000, 1999 and 1998 have been derived from Hughes' audited consolidated financial statements, which have not been incorporated into this document by reference.

On February 28, 2003, Hughes completed the shut-down of the DIRECTV Broadband high-speed Internet service business. On October 6, 2000, Hughes completed the sale of its satellite systems manufacturing businesses to The Boeing Company. As a result, the financial results for those businesses are treated as discontinued operations. Revenues, operating costs and expenses, and other non-operating results for DIRECTV Broadband and the satellite systems manufacturing businesses are excluded from Hughes' results from continuing operations for all periods presented herein.

	As of and for the three months ended March 31,		As of and for the years ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(in millions)						
Consolidated Statements of Operations Data							
Total revenues	\$ 2,227	\$ 2,025	\$ 8,863	\$ 8,237	\$ 7,288	\$ 5,560	\$ 3,481
Total operating costs and expenses	2,185	2,113	9,015	8,852	7,642	5,975	3,522
Operating profit (loss)	42	(88)	(152)	(615)	(354)	(415)	(41)
Other income (expense), net	(110)	(114)	115	(231)	(462)	(246)	(62)
Income tax benefit	24	77	28	276	406	237	142
Minority interests in net (earnings) losses of subsidiaries	(7)	(7)	(22)	50	55	33	25
Income (loss) from continuing operations before cumulative effect of accounting changes	(51)	(132)	(31)	(520)	(355)	(391)	64
Income (loss) from discontinued operations, net of taxes		(25)	(182)	(94)	36	100	196
Gain on sale of discontinued operations, net of taxes					1,132		
Income (loss) before cumulative effect of accounting changes	(51)	(157)	(213)	(614)	813	(291)	260
Cumulative effect of accounting changes, net of taxes(4)		(681)	(681)	(7)			(9)
Net income (loss)	(51)	(838)	(894)	(621)	813	(291)	251
				3	17	21	21

Adjustment to exclude the effect of GM
purchase accounting

Preferred stock dividends		(24)	(47)	(96)	(97)	(51)	
---------------------------	--	------	------	------	------	------	--

Table of Contents

	As of and for the three months ended March 31,		As of and for the years ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(in millions)						
Earnings (loss) used for computation of available separate consolidated net income (loss)(1)	\$ (51)	\$ (862)	\$ (941)	\$ (714)	\$ 733	\$ (321)	\$ 272
Consolidated Balance Sheet Data:							
Cash and cash equivalents	\$ 2,962(5)		\$ 1,129	\$ 700	\$ 1,508	\$ 238	\$ 1,342
Total current assets	5,476		3,656	3,341	4,154	3,858	4,075
Total assets	19,674		17,885	19,210	19,279	18,597	12,617
Total current liabilities	2,554		3,203	4,407	2,691	2,642	1,346
Long-term debt	4,970		2,390	989	1,292	1,586	779
Minority interests	564		555	531	554	544	482
Preferred stock				1,498	1,496	1,488	
Convertible preferred stock	914		914				
Total stockholder's equity	9,924		9,977	11,072	12,326	11,681	8,412
Other Data:							
Operating profit (loss)	\$ 42	\$ (88)	\$ (152)	\$ (615)	\$ (354)	\$ (415)	\$ (41)
Add:							
Depreciation and amortization	263	252	1,020	1,111	948	679	413
Operating profit before depreciation and amortization(2)	\$ 305	\$ 164	\$ 868	\$ 496	\$ 594	\$ 264	\$ 372
Capital expenditures	\$ 188	\$ 346	\$ 1,244	\$ 1,703	\$ 1,716	\$ 1,665	\$ 1,329
Net cash flows from continuing operations:							
Operating activities	294	96	1,227	332	1,091	380	612
Investing activities	(241)	(172)	(833)	(1,701)	2,211	(3,942)	(2,129)
Financing activities	1,836	529	190	743	(850)	2,578	(64)
Transitional Disclosures Under Statement of Financial Accounting Standards No. 142(3):							
Reported net income (loss)	\$ (51)	\$ (838)	\$ (894)	\$ (621)	\$ 813	\$ (291)	\$ 251
Add:							
Goodwill amortization				220	215	166	95
Amortization of intangible assets with indefinite lives				7	7	5	
Adjusted net income (loss)	\$ (51)	\$ (838)	\$ (894)	\$ (394)	\$ 1,035	\$ (120)	\$ 346
Reported income (loss) before cumulative effect of accounting changes	\$ (51)	\$ (157)	\$ (213)	\$ (614)	\$ 813	\$ (291)	\$ 260
Add:							
Goodwill amortization				220	215	166	95
Amortization of intangible assets with indefinite lives				7	7	5	
Adjusted income (loss) before cumulative effect of accounting	\$ (51)	\$ (157)	\$ (213)	\$ (387)	\$ 1,035	\$ (120)	\$ 355

changes



-
- (1) Earnings (loss) used for computation of available separate consolidated net income (loss) is presented because this amount is used to determine the earnings per share of GM Class H common stock and the

38

Table of Contents

portion of GM's earnings out of which dividends on the GM Class H common stock may be paid. Earnings (loss) used for computation of available separate consolidated net income (loss) is equal to the net income (loss) of Hughes, excluding the effects of the GM purchase accounting adjustment arising from GM's acquisition of Hughes, less the amount of dividends paid and/or payable to GM with respect to the Hughes Series A preferred stock. For a detailed description of the calculation of amounts available for dividends on GM Class H common stock, see GM Capital Stock GM's Dual-Class Common Stock Capital Structure Dividends Calculation of Amount Available for Dividends on GM Class H Common Stock.

- (2) Operating profit before depreciation and amortization, which is a non-GAAP financial measure, can be calculated by adding amounts under the caption depreciation and amortization to operating profit (loss), as presented in the Hughes Selected Historical Financial Data. This measure should be used in conjunction with other GAAP financial measures and is not presented as an alternative measure of operating results, as determined in accordance with accounting principles generally accepted in the United States of America. Hughes management and its board of directors use operating profit before depreciation and amortization to evaluate the operating performance of Hughes and its business segments, to allocate resources and capital to its business segments and as a measure of performance for incentive compensation purposes. Hughes' management also uses this metric to measure income generated from operations that could be used to fund capital expenditures, service debt or pay taxes. Depreciation and amortization expense primarily represents an allocation to current expense of the cost of historical capital expenditures and for intangible assets resulting from prior business acquisitions. To compensate for the exclusion of depreciation and amortization from operating profit, Hughes' management and board of directors separately measure and budget for capital expenditures and business acquisitions. Hughes believes this measure is useful to investors, along with other GAAP measures (such as revenues, operating profit and net income), to compare Hughes' operating performance to other communications, entertainment and media service providers. Hughes believes that investors use current and projected operating profit before depreciation and amortization and similar measures to estimate Hughes' current or prospective enterprise value and make investment decisions. This metric provides investors with a means to compare operating results exclusive of depreciation and amortization. Hughes' management believes this is useful given the significant variation in depreciation and amortization expense that can result from the timing of capital expenditures, the capitalization of intangible assets in purchase accounting, potential variations in expected useful lives when compared to other companies and periodic changes to estimated useful lives.
- (3) This information represents Hughes' reported net income (loss) and reported income (loss) before cumulative effect of accounting changes on a comparable basis excluding the after-tax effect of amortization expense associated with goodwill and intangible assets with indefinite lives.
- (4) Hughes adopted Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, on January 1, 2002. The adoption of this standard resulted in the discontinuation of amortization of goodwill and intangible assets with indefinite lives. In accordance with the transition provisions of SFAS No. 142, Hughes recorded a one-time after-tax charge of \$681.3 million related to the initial impairment test on January 1, 2002 as a cumulative effect of accounting change.
- (5) Hughes had cash and cash equivalents of approximately \$2.9 billion as of March 31, 2003. In connection with the closing of the transactions, Hughes will be making certain cash payments utilizing its cash on hand. These cash payments aggregate approximately \$392 million, and consist of the \$275 special cash dividend to GM, retention and severance payments to certain employees of approximately \$62 million and approximately \$5 million, respectively, and investment advisor fees of approximately \$50 million. In addition, approximately \$45 million in retention payments will be paid to certain employees up to one year after the completion of the transactions, and additional severance payments may be payable as described below at GM Consent Solicitation Matters Interests of Executive Officers and Directors of GM and Hughes Hughes Executive Change in Control Severance Agreements; Other Employee Severance Benefits; Hughes Stock Options.

GM and Hughes also have entered into a tax allocation agreement that will govern the allocation between GM and Hughes of certain U.S. income tax liabilities and also sets forth agreements with respect to certain other tax matters. Under that agreement, for tax periods prior to the Hughes split-off, Hughes will be required to calculate its tax liability to GM using certain agreed upon tax rates and pay that amount to GM, which will file a consolidated or combined return with the appropriate taxing authorities. In

Table of Contents

addition, GM may be required to compensate Hughes for certain benefits generated by Hughes, such as net operating losses and foreign tax credits, for tax periods before the Hughes split-off that are utilized by the GM consolidated tax group. The actual amount of Hughes' tax payment to GM and the amount of compensation from GM to Hughes for Hughes tax benefits utilized by GM will not be determined until GM files its consolidated or combined return that includes the Hughes split-off. For more information with respect to the tax allocation agreement, see Description of Principal Transaction Agreements Ancillary Separation Agreements Tax Agreement.

Table of Contents**Hughes Pro Forma Loss Per Share**

The table below presents unaudited pro forma loss per share amounts with respect to the Hughes operations data presented above for the three months ended March 31, 2003 and the year ended December 31, 2002. These loss per share amounts reflect the Hughes historical results as if there had been issued and outstanding during such periods all shares of Hughes common stock, such as will be outstanding after the transactions, in a number equal to the combined number of notional shares represented by GM's retained economic interest in Hughes of approximately 19.9% and the remaining approximately 80.1% economic interest in Hughes represented by the outstanding GM Class H common stock as of March 31, 2003.

The pro forma loss per share data are not intended to be indicative of future results of operations. In the opinion of Hughes management, all adjustments necessary to fairly present such pro forma loss per share data have been made based upon the assumptions above.

	As of and for the three months ended March 31, 2003	As of and for the year ended December 31, 2002
	Pro Forma Giving Effect to the Transactions	Pro Forma Giving Effect to the Transactions
Loss Per Share:		
Basic loss per share attributable to Hughes common stock:		
Continuing operations	\$ (0.04)	\$ (0.55)
Discontinued operations		(0.13)
Loss per share attributable to Hughes common stock	\$ (0.04)	\$ (0.68)
Diluted loss per share attributable to Hughes common stock:		
Continuing operations	\$ (0.04)	\$ (0.55)
Discontinued operations		(0.13)
Loss per share attributable to Hughes common stock	\$ (0.04)	\$ (0.68)
Cash dividends declared per share		
Pro forma weighted average number of shares of Hughes common stock outstanding (in millions)	1,381.9	1,381.9

Table of Contents**News Corporation Selected Historical Financial Data**

The following selected historical financial data of News Corporation has been derived from the audited historical consolidated financial statements and related notes of News Corporation for each of the years in the five-year period ended June 30, 2002 and from the unaudited consolidated financial statements of News Corporation for the nine months ended March 31, 2003 and 2002 (A-GAAP) and for the six months ended December 31, 2002 and December 31, 2001 (US-GAAP). The selected historical data is only a summary, and should be read in conjunction with the historical consolidated financial statements and related notes contained in News Corporation's Annual Report on Form 20-F for the fiscal year ended June 30, 2002, as amended, and News Corporation's reports on Form 6-K filed on May 13, 2003 and July 2, 2003, which are incorporated into this document by reference. The selected historical financial data is set forth in Australian dollars with a translation of amounts for the nine months ended March 31, 2003 (A-GAAP) and the six months ended December 31, 2002 (US-GAAP) into U.S. dollars at A\$1.00 = US\$0.6454, the Noon Buying Rate on July 18, 2003, solely for your convenience.

