

Gabelli Healthcare & WellnessRx Trust
Form 497
June 13, 2013
Table of Contents

THE GABELLI HEALTHCARE & WELLNESS^{Rx} TRUST

Filed Pursuant to Rule 497(c)

File No. 333-187842

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 21, 2013)

11,217,460 Rights

The Gabelli Healthcare & Wellness^{Rx} Trust

Subscription Rights to Acquire Common Shares

The Gabelli Healthcare & Wellness^{Rx} Trust (the Fund, we, us or our) is issuing subscription rights (the Rights) to our common shareholders purchase additional common shares (the Common Shares).

The Fund is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund's investment objective is long-term growth of capital. Under normal market conditions, the Fund will invest at least 80% of its assets (plus borrowings made for investment purposes) in equity securities (such as common stock and preferred stock) and income producing securities (such as fixed income debt securities and securities convertible into common stock) of domestic and foreign companies in the healthcare and wellness industries. Companies in the healthcare and wellness