The audited consolidated financial statements of News Corporation contained in its Annual Report on Form 20-F for the fiscal year ended June 30, 2002, as amended, have been prepared in accordance with Australian generally accepted accounting principles (A-GAAP). A-GAAP differs significantly in certain respects from U.S. generally accepted accounting principles (US-GAAP). A discussion of these significant differences is found in Note 20 of News Corporation's audited consolidated financial statements.

	Nine Months Ended March 31,			Fiscal Year Ended June 30,(1)				
	2003	2003	2002	2002	2001	2000	1999	1998
(in millions, except per share data)								
Amounts in Accordance with A-GAAP								
Income statement data:								
Sales revenue	A\$ 22,783	US\$ 14,704	A\$ 22,075	A\$ 29,014	A\$ 25,578	A\$ 22,433	A\$ 21,774	A\$ 18,949
Depreciation and amortization	553	357	565	749	706	562	510	415
Operating income	3,470	2,240	2,725	3,542	3,093	2,742	2,752	2,646
Net income (loss) from associated entities	(427)	(276)	(1,245)	(1,434)	(249)	(298)	(545)	190
Net borrowing costs	(620)	(400)	(767)	1,000	935	814	773	763
Dividends on exchangeable preferred securities	(67)	(43)	(71)	93	90	79	80	74
Net profit (loss) attributable to members of the parent entity	1,196	772	(8,785)	(11,962)	(746)	1,921	1,088	1,682
Basic/ Diluted Net profit (loss) per share:								
Ordinary shares	0.20	0.13	(1.60)	(2.17)	(0.17)	0.42	0.25	0.40
Preferred limited voting ordinary shares	0.24	0.15	(1.92)	(2.60)	(0.21)	0.51	0.30	0.48
Dividends per ordinary share	0.015	0.010	0.015	0.015	0.030	0.030	0.030	0.030
Dividends per preferred ordinary share	0.0375	0.024	0.0375	0.0375	0.075	0.075	0.075	0.075
Dividends per ordinary share in	US\$ 0.008	US\$ 0.010	US\$ 0.008	US\$ 0.008	US\$ 0.016	US\$ 0.018	US\$ 0.019	US\$ 0.020

U.S. dollars																
Dividends per preferred ordinary share in U.S. dollars																
	US\$	0.021	US\$	0.024	US\$	0.019	US\$	0.020	US\$	0.041	US\$	0.047	US\$	0.047	US\$	0.051
Balance sheet data at period end:																
Cash and cash equivalents																
	A\$	8,096	US\$	5,225	A\$	5,884	A\$	6,337	A\$	5,615	A\$	4,638	A\$	7,483	A\$	4,314
Total assets		70,775		45,678		79,676		71,441		84,961		65,585		53,972		54,484
Total debt		13,067		8,433		16,375		15,441		18,805		15,431		13,167		14,422
Total stockholders equity		40,506		26,143		44,389		39,468		47,595		32,660		27,109		27,211

Table of Contents

	Six Months Ended December 31,			Fiscal Year Ended June 30, (1)				
	2002	2002	2001	2002	2001	2000	1999	1998
(in millions, except per share data)								
Amounts in Accordance with US-GAAP								
Income statement data:								
Revenue	A\$ 15,228	US\$ 9,828	A\$ 14,522	A\$ 28,776	A\$ 25,387	A\$ 22,337	A\$ 21,704	A\$ 18,897
Depreciation and amortization	339	219	703	1,373	1,321	1,108	1,033	905
Operating income	2,214	1,429	(750)	256	1,823	1,509	2,012	1,921
Equity in losses of associated companies	(917)	(592)	(1,776)	(14,840)	(1,711)	(936)	(509)	(116)
Interest, net	(432)	(279)	(525)	(1,000)	935	829	783	778
Other income (expense)	(154)	(99)	2,190	1,965	635	1,924	1,317	(111)
Income (loss) before cumulative effect of accounting change	291	188	(1,348)	(14,552)	740	(329)	963	555
Net income (loss)	291	188	(1,390)	(14,670)	(218)	(329)	963	555
Basic/ Diluted income (loss) before cumulative effect of accounting change per share:								
Ordinary shares	0.05	0.03	(0.25)	(2.64)	0.15	(0.09)	0.22	0.13
Preferred limited voting ordinary shares	0.06	0.04	(0.31)	(3.16)	0.18	(0.10)	0.27	0.15
Basic/ Diluted Net income (loss) per share:								
Ordinary shares	0.05	0.03	(0.26)	(2.66)	(0.06)	(0.09)	0.22	0.13
Preferred limited voting ordinary shares	0.06	0.04	(0.32)	(3.19)	(0.07)	(0.10)	0.27	0.15
Dividends per ordinary share	0.015	0.010	0.015	0.015	0.030	0.030	0.030	0.030
Dividends per preferred ordinary share	0.0375	0.024	0.0375	0.0375	0.075	0.075	0.075	0.075
Dividends per ordinary share in U.S. dollars	US\$ 0.008	US\$ 0.010	US\$ 0.008	US\$ 0.008	US\$ 0.016	US\$ 0.018	US\$ 0.019	US\$ 0.020
Dividends per preferred ordinary share in U.S. dollars	US\$ 0.021	US\$ 0.024	US\$ 0.019	US\$ 0.020	US\$ 0.041	US\$ 0.047	US\$ 0.047	US\$ 0.051
Balance sheet data at period end:								
Cash	A\$ 5,463	US\$ 3,526	A\$ 6,247	A\$ 6,337	A\$ 5,615	A\$ 4,638	A\$ 7,483	A\$ 4,314
Total assets	68,427	44,163	89,659	65,837	81,466	57,986	47,094	48,094
Total debt	13,750	8,874	18,244	15,441	18,805	15,431	13,167	14,422
Total stockholders equity	25,875	16,700	39,941	24,953	36,427	18,554	14,195	15,869

- (1) See Note 2 and Note 16 to the consolidated financial statements of News Corporation for information with respect to significant acquisitions and dispositions during fiscal 2002, 2001 and 2000. In fiscal 1999, News Corporation acquired substantially all of Liberty Media Corporation's interest in Fox Sports Networks LLC for aggregate consideration of approximately US\$1.3 billion. Also, in fiscal 1999, News Corporation sold News America Publications and certain related assets to TV Guide, Inc. in exchange for common stock representing a 43.6% equity interest in TV Guide, Inc. and net cash of US\$671 million. In fiscal 1998, News Corporation acquired Heritage Media Group for aggregate consideration of approximately US\$1.4 billion.

Table of Contents**UNAUDITED COMPARATIVE PER SHARE INFORMATION**

Presented below is the per share data regarding the income, cash dividends declared and book value of GM and News Corporation on both historical and unaudited pro forma consolidated bases. We have derived the unaudited pro forma per share information for GM from the unaudited pro forma financial statements presented elsewhere in this document. Also presented below is the per share data regarding the income, cash dividends declared and book value for GM Class H common stock on an equivalent pro forma basis. You should read the information below in conjunction with the financial statements and accompanying notes of GM, Hughes and News Corporation that are incorporated by reference into this document.

GM Common Stock Historical Per Share Data

This table shows historical per share information for each of the two classes of GM common stock. Book value per share is calculated based on the liquidation rights of each class.

	As of and for the three months ended March 31, 2003		As of and for the year ended December 31, 2002	
	GM \$1 2/3 Par Value Common Stock	GM Class H Common Stock	GM \$1 2/3 Par Value Common Stock	GM Class H Common Stock
Basic earnings per share	\$ 2.71	\$ (0.04)	\$ 3.37	\$ (0.21)
Diluted earnings per share	2.71	(0.04)	3.35	(0.21)
Cash dividends per share	0.50		2.00	
Book value per share	11.98	2.40	9.06	1.81

GM Common Stock Pro Forma Per Share Data

This table shows pro forma information for each of the two classes of GM common stock giving effect to the transactions.

	As of and for the three months ended March 31, 2003		As of and for the year ended December 31, 2002	
	GM \$1 2/3 Par Value Common Stock	GM Class H Common Stock	GM \$1 2/3 Par Value Common Stock	GM Class H Common Stock
Basic earnings per share	\$ 2.74		\$ 3.53	
Diluted earnings per share	2.74		3.51	
Cash dividends per share	0.50		2.00	
Book value per share	4.00		NA(1)	

(1) No pro forma balance sheet data as of December 31, 2002 is presented.

Table of Contents**News Corporation Historical Per Share Data**

This table shows historical per share information for the outstanding News Corporation Ordinary Shares and Preferred Ordinary Shares.

	<u>As of and for the nine months ended March 31, 2003</u>	<u>As of and for the year ended June 30, 2002</u>
A-GAAP		
Earnings per share on net profit (loss) attributable to members of the parent entity Basic/Diluted		
Ordinary Shares	A\$ 0.20	A\$ (2.17)
Preferred Ordinary Shares	0.24	(2.60)
Cash dividends per Preferred Ordinary Share	0.0375	0.0375
Book value per Preferred Ordinary Share	4.56	4.45
Earnings per share on net profit (loss) attributable to members of the parent entity Basic/ Diluted		
Ordinary Shares	US\$ 0.13	US\$ (1.40)
Preferred Ordinary Shares	0.15	(1.68)
Cash dividends per Preferred Ordinary Share	0.024	0.024
Book value per Preferred Ordinary Share	2.94	2.87

	<u>As of and for the six months ended December 31, 2002</u>	<u>As of and for the year ended June 30, 2002</u>
US-GAAP		
Income (loss) before cumulative effect of accounting change per share Basic/Diluted		
Ordinary Shares	A\$ 0.05	A\$ (2.64)
Preferred Ordinary Shares	0.06	(3.16)
Cash dividends per Preferred Ordinary Share	0.0375	0.0375
Book value per Preferred Ordinary Share	2.89	2.79
Income (loss) before cumulative effect of accounting change per share Basic/Diluted		
Ordinary Shares	US\$ 0.03	US\$ (1.70)
Preferred Ordinary Shares	0.04	(2.04)
Cash dividends per Preferred Ordinary Share	0.024	0.024
Book value per Preferred Ordinary Share	1.87	1.80

Table of Contents**News Corporation Pro Forma Per Share Data**

Presented below is the per share data regarding the net profit (loss) attributable to members of the parent entity, cash dividends declared and book value of News Corporation on an unaudited pro forma consolidated basis. News Corporation's pro forma balance sheet and statement of financial performance information are presented below in accordance with A-GAAP at March 31, 2003 and June 30, 2002 and for the nine months and the year ended, respectively, and in accordance with US-GAAP at December 31, 2002 and June 30, 2002 and for the six months and for the year ended, respectively, and reflects the acquisition of a 34% interest in Hughes as of July 1, 2001 for an aggregate purchase price of A\$12.9 billion paid in both cash and News Corporation Preferred ADSs. This pro forma information is not necessarily indicative of actual results that would have been achieved by News Corporation had the transactions been consummated on the date specified. You should read the information below in conjunction with the financial statements and accompanying notes of GM, Hughes and News Corporation that are incorporated by reference into this document.

	<u>As of and for the nine months ended March 31, 2003</u>	<u>As of and for the year ended June 30, 2002</u>
A-GAAP		
Earnings per share on net profit (loss) attributable to members of the parent entity Basic/Diluted		
Ordinary Shares	A\$ 0.16	A\$ (1.96)
Preferred Ordinary Shares	0.20	(2.35)
Cash dividends per Preferred Ordinary Share	0.0375	0.0375
Book value per Preferred Ordinary Share	5.21	5.16
Earnings per share on net profit (loss) attributable to members of the parent entity Basic/Diluted		
Ordinary Shares	US\$ 0.10	US\$ (1.26)
Preferred Ordinary Shares	0.13	(1.52)
Cash dividends per Preferred Ordinary Share	0.024	0.024
Book value per Preferred Ordinary Share	3.36	3.33
	<u>As of and for the six months ended December 31, 2002</u>	<u>As of and for the year ended June 30, 2002</u>
US-GAAP		
Income (loss) before cumulative effect of accounting change per share Basic/Diluted		
Ordinary Shares	A\$ 0.04	A\$ (2.34)
Preferred Ordinary Shares	0.05	(2.81)
Cash dividends per Preferred Ordinary Share	0.0375	0.0375
Book value per Preferred Ordinary Share	3.60	3.50
Income (loss) before cumulative effect of accounting change per share Basic/Diluted		
Ordinary Shares	US\$ 0.03	US\$ (1.51)
Preferred Ordinary Shares	0.03	(1.81)
Cash dividends per Preferred Ordinary Share	0.024	0.024
Book value per Preferred Ordinary Share	2.32	2.26

Table of Contents**GM Class H Common Stock Equivalent Pro Forma Per Share Data**

This table shows equivalent pro forma per share information for GM Class H common stock calculated by multiplying the News Corporation pro forma per Preferred Ordinary Share amounts presented above by an exchange ratio of 0.54688 and then multiplying that result by four, as four Preferred Ordinary Shares underlie each News Corporation Preferred ADS. This exchange ratio represents the number of News Corporation Preferred ADSs a former GM Class H common stockholder would receive for each exchanged share acquired by News Corporation for News Corporation Preferred ADSs in the News stock acquisition, calculated as described above at Description of the Transactions The Exchange Ratio and assuming that the average closing price of News Corporation Preferred ADSs is equal to \$25.60, the closing price of News Corporation Preferred ADSs on July 18, 2003.

	As of and for the nine months ended March 31, 2003	As of and for the year ended June 30, 2002
A-GAAP		
Earnings per Preferred Ordinary Share on net profit (loss) attributable to members of the parent entity Basic/Diluted		
Preferred Ordinary Shares	A\$ 0.44	A\$ (5.14)
Cash dividends per Preferred Ordinary Share	0.0820	0.0820
Book value per Preferred Ordinary Share	11.40	11.29
Earnings per Preferred Ordinary Share on net profit (loss) attributable to members of the parent entity Basic/Diluted		
Preferred Ordinary Shares	US\$ 0.28	US\$ (3.33)
Cash dividends per Preferred Ordinary Share	0.053	0.053
Book value per Preferred Ordinary Share	7.35	7.28

	As of and for the six months ended December 31, 2002	As of and for the year ended June 30, 2002
US-GAAP		
Income (loss) before cumulative effect of accounting change per Preferred Ordinary Share Basic/ Diluted		
Preferred Ordinary Shares	A\$ 0.11	A\$ (6.15)
Cash dividends per Preferred Ordinary Share	0.0820	0.0820
Book value per Preferred Ordinary Share	7.88	7.66
Income (loss) before cumulative effect of accounting change per Preferred Ordinary Share Basic/ Diluted		
Preferred Ordinary Shares	US\$ 0.07	US\$ (3.96)
Cash dividends per Preferred Ordinary Share	0.053	0.053
Book value per Preferred Ordinary Share	5.08	4.94

Recent Developments

As required by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations due to the proposed transactions, on July 14, 2003, News Corporation, together with Hughes and certain of Hughes subsidiaries, announced that the parties were making an offer to acquire up to 20% of the outstanding shares of Hughes Software Systems Limited, a 55.44% owned subsidiary of Hughes organized under the laws of India. If the offer is fully subscribed, Hughes ownership in Hughes Software Systems Limited would increase from 55.44% to 75.44% at a cost to Hughes, based on current exchange rates, of approximately \$33.8 million.

Table of Contents

RISK FACTORS

In addition to the other information contained in or incorporated by reference into this document (such as the Form 10-K of GM for the fiscal year ended December 31, 2002, the Form 10-K of Hughes for the fiscal year ended December 31, 2002 and the Form 20-F of News Corporation for the fiscal year ended June 30, 2002), including the matters addressed at Disclosure Regarding Forward-Looking Statements, you should carefully consider each of the factors set forth below.

Risk Factors Relating to the Transactions

Regulatory Approval of the Transactions May Require Hughes and/or News Corporation to Agree to Conditions Beyond Those Already Contemplated by the Transaction Agreements. Under U.S. antitrust laws, the transactions may not be completed until the required waiting period under the Hart-Scott-Rodino Act has terminated or expired. To complete the transactions, the companies must also obtain the approval of the FCC. The transactions may also be subject to regulatory requirements of other governmental agencies and authorities, including clearances for the transactions from competition and telecommunications authorities in foreign jurisdictions and requirements relating to the regulation of the offer and sale of securities. Many of these governmental entities from which approvals and clearances are required may seek to condition their approval or clearance of the transactions, or of the transfer to News Corporation of licenses and other entitlements, if any, on the companies compliance with conditions beyond those already agreed among GM, Hughes and News Corporation pursuant to the transaction agreements. These conditions could require Hughes and/or News Corporation to divest material assets or otherwise have the effect of imposing significant additional costs on Hughes or of limiting Hughes' revenues. Depending upon the nature and scope of such conditions, rather than agreeing to such conditions, the companies may determine that the conditions would be onerous on the companies and that it would be in their mutual best interests and the mutual best interests of their stockholders to terminate the transactions instead. For more information, see The Transactions Regulatory Requirements.

As a Result of the Transactions, Hughes Will Experience Managerial Changes. Following the completion of the transactions, Mr. Chase Carey will replace Mr. Jack Shaw as the Chief Executive Officer of Hughes, and other managerial changes may occur. The structure and composition of the Hughes board of directors also will change. Hughes' future success will depend, to a significant extent, upon the performance of its new management team after the completion of the transactions. Thus, Hughes is subject to risks associated with its post-transaction management structure, including, among others, risks relating to employee and business relations, managerial efficiency and effectiveness and familiarity with business and operations.

A Potential Tax Indemnity Liability to GM Could Materially Adversely Affect Hughes' Liquidity. Hughes has generally agreed to indemnify GM and its affiliates against certain liabilities for taxes resulting from the Hughes split-off share exchange if the taxes arise from actions or failures to act by Hughes following the completion of the transactions that cause the Hughes split-off share exchange to be taxable to GM. If Hughes is required to indemnify GM under the circumstances set forth in the stock purchase agreement, it may be subject to substantial liabilities. For a more detailed discussion, see Description of Principal Transaction Agreements Stock Purchase Agreement Preservation of the Tax-Free Status of the Hughes Split-Off Share Exchange.

The indemnity of GM by Hughes is not subject to any cap or maximum amount. Based on the aggregate fair market value of Hughes on July 18, 2003 (based on the closing price of GM Class H common stock on that date and the GM Class H dividend base as of such date), GM estimates that its taxable gain on the distribution of 80.2% of the outstanding common stock of Hughes would exceed \$8.2 billion if the Hughes split-off share exchange failed to qualify as a tax-free transaction. The actual amount of gain recognized by GM if the Hughes split-off share exchange is treated as a taxable transaction, and the amount of tax payable by GM on that gain, would depend upon a number of factors that cannot be determined at this time, including the aggregate fair market value of Hughes at the time of the Hughes split-off share exchange and the general tax position of GM, and the actual amount of gain recognized by GM could be materially higher than \$8.2 billion.

Table of Contents

GM and Hughes are Prohibited From Pursuing Certain Other Opportunities Prior to the Termination of the Transaction Agreements. The terms of the stock purchase agreement prohibit, subject to certain exceptions, certain transactions involving Hughes prior to the termination of that agreement or completion of the transactions. These prohibited transactions generally include any merger or consolidation of Hughes and other forms of strategic transactions involving Hughes. These prohibitions may prevent GM and Hughes from pursuing attractive strategic alliances or combinations involving Hughes in the event that such opportunities arise before the termination of the stock purchase agreement.

Hughes May Not Realize the Benefits Expected From the Transactions. The success of the transactions will depend, in part, upon the ability of Hughes to increase its competitiveness in the industries in which it operates following its separation from GM. After the transactions, Hughes will be affiliated with News Corporation, a global media and content company with a proven track record as a supportive stockholder of successful direct-to-home television businesses. News Corporation believes that it has the strategic vision, expertise and resources that will enable Hughes to achieve its full potential within the industries in which it competes. News Corporation currently expects that, within three years, the transactions will create synergies and efficiencies for Hughes of between \$610 million and \$765 million annually. You should understand that, while GM and Hughes believe that the transactions will afford Hughes significant benefits as described in greater detail at *The Transactions GM Background and Considerations GM s and Hughes Reasons for the Transactions*, GM and Hughes have not independently verified these calculations and the boards of directors of GM and Hughes did not consider the synergies expected by News Corporation in determining to approve the transactions. There can be no assurance that Hughes will realize these (or other) synergies and efficiencies. Potential difficulties in realizing such benefits include, among other things, integrating personnel with diverse business backgrounds, combining different corporate cultures and complying with applicable laws.

GM Class H Common Stockholders Will Forgo Any Recapitalization of GM Class H Common Stock Into GM \$1 2/3 Par Value Common Stock at a 120% Exchange Rate. Proposal 1 to amend the GM restated certificate of incorporation will, among other things, add a provision to expressly provide that the completion of the transactions as described in this document will not result in a recapitalization of GM Class H common stock into GM \$1 2/3 par value common stock at a 120% exchange rate, as currently provided for under certain circumstances pursuant to the provisions of the GM restated certificate of incorporation. Thus, by voting to approve the proposals relating to the transactions, GM Class H common stockholders as well as GM \$1 2/3 par value common stockholders will, in effect, be waiving any application of the recapitalization provision to the transactions that would have applied but for the provision of the GM charter amendment expressly providing that it shall not apply to the transactions. As described in greater detail elsewhere in this document, GM determined that, in the context of the proposed Hughes split-off share exchange, such a recapitalization would not be in the best interests of GM and its common stockholders because such a recapitalization would likely produce substantial dilution in the value of the GM \$1 2/3 par value common stock and would change substantially the form and nature of the investment of the GM Class H common stockholders, who would give up their tracking stock investment in the Hughes business and would receive instead a common stock investment in all of GM s operations. Accordingly, GM structured the transactions so as not to result in such a recapitalization. For further information, see *The Transactions GM Background and Considerations Alternatives to the Transactions Considered by GM and Hughes*.

GM Class H Common Stockholders Will Forgo Any Right to Receive Any Portion of the \$275 Million Special Cash Dividend From Hughes to GM. The GM board of directors has previously adopted a policy statement that requires a proportionate distribution to be made to GM Class H common stockholders when GM receives certain transfers of assets from Hughes, subject to certain exceptions that include any asset transfer that shall have received the consent of the holders of a majority of the outstanding shares of GM Class H common stock, voting as a separate class, and GM \$1 2/3 par value common stock, voting as a separate class. Thus, by ratifying the transactions, among other things, the GM Class H common stockholders will be forgoing any right to receive a proportionate distribution based on the \$275 million special cash dividend to be paid from Hughes to GM. If the transactions were completed without the consent of the GM common stockholders to forgo their right to receive this distribution (and without any other action by the GM board of directors to cause the policy statement to be inapplicable), GM would have been required to pay a dividend to

Table of Contents

the GM Class H common stockholders in an aggregate amount of approximately \$220.4 million (or approximately \$0.20 per share of GM Class H common stock), representing approximately 80.2% of the \$275 million special cash dividend to be paid to GM by Hughes. It should be noted that, in accordance with the terms of the GM board policy statement, the GM board policy statement may at any time and from time to time be modified, rescinded and interpreted by the GM board of directors, and the GM board of directors may adopt additional or other policies or make exceptions with respect to the application of the current GM board policy statement in connection with particular facts and circumstances, as the GM board of directors may determine, consistent with its fiduciary duties to GM and all of its common stockholders, to be in the best interests of GM and all of its common stockholders, and any such action may be taken with or without the approval of the stockholders of GM. For more information, see [GM Capital Stock](#) [GM Board of Directors Policy Statement](#).

GM Class H Common Stockholders May Receive Shares of Hughes Common Stock Having a Market Value Lower Than Expected. As a result of the transactions, based on certain assumptions described elsewhere in this document, GM Class H common stockholders will receive, among other consideration, approximately 0.82336 of a share of Hughes common stock for each share of GM Class H common stock that they previously held. The market value of the Hughes common stock when received by the former GM Class H common stockholders is dependent on a variety of factors that cannot be predicted, including changes in Hughes' business, operations and prospects, regulatory considerations and general market and economic conditions. As a result, GM Class H common stockholders may receive shares of Hughes common stock having a market value lower than may be expected.

GM and GM Class H Common Stockholders May Receive News Corporation Preferred ADSs Having a Market Value That Differs From the Anticipated Market Value. Upon the completion of the transactions, GM and GM Class H common stockholders may receive News Corporation Preferred ADSs. The number of News Corporation Preferred ADSs to be received by GM and the former GM Class H common stockholders will be based on the exchange ratio, which will not be determined until the time of the completion of the transactions. The number of News Corporation Preferred ADSs to be received will depend on, among other things, the average closing price of News Corporation Preferred ADSs over the 20 consecutive trading days ending on and including the fifth business day prior to the completion of the transactions. To the extent that the price of News Corporation Preferred ADSs varies over the 20 consecutive trading days or between the determination of the average closing price of News Corporation Preferred ADSs and the fifth business day prior to the completion of the transactions, the number of News Corporation Preferred ADSs received by GM and the former GM Class H common stockholders may not reflect the market value of the News Corporation Preferred ADSs at the completion of the transactions. The market value of News Corporation Preferred ADSs over the 20 consecutive trading days and at the completion of the transactions is dependent on a variety of factors, including changes in News Corporation's business, operations and prospects, regulatory considerations and general market and economic conditions, which cannot be predicted. For more information about the calculation of the exchange ratio, see [The Transactions](#) [Description of the Transactions](#) [The GM/News Stock Sale](#) [Determination of the Exchange Ratio](#).

If the average of the volume weighted average price of News Corporation Preferred ADSs is below \$14.08 over any 20 consecutive trading day period, GM has the right to terminate the stock purchase agreement, and therefore, the transactions described in this document. If GM exercises this right, News Corporation can avoid termination by electing to top-off. If News Corporation makes such an election, GM and the former GM Class H common stockholders will receive no less than \$11.00 in value for each variable price share and exchanged share, as applicable, acquired by News Corporation for News Corporation Preferred ADSs. You should understand, however, that there can be no assurance either that GM would exercise its right to terminate the transactions under these circumstances, or that News Corporation would elect to top-off rather than allow the transactions to terminate. You should further understand that a determination by GM not to exercise its right under these circumstances could result in GM and the former GM Class H common stockholders receiving less than \$11.00 worth of News Corporation Preferred ADSs for each variable price share and exchanged share, as applicable, acquired by News Corporation for News Corporation Preferred ADSs.

Table of Contents

Moreover, generally speaking, the market value of the News Corporation Preferred ADSs that may be received by GM and GM Class H common stockholders in the transactions is dependent on a variety of factors that are beyond the control of News Corporation and cannot be predicted. Since GM and GM Class H common stockholders could, in the aggregate, own a significant number of News Corporation Preferred ADSs after the transactions, the market price of News Corporation Preferred ADSs could fall due to a dilution of News Corporation Preferred ADSs, or due to sales (or the possibility of sales) of News Corporation Preferred ADSs by GM and GM Class H common stockholders into the public marketplace following the transactions.

Hughes Principal Stockholder Will Have Significant Influence Over the Management of Hughes and Over Actions Requiring Stockholder Approval. Upon the completion of the transactions, News Corporation, through its subsidiary Fox Entertainment, will hold 34% of the issued and outstanding shares of Hughes common stock. Mr. Murdoch, Chairman and Chief Executive of News Corporation, will become Chairman of Hughes, and Mr. Carey, who is currently a director of, and is serving as an advisor to, News Corporation will become a director and President and Chief Executive Officer of Hughes. Additionally, two current News Corporation executives will also be directors of Hughes. As a result, News Corporation will have significant influence relating to the management of Hughes and to actions of Hughes that require stockholder approval. You should understand, however, that the interests of News Corporation may differ from the interests of other holders of Hughes common stock.

The extent of News Corporation's stock ownership of Hughes also may have the effect of discouraging offers to acquire control of Hughes and may preclude holders of Hughes common stock from receiving any premium above market price for their shares that may be offered in connection with any attempt to acquire control of Hughes.

Provisions of the New Hughes Certificate of Incorporation and By-laws, Including the Excess Stock Provision, Will Limit Certain Acquisitions of Hughes Common Stock and Could Delay or Prevent a Change of Control. After the completion of the transactions, the new Hughes certificate of incorporation and by-laws will contain provisions that, among other things:

- divide Hughes' board of directors into three classes, with members of each class elected in staggered terms;
- prevent shareholders from removing directors except for cause;
- regulate how shareholders may present proposals or nominate directors for election at annual meetings of shareholders; and
- authorize Hughes' board of directors to issue preferred stock in one or more series, without shareholder approval.

The new Hughes certificate of incorporation also will include the excess stock provision. The excess stock provision was designed to protect Hughes and its stockholders from liability for potential adverse tax effects from certain changes in the ownership of capital stock of Hughes and from the potential adverse impact of a third party seeking to acquire control of Hughes at a lower price than might be available absent the restrictions on acquisitions by News Corporation during the first year following the completion of the transactions. In addition, in order to preserve the tax-free status of the Hughes split-off share exchange, Hughes may be obligated to adopt and maintain a stockholder rights plan during the first year after completion of the transactions.

Each of these provisions could:

- have the effect of delaying, deferring or preventing a change of control of Hughes;
- discourage bids for Hughes common stock at a premium over the market price; or
- impede the ability of Hughes' stockholders to change its management.

Table of Contents

For additional information, see *Hughes Capital Stock* below.

Any Election by GM Class H Common Stockholders to Identify Certain Shares of Hughes Common Stock to be Converted Into the Right to Receive Consideration in the News Stock Acquisition May Not Be Respected by Taxing Authorities. GM Class H common stockholders who are the record owner of their GM Class H common stock may elect the method to identify certain shares (instead of a portion of each share) of Hughes common stock that they will hold immediately after the Hughes split-off share exchange that they wish to convert into the right to receive News Corporation Preferred ADSs and/or cash in the News stock acquisition. Each GM Class H common stockholder whose shares are held in street name through one or more brokers or through one or more custodial accounts may be provided the opportunity to make a similar election with such stockholder's broker(s) or other agent(s); whether such opportunity is available will be determined by the broker(s) or other agent(s). The purpose of any such election is to provide an electing stockholder the opportunity to receive more favorable tax treatment than might otherwise apply if no election is made and a stockholder is treated as selling a portion of each share of Hughes common stock in the News stock acquisition. However, there can be no assurance that a GM Class H common stockholder will be able to identify certain shares of Hughes common stock after the Hughes split-off share exchange or as to any particular tax effect of a share identification election, including whether such election will be respected by the applicable taxing authorities. For more information, see *Share Identification Election for GM Class H Common Stockholders*.

Risk Factors Relating to GM After the Transactions

Any Depreciation in the Value of the Hughes Common Stock and News Corporation Preferred ADSs After the Transactions Will Affect the Level of GM's Pension Expense. As of June 30, 2003, approximately 30.0% of the outstanding GM Class H common stock was held by certain GM employee benefit plans. As GM Class H common stockholders, these GM employee benefit plans will receive shares of Hughes common stock, and may also receive News Corporation Preferred ADSs, in the transactions. Pursuant to agreements currently in place between these GM employee benefit plans and GM, these GM employee benefit plans will have some restrictions on their ability to sell their shares of Hughes common stock. See *Shares Eligible For Future Sale - Hughes Common Stock*. After the completion of the transactions, during any period in which those GM employee benefit plans continue to own Hughes common stock and News Corporation Preferred ADSs, depreciation in the value of the Hughes common stock and News Corporation Preferred ADSs will adversely affect the level of GM's pension expense, which is actuarially determined and computed in accordance with accounting principles generally accepted in the United States. There can be no assurance as to whether the trading value of Hughes common stock and News Corporation Preferred ADSs after the transactions will be equal to or greater than the trading value of GM Class H common stock and News Corporation Preferred ADSs before the transactions or if the transactions had not occurred.

The Assets of Hughes Will Not Be Available to Support GM's Financial Position and Credit Ratings After the Transactions. Following the completion of the transactions, Hughes will no longer be a subsidiary of GM, and GM will be unable to rely upon the assets of Hughes to support its financial position and credit ratings, including in times of economic downturn or cyclical changes in the automotive industry. As a result of the transactions, GM anticipates that there would be a net reduction of GM's stockholders' equity. This net reduction would have been approximately \$7.12 billion based on an assumed price of \$14.00 per share of GM Class H common stock, the net book value of Hughes as of March 31, 2003 and certain other assumptions. For additional information, see *The Transactions - Accounting Treatment* below. There can be no assurance that, after the transactions, operating results and market conditions will not result in lower credit ratings or a weaker financial condition for GM than if the transactions had not occurred.

Risk Factors Relating to Hughes After the Transactions

Risks Relating to the Business of Hughes

Hughes Will Be Subject to Significant Restrictions with Respect to Issuances of its Equity Securities for One Year Following the Transactions. In order to preserve the tax-free status of the Hughes split-off share exchange to GM after completion of the transactions, Hughes has agreed to certain restrictions on issuances of

Table of Contents

its stock and other securities that are convertible or exchangeable into its stock. In general, under applicable provisions of the Code, the Hughes split-off share exchange will not be tax-free to GM if it is part of a plan or arrangement pursuant to which one or more persons, other than the historical stockholders of GM, acquire stock possessing at least 50% of the voting power or at least 50% of the value of the outstanding stock of Hughes. We refer to the shares of Hughes common stock that will count toward this 50% threshold as tainted stock. The Hughes common stock acquired by News Corporation's subsidiary as part of the transactions will be treated as tainted stock that counts towards the 50% threshold. In addition, any stock that is issued by Hughes, other than stock issued upon the exercise of compensatory stock options, during the one year period following the Hughes split-off share exchange generally will be presumed for purposes of the transaction documents to be tainted stock absent an IRS private letter ruling or an opinion of tax counsel to the contrary. The transaction documents include certain covenants designed to prevent Hughes from taking any action that might jeopardize the tax-free status of the Hughes split-off share exchange. As a result, Hughes' ability to issue any equity capital or other securities convertible or exchangeable into equity capital in the one year period following the transactions will be severely restricted, absent possible favorable IRS private letter rulings or opinions of tax counsel. These restrictions on equity issuances may also prevent Hughes from entering into transactions that might be advantageous to Hughes and its stockholders, such as issuing equity securities in connection with acquisitions of businesses or assets.

There Can Be No Assurance That There Will Be Sufficient Funding for Hughes. The industries in which Hughes competes are capital intensive, requiring significant investment in, among other things, infrastructure, research and marketing. In addition, industry participants often face high capital requirements in order to take advantage of new market opportunities, respond to rigorous competitive pressures and react quickly to changes in technology. For example, the construction, launch and insurance costs for new satellites and new satellite systems planned by Hughes and PanAmSat may generate significant capital requirements for those companies beyond those that are already contemplated in their respective business plans.

Hughes believes that key success factors in the multi-channel video programming distribution and satellite services businesses include superior access to capital and financial flexibility. Many of Hughes' competitors are committing substantial capital and, in many instances, are forming alliances to acquire and maintain market leadership. Hughes' strategy is to be a leader in providing entertainment, information and communications products and services by building on its market leadership position in the satellite services industry, its experience in satellite technology and, to a lesser degree, by making acquisitions and establishing, maintaining and restructuring strategic alliances as appropriate. This strategy may require substantial investments of capital over the next several years.

In addition, the actual amount of funds necessary to implement Hughes' strategy and business plan may materially exceed Hughes' current estimates due to various factors including, among other things, departures from Hughes' current business plan and unanticipated costs and expenses. There can be no assurance that Hughes will be able to satisfy its incremental capital requirements on desirable terms, if at all, whether through lack of competitive access to capital markets, due to restrictions under financing arrangements that are currently in place, agreements relating to the transactions that are the subject of this document or otherwise. If Hughes increases its debt level in the future, it could subject Hughes to various restrictions and higher interest costs and decrease its cash flow and earnings.

Hughes Competes With Other Multi-Channel Video Programming Distributors and Satellite Services Companies, Which Could Materially Adversely Affect Hughes' Ability to Grow and Increase Earnings. Hughes, through its wholly owned subsidiary DIRECTV Holdings LLC, competes in the highly competitive multi-channel video programming distribution industry against cable television and other land-based and satellite-based system operators offering video, audio and data programming and entertainment services. Some of these competitors have greater financial, marketing and other resources than Hughes has. Hughes' ability to increase earnings will depend, in part, upon its ability to compete with these other operators.

Some cable television operators have large, established customer bases and many cable operators have significant investments in, and access to, programming. According to an FCC report dated December 23, 2002, approximately 66% of the television households in the United States currently subscribe to cable

Table of Contents

television services. Cable television operators have advantages relative to DIRECTV, including or as a result of:

being the incumbent multi-channel video programming distribution operator with an established customer base in the territories in which DIRECTV competes;

bundling their analog video service with expanded digital video services delivered terrestrially or via satellite, or with efficient two-way high-speed Internet access or telephone service on upgraded cable systems;

having greater bandwidth capacity to deliver programming or services beyond that which DIRECTV's satellite capacity currently allows;

providing service to multiple television sets within the same household at a lower incremental cost to the consumer; and

having the ability to provide local and other programming in a larger number of geographic areas.

In addition, cable television operators have grown their subscriber base through the acquisition of cable systems. Moreover, mergers, joint ventures and alliances among franchise, wireless or private cable television operators, regional Bell operating companies and others may result in providers capable of offering bundled cable television and telecommunications services in competition with DIRECTV. In addition, it is uncertain whether DIRECTV will be able to increase its satellite capacity, offer a significant level of new services in existing markets in which it competes or expand to additional markets as may be necessary to effectively compete.

DIRECTV has an exclusive distribution relationship with the National Rural Telecommunications Cooperative, or the NRTC, in certain markets (mainly rural). Pursuant to DIRECTV's agreement with the NRTC, NRTC's affiliates and members distribute much of its programming services on an exclusive basis in territories comprising approximately 13.2 million television households in the United States. Pegasus Satellite Television, Inc., or Pegasus, the largest NRTC affiliate, possesses these distribution rights for territories covering approximately 10.6 million television households in the United States. During the past two years, Pegasus' prices for the DIRECTV services have generally been higher than the prices offered to customers by DIRECTV. During the last year, Pegasus announced its intention to achieve cash flow break-even, in part through reductions in expenditures such as subscriber acquisition costs. Hughes believes that the higher prices charged by Pegasus, coupled with its reduced acquisition expenditures, have provided EchoStar Communications Corporation with an opportunity to gain a proportionately greater share of the multi-channel video programming distribution market in those territories where Pegasus possesses DIRECTV distribution rights. Pegasus has experienced a net subscriber loss during recent quarters, and this trend may continue, which would affect the total number of subscribers to DIRECTV's platform. As of March 31, 2003, NRTC subscribers represented approximately 1.6 million of the total 11.4 million subscribers to Hughes' platform, of which approximately 1.3 million were Pegasus subscribers. Hughes is a party to certain litigation with the NRTC and Pegasus related to the exclusive distribution relationship described above. For a further discussion of this litigation, see Hughes' 2002 Annual Report on Form 10-K, which is incorporated into this document by reference.

As a result of these and other factors, DIRECTV may not be able to continue to expand its subscriber base or compete effectively against cable television or other multi-channel video programming distribution operators in the future.

Other companies in the United States have conditional permits or have leased transponders for direct broadcast satellite assignments that can be used to provide service to portions of the United States. Also, C-band satellite providers and other low and medium power satellite operators continue to compete in the market for subscription television services, particularly in rural areas. In addition, it is possible that non-U.S. licensed direct broadcast satellites could be used to provide service in the United States. On May 7, 2003, the FCC released an order authorizing the use of Canadian-licensed direct broadcast satellites for service in the United States. The United States has bilateral agreements with Mexico and Argentina that would allow the use of

Table of Contents

direct broadcast satellites licensed by those countries for service into the United States, and some operators, including SES Global S.A., are attempting to coordinate new direct broadcast satellite orbital locations capable of providing services throughout the United States.

Hughes Network Systems and PanAmSat face intense competition in the business segments in which they participate. The general slowing of the economy, maturing of markets and, in some cases, overcapacity have limited the potential for growth. Alternative technologies are available that compete with many of the satellite-based services delivered by Hughes Network Systems and PanAmSat and other technologies have been or are being developed by current and potential competitors that could provide additional features or better value, which could have a material adverse effect on the businesses of Hughes Network Systems and PanAmSat. Some competitors of Hughes Network Systems and PanAmSat have greater access to capital and are not hampered by the fixed costs that each of Hughes Network Systems and PanAmSat have invested in infrastructure. Recent combinations of competitors to PanAmSat have resulted in stronger, better funded companies that represent a greater competitive threat. To the extent that Hughes Network Systems and PanAmSat are unable to continue investment in technology, product development and marketing, their products and services may become obsolete or provide reduced profit margins, which could materially adversely affect their businesses.

DIRECTV Depends on the Communications Act For Access to Programming. DIRECTV purchases a substantial percentage of its programming from programmers that are affiliated with cable system operators. Currently, under certain provisions of the Communications Act governing access to programming, cable-affiliated programmers generally must sell and deliver their programming services to all multi-channel video programming distributors on non-discriminatory terms and conditions. The Communications Act and the FCC's rules also prohibit certain types of exclusive programming contracts involving programming from cable-affiliated programmers.

Any change in the Communications Act or the FCC's rules that would permit programmers that are affiliated with cable system operators to refuse to provide such programming or to impose discriminatory terms or conditions could materially adversely affect DIRECTV's ability to acquire programming on a cost-effective basis, or at all. The Communications Act prohibitions on certain cable industry exclusive contracting practices with cable-affiliated programmers were scheduled to expire in October 2002 and in June 2002, the FCC extended the period of these exclusivity restrictions through October 2007.

In addition, certain cable providers have denied DIRECTV and other multi-channel video programming distributors access to a limited number of channels created by programmers with which the cable providers are affiliated. The cable providers have asserted that they are not required to provide such programming due to the manner in which that programming is distributed, which they argue is not covered by the program access provisions of the Communications Act. Challenges to this interpretation of the Communications Act have not been successful, and DIRECTV may continue to be precluded from obtaining a limited amount of programming that is created by entities affiliated with cable providers, which in turn could materially adversely affect its ability to compete in regions serviced by those cable providers.

Must Carry Requirements May Negatively Affect DIRECTV's Ability to Deliver Local Broadcast Stations, as Well as Other Aspects of its Business. In 1999, Congress adopted the Satellite Home Viewer Improvement Act, which we sometimes refer to as the SHVIA. This statute imposes a so-called must carry obligation, which generally requires DIRECTV to carry all of the local broadcast stations requesting carriage in a timely and appropriate manner in markets in which it chooses to retransmit the signals of local broadcast stations, subject to certain limited exceptions.

The FCC has implemented the SHVIA's must carry requirement and adopted further detailed must carry rules covering DIRECTV's carriage of both commercial and non-commercial broadcast television stations. DIRECTV has limited satellite capacity, and the projected number of markets in which it can deliver local broadcast channel programming will continue to be constrained because of the must carry requirement and may be reduced depending on the FCC's interpretation of its must carry rules in pending and future rulemaking and complaint proceedings. Compliance with must carry rules may also mean that DIRECTV is forced to employ satellite capacity that could otherwise be used to provide consumers with new or additional

Table of Contents

national programming services. The SHVIA also includes provisions that could expose DIRECTV to federal copyright infringement lawsuits, material monetary penalties, and permanent prohibitions on the sale of all local and distant network channels, based on violations of the statute, prior law, or the FCC rules. Imposition of such penalties could have a material adverse effect on Hughes' business operations generally.

Several must carry complaints by broadcasters have been filed against DIRECTV at the FCC and in federal district court. DIRECTV cannot be sure that the FCC or a federal court will not rule against it in those proceedings. Adverse rulings against DIRECTV in such proceedings have resulted and could continue to result in the carriage of additional stations in the markets in which it carries or plans to carry the signals of local broadcast television stations, thereby using additional satellite capacity that could be used for other purposes and incurring potentially significant additional compliance and infrastructure costs. In addition, while the FCC has decided for now not to impose dual digital/ analog carriage obligations (*i.e.*, a requirement that a television station electing must carry may require carriage of both its analog and digital signals), the FCC has also issued a further notice of proposed rulemaking on this matter. The FCC is also examining the questions of whether and how satellite carriers will be required to carry digital television signals. There can be no assurance that such proceedings will not result in new or additional signal carriage requirements.

DIRECTV Depends on Others to Produce Programming, and Programming Costs are Increasing. DIRECTV depends on third parties to provide it with programming services. DIRECTV's ability to compete successfully will depend on its ability to continue to obtain desirable programming and deliver it to its customers at competitive prices. DIRECTV's programming agreements generally have remaining terms ranging from less than one to up to ten years and contain various renewal and cancellation provisions. DIRECTV may not be able to renew these agreements on favorable terms, or at all, or these agreements may be cancelled prior to expiration of their original terms. If DIRECTV is unable to renew any of these agreements or the other parties cancel the agreements, there can be no assurance that DIRECTV would be able to obtain substitute programming, or that such programming would be comparable in quality or cost to DIRECTV's existing programming.

In addition, many of DIRECTV's programming agreements contain annual price increases. Also, when offering new programming, or upon expiration of existing contracts, programming suppliers have historically increased the rates they charge DIRECTV for programming, increasing its costs. Hughes expects this practice to continue. Increases in programming costs could cause DIRECTV to increase the rates that it charges its customers, which could in turn cause customers to terminate their subscription or potential new customers to refrain from subscribing. Furthermore, DIRECTV may be unable to pass programming costs on to its customers, which could have a material adverse effect on Hughes' cash flow and operating margins.

Increased Subscriber Turnover or Subscriber Retention Costs at DIRECTV Could Harm Hughes' Financial Performance. Turnover of customers in the form of subscriber service cancellations, or churn, is a significant cost element for any subscription television provider as is the cost of retaining the customers. Any increase in DIRECTV's retention, upgrade and other marketing costs for its existing customers may cause it to increase its subscription rates, which could increase churn. Any of the risks described in this document that potentially has a material adverse impact on DIRECTV's cost or service quality or that could result in higher prices for its customers could, in turn, cause an increase in churn and consequently harm Hughes' financial performance. Churn can also increase due to factors beyond DIRECTV's control, including a slowing economy, significant signal theft, a maturing subscriber base and competitive offers. There can be no assurance that DIRECTV will continue to be able to manage its churn rates or subscriber retention costs to achieve a reasonable level of financial performance.

Increased Subscriber Acquisition Costs Could Adversely Affect Hughes' Financial Performance. To obtain new customers, DIRECTV incurs costs relating to third-party customer acquisitions and direct customer acquisitions. These costs are known as subscriber acquisition costs. For instance, DIRECTV provides installation incentives to its retailers to enable them to offer standard professional installation as part of the customer's purchase of a DIRECTV System. In addition, DIRECTV pays commissions to retailers so they can offer a DIRECTV System at a lower cost to the consumer. DIRECTV's subscriber acquisition costs, both in the aggregate and on a per new subscriber activation basis, may materially increase to the extent

Table of Contents

DIRECTV continues or expands current sales promotion activities or introduces other more aggressive promotions, or due to increased competition. Any material increase in subscriber acquisition costs from current levels would negatively impact Hughes' earnings and could materially adversely impact its financial performance.

Satellite Programming Signals Have Been Stolen or Could Be Stolen in the Future, Which Could Cause DIRECTV to Incur Incremental Operating Costs That Do Not Result in Subscriber Acquisition. The delivery of subscription programming requires the use of conditional access technology to limit access to programming to only those who subscribe and are authorized to view it. The conditional access system uses, among other things, encryption technology to protect the transmitted signal from unauthorized access. It is illegal to create, sell or otherwise distribute software or devices to circumvent that conditional access technology. However, theft of cable and satellite programming has been widely reported, and the access or smart cards used in DIRECTV's conditional access system have been compromised and could be further compromised in the future.

DIRECTV continues to respond to compromises of its access cards with measures intended to make theft of its programming commercially impractical or uneconomical, including developing and introducing new access cards and replacing older access cards that have been compromised. Once DIRECTV replaces the access card, it cannot guarantee that the new card will prevent the theft of its satellite programming signals. Furthermore, there can be no assurance that DIRECTV will be successful in developing the technology it needs to effectively restrict or eliminate signal theft. If DIRECTV cannot promptly correct a compromise of its conditional access technology, its revenue and its ability to contract for video and audio services provided by programmers could be materially adversely affected. In addition, Hughes' expenses could increase if DIRECTV attempts to implement additional measures to combat signal theft.

A Substantial Portion of DIRECTV's Subscribers Are Acquired Through Third-party Sales Agents. Although DIRECTV obtains some of its subscribers through direct sales and local or regional retailers, a substantial portion of its subscribers are obtained by national retailers acting as its sales agents. DIRECTV's agreements with these national retailers generally extend through 2004 and contain various renewal and termination provisions. In addition, certain of these retailers market DIRECTV services on an exclusive basis. If DIRECTV is unable to maintain its exclusivity or renew these agreements on favorable terms, or these agreements are terminated prior to the expiration of their original term by the other parties, there can be no assurance that DIRECTV would be able to obtain new sales agents. An inadequate distribution network would have a material adverse affect on Hughes' business.

The Success of Hughes' SPACEWAY® Project is Uncertain. Hughes Network Systems is in the process of completing the development of the SPACEWAY® service, a next-generation satellite-based broadband communications platform that is expected to provide customers with high-speed, two-way data communications on a more cost-efficient basis than certain competitive systems that are currently available. As of March 31, 2003, approximately \$1.4 billion of the estimated total \$1.8 billion investment had been spent on the SPACEWAY system, which will consist of up to three in-orbit satellites being built by Boeing Satellite Systems, Inc. and ground systems provided by Hughes Network Systems. As part of its broadband strategy, Hughes Network Systems presently expects to launch the SPACEWAY service in North America in 2004. There can be no assurance that the system will be launched as presently scheduled or that the SPACEWAY project will be successful.

The Chapter 11 Bankruptcy Proceeding of DIRECTV Latin America, LLC May Adversely Affect Hughes' Financial Condition. On March 18, 2003, DIRECTV Latin America, LLC, a subsidiary of Hughes (which we sometimes refer to as DTVLA), filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code. As of March 31, 2003, DTVLA had an aggregate of approximately \$1.4 billion of unsecured debt obligations owed to Hughes. In addition, Hughes has agreed to provide DTVLA debtor-in-possession financing in an amount of up to \$300 million, on terms approved by the bankruptcy court on June 3, 2003. DTVLA has not yet proposed a plan of reorganization, which plan would include its proposal for treatment of the debt owed to Hughes. It is likely that any such plan would propose that all or substantially all of DTVLA's debt be converted into equity in connection with a successful reorganization.

Table of Contents

The Chapter 11 proceeding is at a preliminary stage and it is uncertain when or if DTVLA will successfully reorganize while under Chapter 11 bankruptcy protection. If DTVLA is able to emerge from Chapter 11, there can be no assurance that it will be profitable following such emergence. The existing bankruptcy proceeding may adversely affect DTVLA's ability to negotiate favorable terms from programmers and others and to attract and retain subscribers. The failure of DTVLA to obtain such favorable terms or attract and retain subscribers could adversely affect Hughes' financial condition and results of operations.

Additionally, there can be no assurance that DTVLA will not be liquidated in the Chapter 11 proceeding or that the Chapter 11 bankruptcy proceeding will not be converted into a Chapter 7 liquidation proceeding. If DTVLA is liquidated, it is unlikely that Hughes would recover in full the amount of indebtedness owed to it by DTVLA, or that Hughes would receive any distribution with respect to its equity interest in DTVLA. As a result, the liquidation could adversely affect Hughes' financial condition.

Hughes has guaranteed some commercial obligations of DTVLA. These guarantees are contingent upon the occurrence of a number of factors, including Hughes no longer controlling more than 50% of the voting equity of DTVLA. It is uncertain what effect, if any, the Chapter 11 proceeding or any subsequent bankruptcy proceeding of DTVLA will have on these guarantees. Creditors of DTVLA may also attempt to assert claims against Hughes because of Hughes' position as, among other things, the holder of the largest equity position in DTVLA. There can be no assurance as to the outcome of any such claims.

Hughes Expects That it Will Experience a Net Loss In 2003 and Hughes Cannot Be Certain That it Will Achieve or Sustain Profitability. Hughes and its subsidiaries have sustained significant losses and have significant amounts of debt. If Hughes and its subsidiaries do not have sufficient income or other sources of cash, it could eventually affect their ability to service debt and pay other obligations. Improvements in Hughes' results of operations will depend largely upon its ability to increase its customer base, improve average monthly revenue per subscriber, manage its costs and control churn. There can be no assurance that Hughes will be effective with regard to these matters. Hughes currently anticipates that it will experience a net loss in 2003, and could continue to experience net losses for years subsequent to 2003 for the reasons described above and elsewhere in this document.

Hughes is Subject to Other Risks Related to its International Operations. Approximately 15.5% of Hughes' revenues in 2002 were generated outside the United States. These international operations subject Hughes to many risks inherent in international business activities, including:

limitations and disruptions resulting from the imposition of government controls;

difficulty meeting export license requirements;

economic or political instability;

trade restrictions;

changes in tariffs;

currency fluctuations;

greater difficulty in safeguarding intellectual property; and

difficulties in managing overseas subsidiaries and international operations.

These risks could have a material adverse affect on Hughes' business.

The Manufacturers of the Products Necessary to Receive DIRECTV Services May Not Be Able to Produce the Necessary Volume of Such Products. Most of the receivers for DIRECTV services are produced by four manufacturers. The contracts with those manufacturers do not obligate them to manufacture any specified volume of receivers. If any of these manufacturers is unable for any reason to produce receivers in a quantity sufficient to meet market demand, and suitable alternative sources cannot be found, DIRECTV's ability to add subscribers could be impaired and that would adversely affect Hughes' revenue and financial condition.

Table of Contents

Hughes Business Relies on Intellectual Property, Some of Which is Owned by Third Parties, and Hughes May Inadvertently Infringe Patents and Proprietary Rights of Others. Many entities, including some of Hughes' competitors, have or may in the future obtain patents and other intellectual property rights that cover or affect products or services related to those that Hughes currently offers or may offer in the future. In general, if a court determines that one or more of Hughes' services or the products used to transmit or receive its services infringes on intellectual property held by others, Hughes and the applicable manufacturers or vendors may be required to cease developing or marketing those services and products, to obtain licenses from the owners of the intellectual property or to redesign those services and products in such a way as to avoid infringing the intellectual property rights. If a competitor holds intellectual property rights, it may not allow Hughes or the applicable manufacturers to use its intellectual property at any price, which could adversely affect Hughes' competitive position.

There can be no assurance that Hughes is aware of all intellectual property rights that its services or the products used to transmit or receive its services may potentially infringe. In addition, patent applications in the United States are confidential until the Patent and Trademark Office issues a patent. Therefore, Hughes cannot evaluate the extent to which its services or the products used to transmit or receive its services may infringe claims contained in pending patent applications. Further, without lengthy litigation, it is often not possible to determine definitively whether a claim of infringement is valid.

Hughes cannot estimate the extent to which it may be required in the future to obtain intellectual property licenses or the availability and cost of any such licenses. Those costs, and their impact on Hughes' earnings, could be material. Damages in patent infringement cases may also include treble damages in certain circumstances. To the extent that Hughes is required to pay royalties to third parties to whom it is not currently making payments, these increased costs of doing business could negatively affect Hughes' liquidity and operating results. Hughes is currently being sued in patent infringement actions related to use of technologies in its direct broadcast satellite business. There can be no assurance that the courts will conclude that Hughes' services or the products used to transmit or receive its services do not infringe on the rights of third parties, that Hughes or the manufacturers would be able to obtain licenses from these persons on commercially reasonable terms or, if Hughes was unable to obtain such licenses, that Hughes or the manufacturers would be able to redesign its services or the products used to transmit or receive its services to avoid infringement.

Construction Delays on Satellites Could Materially Adversely Affect Hughes' Revenues and Earnings. The construction and launch of satellites are often subject to delays, including delays in the construction of satellites and launch vehicles, periodic unavailability of reliable launch opportunities, possible delays in obtaining regulatory approvals and launch failures, as discussed below. A significant delay in the future delivery of any satellite would materially adversely affect the marketing plan for, or use of, the satellite and thus could materially adversely affect Hughes' anticipated revenues and earnings, as well as Hughes' plans to replace an existing satellite prior to the end of its useful life. If satellite construction schedules are not met, there can be no assurance that a launch opportunity will be available at the time a satellite is ready to be launched. Certain delays in satellite construction could also jeopardize satellite authorizations that are conditioned on timely construction and launch of the satellite.

Hughes Satellites Are Subject to Risks Relating to Launch. Satellite launches are subject to significant risks, including launch failure, incorrect orbital placement or improper commercial operation. Of the 42 satellites launched by Hughes for its commercial use since 1983, four have resulted in launch failures. Certain launch vehicles that Hughes may use have experienced launch failures in the past. Launch failures result in significant delays in the deployment of satellites because of the need both to construct replacement satellites, which can take up to 24 months, and obtain other launch opportunities. Any significant delays in deploying its satellites could materially adversely affect Hughes' ability to generate revenues. Additionally, although Hughes has secured launch insurance on all of its launches to date, if it were unable to obtain launch insurance on future launches at commercially reasonable rates and a launch failure were to occur, Hughes' financial condition and results of operations could be materially adversely affected. Hughes plans to launch approximately six satellites in the next two years.

Table of Contents

The Cost of Obtaining Commercial Insurance Coverage on Certain of Hughes Satellites, or the Loss of a Satellite That is Not Insured, Could Materially Adversely Affect Hughes Earnings. The price, terms and availability of insurance fluctuate significantly. Launch and in-orbit policies on satellites may not continue to be available on commercially reasonable terms or at all. In addition to higher premiums, insurance policies may provide for higher deductibles, shorter coverage periods and satellite health-related policy exclusions.

Hughes uses in-orbit and launch insurance to mitigate the potential financial impact of satellite fleet in-orbit and launch failures unless the premium costs are considered non-economical relative to the risk of satellite failure. When insurance is obtained, it generally covers the book value of covered satellites. Although the insurance generally does not compensate for business interruption or loss of future revenues or customers, Hughes relies on in-orbit spare satellites and excess transponder capacity at key orbital slots to mitigate the impact of satellite failure on its ability to provide service.

Any launch vehicle failure, or loss or destruction of any of Hughes satellites for which it does not have commercial insurance coverage could have a material adverse effect on Hughes financial condition and results of operations, Hughes ability to comply with FCC regulatory obligations and Hughes ability to fund the acquisition of replacement satellites.

Hughes Satellites Are Subject to Significant Operational Risks. Satellites are subject to significant operational risks while in orbit. These risks include malfunctions, commonly referred to as anomalies, that have occurred in Hughes satellites and the satellites of other operators as a result of various factors, such as satellite manufacturing errors, problems with the power systems or control systems of the satellites and general failures resulting from operating satellites in the harsh space environment. Hughes works closely with its satellite manufacturers to determine and eliminate the cause of anomalies in new satellites and provide for redundancies of critical components in the satellites as well as having back-up satellite capacity. However, there can be no assurance that Hughes will not experience anomalies in the future, whether of the types described above or arising from the failure of other systems or components, nor can there be any assurance that Hughes backup satellite capacity will be sufficient for its business purposes.

On four of Hughes existing satellites, a signal control processor has switched off and is disabled. All four satellites are currently operating normally under control of the spare signal control processor on each satellite. While the spare signal control processor is designed to operate for the life of its satellite, there can be no assurance that a similar or different failure will not occur, rendering the satellite unusable. Hughes has six other satellites in orbit with a similar design that are subject to possible failure of one or both of their signal control processors, and there can be no assurance that similar anomalies will not occur on those satellites.

Certain of the Boeing model 601 HP spacecraft have experienced various problems associated with the xenon ion propulsion system (XIPS), which is an electronic propulsion system that maintains the spacecraft s proper in-orbit position. Hughes operates nine satellites of this type. Certain of the XIPS problems have resulted in the shortening of the useful life of the related satellites, and/or the need to utilize an onboard redundant fuel system to allow continued use of the satellite. It is possible that other problems with the XIPS could cause further degradation of those satellites. Other Hughes satellites have experienced significant power system failures or other problems that have affected the ability of the satellites to function on a continuous basis, thus restricting their capabilities.

Any single anomaly or series of anomalies could materially adversely affect Hughes operations and revenues and its relationships with current customers, as well as its ability to attract new customers for its satellite services. In particular, future anomalies may result in the loss of individual transponders on a satellite, a group of transponders on that satellite or the entire satellite, depending on the nature of the anomaly. Anomalies may also reduce the expected useful life of a satellite, thereby creating additional expenses due to the need to provide replacement or back-up satellites and potentially reducing revenues if service is interrupted. Finally, the occurrence of anomalies may materially adversely affect Hughes ability to insure its satellites at commercially reasonable premiums, if at all. While some anomalies are currently covered by existing insurance policies, others are not now covered or may not be covered in the future. The initial cost of each of Hughes satellites, which includes costs of construction, launch and insurance, ranges from \$175 million to \$350 million, depending upon the design. Most of the satellites that Hughes uses cost in the

Table of Contents

range of \$200 million to \$250 million. Typically, these satellites have from 24 to 72 transponders on-board, and most of Hughes satellites have from 30 to 48 transponders.

Meteoroid events pose a threat to all in-orbit satellites, including Hughes satellites. The probability that meteoroids will damage Hughes satellites increases significantly when the Earth passes through the particulate stream left behind by various comets. Occasionally, increased solar activity poses a potential threat to all in-orbit satellites, including Hughes satellites.

Some decommissioned spacecraft are in uncontrolled orbits that pass through the geostationary belt at various points and present hazards to operational spacecraft, including Hughes satellites. To avoid collisions, Hughes may be required to perform maneuvers that may prove unsuccessful or could reduce the useful life of the satellite due to the unplanned use of fuel to perform these maneuvers. As is common in the industry, Hughes in-orbit insurance, if any, will not cover damage to satellites that occurs as a result of collisions with meteoroids, decommissioned spacecraft or other space debris. The loss, damage or destruction of any of Hughes satellites as a result of an electrostatic storm, collision with space debris, malfunction or other event could have a material adverse effect on its business.

Hughes Satellites Could Fail Earlier Than Their Expected Useful Lives. Hughes ability to earn revenue depends on the usefulness of its satellites. Each satellite has a limited useful life. A number of factors affect the useful life of a satellite, including, among other things:

the design;

the quality of its construction;

the durability of its component parts;

the ability to continue to maintain proper orbit and control over the satellite's functions; and

the remaining on-board fuel following orbit insertion.

Generally, the minimum design life of the satellites in Hughes fleet is 12 years. Hughes can provide no assurance, however, as to the actual useful lives of the satellites. Its operating results could be adversely affected if the useful life of any of its satellites were significantly shorter than 12 years. Additionally, moving any of Hughes satellites in the future, either temporarily or permanently, could decrease the useful life of the satellite.

In the event of a failure or loss of any of Hughes satellites, Hughes may relocate another satellite and use it as a replacement for the failed or lost satellite. In the event of a complete satellite failure, Hughes services provided via that satellite could be unavailable for several days while its backup in-orbit satellites are repositioned and services are moved. The use of backup satellite capacity for its programming may require Hughes to discontinue some programming services due to reduced channel capacity. Any relocation of Hughes satellites would require prior FCC approval and, among other things, a showing to the FCC that the replacement satellite would not cause additional interference compared to the failed or lost satellite. Hughes cannot be certain that such FCC approval could be obtained.

Hughes Ability to Maintain Leading Technological Capabilities is Uncertain. Hughes operating results depend to a significant extent upon its ability to continue to introduce new services and encourage the development of new products for the receipt of its services on a timely basis, and to reduce costs of its existing services and the associated products. There can be no assurance that Hughes will continue to successfully identify new services or product opportunities or develop and market these opportunities in a timely or cost-effective manner. The success of new services or product development depends on many factors, including proper identification of customer needs, cost, timely completion and introduction, differentiation from offerings of competitors and market acceptance.

Technology in the multi-channel video programming distribution industry changes rapidly as new technologies are developed, which could cause Hughes services and products that deliver its services to become obsolete. There can be no assurance that Hughes and its suppliers will be able to keep pace with technological developments. If the new technologies on which Hughes intends to focus its investments fail to

Table of Contents

achieve acceptance in the marketplace, Hughes could suffer a material adverse effect on its future competitive position, which could cause a reduction in its revenues and earnings. For example, Hughes' competitors could be the first to obtain proprietary technologies that are perceived by the market as being superior. Further, after incurring substantial costs, one or more of the technologies under development by Hughes or any of its strategic partners could become obsolete prior to its introduction.

When fully developed, new technologies could have a material adverse effect on the demand for DIRECTV services. Other terrestrial wireless video and data distribution services have been authorized at the FCC. In addition, entities such as regional telephone companies, which are likely to have greater resources than Hughes, are implementing and supporting digital video compression over existing telephone lines. While these entities are not currently providing digital wireless cable, many have the capabilities for such services. As a result, DIRECTV may not be able to compete successfully with existing competitors or new entrants in the market for multi-channel video programming distribution services.

Other companies in the United States have conditional permits or have leased transponders for direct broadcast satellite assignments that can be used to provide service to portions of the United States. Also, C-band satellite providers and other low and medium power satellite operators continue to compete in the market for multi-channel video programming distribution services, particularly in rural areas. In addition, the FCC has proposed allocating additional spectrum for direct broadcast satellite services, which could create additional competition in the market for multi-channel video programming distribution services. Moreover, it is possible that non-U.S. licensed direct broadcast satellites could be used to provide service in the United States. On May 7, 2003, the FCC released an order authorizing the use of Canadian-licensed direct broadcast satellites for service in the United States. The United States has bilateral agreements with Mexico and Argentina that would allow the use of direct broadcast satellites licensed by those countries for service into the United States, and some operators, including SES Global S.A., are attempting to coordinate new direct broadcast satellite orbital locations capable of providing services throughout the United States.

Regulatory Matters Affecting Hughes

Domestic and Foreign Regulations May Materially Adversely Affect Hughes' and PanAmSat's Businesses. Hughes and PanAmSat are subject to the regulatory authority of the United States government, the national authorities of the countries in which they operate and, to a certain extent, state and local authorities. Depending on the circumstances, noncompliance with legislation or regulations promulgated by these entities could result in the suspension or revocation of authorizations, licenses or registrations, the termination or loss of contracts or the imposition of contractual damages, civil fines or criminal penalties, which could materially adversely affect their businesses.

In addition, Hughes' and PanAmSat's businesses could be materially adversely affected by the adoption of new laws, policies and regulations or changes to existing regulations. In particular, there can be no assurance that either company will succeed in obtaining all requisite regulatory approvals for its respective operations without the imposition of restrictions on its respective businesses, which could have the effect of imposing additional costs on Hughes or PanAmSat, as applicable, or of limiting Hughes' and PanAmSat's revenues.

In particular, certain of Hughes' and PanAmSat's business activities are substantially regulated in the United States by the FCC. The FCC generally regulates, among other things, the ownership of media, including ownership by non-U.S. citizens and the concentration of media interests, the operation of broadcast stations, broadcast programming, access to certain cable programming, the construction, launch and operation of satellites, the use of frequencies by satellites at specific orbital locations and the provision of satellite services. FCC rules and regulations are subject to change in response to industry developments, new technology and political considerations.

The Ability to Maintain FCC Licenses and Other Regulatory Approvals is Critical to Hughes' and PanAmSat's Businesses. If Hughes or PanAmSat do not obtain all requisite U.S. and foreign regulatory approvals for the construction, launch and operation of any of their existing or future satellites for the use of frequencies at the orbital locations planned for these satellites or for the provision of service, or the licenses

Table of Contents

obtained impose operational restrictions on Hughes or PanAmSat, the respective company's ability to generate revenue and profits could be materially adversely affected. In addition, under certain circumstances, existing licenses are subject to revocation or modification and renewal of licenses that have an expiration date may not be granted. If existing licenses are not renewed, or are revoked or materially modified, Hughes or PanAmSat's, as the case may be, ability to generate revenue could be materially adversely affected.

In certain cases, satellite system operators are obligated by governmental regulation and procedures of the International Telecommunication Union to coordinate the operation of their systems with other users of the radio spectrum in order to avoid causing interference to those other users. Coordination may require a satellite system operator to reduce power, avoid operating on certain frequencies, relocate its satellite to another orbital location and/or otherwise modify planned or existing operations. There can be no assurance that Hughes or PanAmSat will be able to successfully coordinate their respective satellites to the extent they are required to do so, and any modifications they make in the course of coordination, or any inability to successfully coordinate, may materially adversely affect their ability to generate revenue.

Other regulatory risks include, among others:

the relocation of satellites to different orbital locations if the FCC determines that relocation is in the public interest;

the denial by the FCC of an application to replace an existing satellite with a new satellite or to operate a satellite beyond the term of its current authorization;

the loss of authorizations to operate spacecraft on certain frequencies at certain locations if Hughes or PanAmSat, as the case may be, does not construct, launch and operate spacecraft into those locations by certain dates; and

authorization by governments, including the United States government, of the use of frequencies by satellite or terrestrial facilities that have the potential to interfere with communication to or from Hughes or PanAmSat spacecraft, which could interfere with Hughes or PanAmSat's contractual obligations or services to customers or other business operations.

All of Hughes and PanAmSat's FCC satellite authorizations are subject to conditions imposed by the FCC in addition to the FCC's general authority to modify, cancel or revoke those authorizations. Use of FCC licenses and conditional authorizations are often subject to conditions, including technical requirements and implementation deadlines. Failure to comply with such requirements, or comply in a timely manner, could lead to the loss of authorizations and could have a material adverse effect on the ability of Hughes or PanAmSat to generate revenue. For example, loss of an authorization could potentially reduce the amount of programming and other services available to DIRECTV or PanAmSat subscribers or other customers. The materiality of such a loss of authorizations would vary based upon, among other things, the orbital location at which the frequencies may be used.

In addition, many of Hughes and PanAmSat's authorizations and pending applications will be subject to petitions and oppositions filed by several companies, and there can be no assurance that Hughes or PanAmSat's authorizations will not be cancelled, revoked or modified or that their applications will not be denied. Moreover, the FCC recently adopted new rules for licensing satellites that may limit Hughes and PanAmSat's ability to file applications and secure licenses in the future.

Congress has continued to shape the scope of the FCC's regulatory authority and enact legislation that impacts Hughes and PanAmSat's businesses. In addition, FCC proceedings to implement legislation and enact additional regulations are ongoing. The outcomes of these legislative or regulatory proceedings or their effect on Hughes and PanAmSat's businesses cannot be predicted.

Hughes and PanAmSat May Not Be Able to Obtain or Retain Certain Foreign Regulatory Approvals. There can be no assurance that any current regulatory approvals held by Hughes or PanAmSat are, or will remain, sufficient in the view of foreign regulatory authorities, or that any additional necessary approvals will be granted on a timely basis or at all, in all jurisdictions in which Hughes or PanAmSat, as applicable, wishes to operate, or that applicable restrictions in those jurisdictions will not be unduly burdensome. The failure to

Table of Contents

obtain the authorizations necessary to operate satellites or provide satellite service internationally could have a material adverse effect on Hughes and PanAmSat's ability to generate revenue and its respective overall competitive position.

Risks Relating to Hughes Common Stock

Hughes Does Not Expect to Pay Dividends on Hughes Common Stock in the Foreseeable Future. The Hughes board of directors will determine whether to pay dividends on the Hughes common stock after the transactions primarily based upon its financial condition, results of operations and business requirements. Other than the \$275 million special cash dividend to be paid to GM in the transactions, Hughes does not currently anticipate paying dividends on the Hughes common stock for the foreseeable future.

The Trading Prices of Hughes Common Stock May be Volatile. The price at which Hughes common stock trades may be volatile and may fluctuate substantially due to, among other things:

competition and changes in the subscription television industry;

regulatory changes;

launch and satellite failures;

operating results below expectations;

Hughes' strategic investments and acquisitions; and

other factors.

In addition, price and volume fluctuations in the stock market may affect market prices for Hughes common stock for reasons unrelated to Hughes' operating performance. Hughes' businesses depend upon a number of factors related to the level of consumer spending, including the general state of the economy and the willingness of consumers to spend on discretionary items. Competitive pressures arising from any significant or prolonged economic downturn could have a material adverse impact on Hughes' financial condition and results of operations. If that were to occur, it could adversely affect the trading prices of the Hughes common stock.

Future Resales of Hughes Common Stock Could Materially Adversely Affect the Market Prices of Hughes Common Stock and Hughes Ability to Raise Capital in the Future. Following completion of the transactions, News Corporation's subsidiary Fox Entertainment and certain GM employee benefit plans will be the owners of significant amounts of Hughes common stock. Sales or other monetizations of substantial amounts of Hughes common stock, or even the possibility that such sales or monetizations could occur, could materially adversely affect the market prices of Hughes common stock. Significant sales could also materially adversely affect Hughes' ability to raise capital in the future. While the shares issued in the transactions and registered with the SEC pursuant to the registration statement of which this document is a part are generally freely tradable without restriction under the Securities Act of 1933 by persons other than affiliates, as such term is defined under the Securities Act, of Hughes, certain GM employee benefit plans will have the right to require Hughes to register their shares under the Securities Act. See *Shares Eligible For Future Sale - Hughes Common Stock*.

Risk Factors Relating to News Corporation After the Transactions

A Decline in Advertising Expenditures Could Cause News Corporation's Revenues and Operating Results to Decline Significantly in any Given Period or in Specific Markets. News Corporation derives substantial revenues from the sale of advertising on its television stations, broadcast and cable networks and direct-to-home television services and in its newspapers and inserts. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions as well as budgeting and buying patterns. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities. This could cause News Corporation's revenues and operating results to decline significantly in any given period or in specific markets.

Table of Contents

Acceptance of News Corporation's Film and Television Programming by the Public is Difficult to Predict, Which Could Lead to Fluctuations in Revenues. Feature film and television production and distribution are speculative businesses since the revenues derived from the production and distribution of a feature film or television series depend primarily upon its acceptance by the public, which is difficult to predict. The commercial success of a feature film or television series also depends upon the quality and acceptance of other competing films and television series released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, all of which can change and cannot be predicted with certainty. Further, the theatrical success of a feature film and the audience ratings for a television series are generally key factors in generating revenues from other distribution channels, such as home video and premium pay television with respect to feature films and syndication with respect to television series.

Changes in U.S. or Foreign Communications Laws and Other Regulations May Have an Adverse Effect on News Corporation's Business. In general, the television broadcasting and cable industries in the United States are highly regulated by federal laws and regulations issued and administered by various federal agencies, including the FCC. The FCC generally regulates, among other things, the ownership of media, including ownership by non-U.S. citizens, broadcast programming and technical operations. Further, the United States Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters, including technological changes, which could, directly or indirectly, affect the operations and ownership of News Corporation's U.S. broadcast properties. Similarly, changes in regulations imposed by governments in other jurisdictions in which News Corporation, or entities in which News Corporation has an interest, operate could adversely affect News Corporation's business and results of operations.

News Corporation is Controlled by One Principal Shareholder. Approximately 30% of the ordinary shares of News Corporation are owned by (1) K. Rupert Murdoch, (2) Cruden Investments Pty. Limited, a private Australian investment company owned by Mr. Murdoch, members of his family and various corporations and trusts, the beneficiaries of which include Mr. Murdoch, members of his family and certain charities, and (3) corporations controlled by trustees of settlements and trusts set up for the benefit of the Murdoch family, certain charities and other persons. By virtue of the shares of News Corporation owned by such persons and entities, and Mr. Murdoch's positions as Chairman and Chief Executive of News Corporation, Mr. Murdoch may be deemed to control the operations of News Corporation.

Table of Contents

THE TRANSACTIONS

The following section highlights certain important matters that you should review and consider carefully in connection with your review and consideration of the transactions. This section provides a description of the transactions, including:

the Hughes split-off;

the GM/News stock sale; and

the News stock acquisition.

In addition, because the transactions involve significant changes to GM's capital structure, including the elimination of GM Class H common stock, we also describe in this section other important matters relating to the development of the transactions, including:

GM's reasons for the transactions;

alternative transactions involving Hughes that have been considered by GM and Hughes in connection with developing the transactions;

background information relating to the development by GM and Hughes of the transactions;

the recommendations of the GM board of directors, the GM capital stock committee and the Hughes board of directors;

certain advantages and disadvantages of the transactions to GM common stockholders; and

the fairness opinions provided by the GM financial advisors and the Hughes financial advisors.

The discussion of these matters is generally set forth at GM Background and Considerations below.

Finally, this section addresses other important matters relating to the transactions, including:

regulatory requirements relating to the transactions;

the lack of appraisal rights for GM common stockholders and, immediately after the Hughes split-off share exchange, Hughes common stockholders in connection with the transactions;

stockholder litigation relating to the transactions;

accounting treatment of the transactions; and

certain material tax consequences relating to the transactions.

Description of the Transactions

Introduction

The proposed transactions described in this document principally consist of:

the Hughes split-off, which will involve the distribution by GM of approximately 80.2% of the Hughes common stock to the GM Class H common stockholders in redemption of and in exchange for their shares of GM Class H common stock and the payment by Hughes to GM of a \$275 million special cash dividend;

the GM/News stock sale, which will involve the sale by GM of its retained economic interest of approximately 19.8% in Hughes to NPAL, a wholly owned subsidiary of News Corporation; and

Edgar Filing: NEWS CORP LTD - Form F-4/A

the News stock acquisition, which will involve the acquisition by NPAL, a wholly owned subsidiary of News Corporation, of an additional approximately 14.2% of the equity of Hughes from the former GM Class H common stockholders who will receive such shares in the Hughes split-off share exchange. The News stock acquisition will be accomplished by merging GMH Merger Sub, an indirect wholly owned subsidiary of News Corporation, with and into Hughes.

Table of Contents

One aspect of the proposed transactions requires the approval of GM common stockholders under applicable corporation law. Specifically, GM common stockholder approval is required for an amendment of the GM restated certificate of incorporation that will provide GM the ability to implement the Hughes split-off share exchange by redeeming the GM Class H common stock in exchange for shares of Hughes common stock. No approval of GM common stockholders is legally required in order to complete the other aspects of the transactions, including the GM/News stock sale or the merger that will implement the News stock acquisition. GM, as the sole stockholder of Hughes, has already approved the merger and adopted the merger agreement. In addition, NPAL, as the sole stockholder of GMH Merger Sub, has approved the merger and adopted the merger agreement. Also, Hughes and News Corporation have unanimously approved the transactions, and the GM board of directors approved the transactions by unanimous vote of all those directors present at the applicable GM board meeting.

Even though GM common stockholder approval of certain aspects of the transactions is not legally required, GM is submitting the Hughes split-off (including the \$275 million special cash dividend from Hughes to GM), the GM/News stock sale and the News stock acquisition to GM common stockholders for ratification. GM is also submitting the new Hughes certificate of incorporation (including the excess stock provision) to GM common stockholders for ratification. As further described elsewhere in this document, GM believes that ratification by GM's common stockholders of the matters relating to the transactions should extinguish any claim by such stockholders (other than for waste, fraud or similar egregious conduct or based on lack of proper disclosure) against GM and its directors based on the transactions, including a claim alleging unfairness of the transactions to either or both classes of GM common stockholders or alleging any deficiency in the process of developing the terms of the transactions or the GM board of directors' consideration or approval of the transactions. For more information regarding the proposals being submitted to GM common stockholders for their approval, see GM Background and Considerations Requisite GM Common Stockholder Approval of the Transactions.

By approving these proposals, GM \$1 2/3 par value common stockholders and GM Class H common stockholders will be approving a transaction that will not result in shares of GM Class H common stock being exchanged for shares of GM \$1 2/3 par value common stock at a 120% exchange rate, as currently provided for under certain circumstances pursuant to the GM restated certificate of incorporation. In addition, GM common stockholders will be approving and consenting to an asset transfer consisting of the \$275 million special cash dividend from Hughes to GM without a further distribution of a portion of that dividend from GM to the GM Class H common stockholders in accordance with their tracking stock interest in Hughes, as currently provided for under certain circumstances pursuant to a policy statement of the GM board of directors. GM's receipt of the \$275 million special cash dividend distribution from Hughes will not affect GM's retained economic interest in Hughes. You should understand, however, that the transactions described in this document will not result in either the recapitalization of GM Class H common stock into GM \$1 2/3 par value common stock at the 120% exchange rate or the distribution of any portion of the \$275 million special cash dividend to the holders of GM Class H common stock. Notwithstanding these matters, the GM board of directors has unanimously approved the transactions and recommends that the GM common stockholders vote to approve the transactions.

As used in this document, the term transactions means the Hughes split-off, the GM/News stock sale and the News stock acquisition, as well as various other transactions that are related to the Hughes split-off, the GM/News stock sale and the News stock acquisition. These transactions are described in greater detail below.

In order to help you better understand the proposed transactions and how they will impact GM, Hughes and News Corporation, you should review the charts set forth at Summary Structure of the Transactions. These charts illustrate the ownership structure of these companies before and after the transactions.

We are working diligently to complete the transactions as soon as reasonably possible. However, the obligations of the companies to complete the transactions are subject to a number of conditions that must be satisfied or waived before the transactions can be completed. Assuming that these conditions are satisfied

Table of Contents

within the time frame we currently anticipate, we expect to complete the transactions in late 2003 or early 2004.

One important condition to the companies' obligations to complete the GM/News stock sale is that GM, Hughes and News Corporation must be prepared to complete the Hughes split-off simultaneously with the GM/News stock sale. In addition, unless the companies are prepared to complete the News stock acquisition immediately after the completion of the Hughes split-off and the GM/News stock sale, the transactions will not occur. Other important conditions include, among others:

the receipt of the requisite GM common stockholder approval of each of the five proposals relating to the transactions;

the expiration or termination of the waiting periods applicable to the transactions under the Hart-Scott-Rodino Act and any similar law of foreign jurisdictions;

the absence of any effective injunction or order that prevents the completion of the transactions;

the receipt of FCC approval for the transfer of licenses and other authorizations in connection with the transactions;

the receipt of all other approvals of, or the making of all other filings with, governmental authorities required to complete the transactions, other than approvals and filings, the absence of which, in the aggregate, would not reasonably be expected to have a material adverse effect on Hughes;

the receipt and continued effectiveness of a ruling from the IRS to the effect that the Hughes split-off share exchange will be tax-free to GM and its stockholders for U.S. federal income tax purposes;

the approval for listing on the NYSE of the Hughes common stock that will be issued in the transactions;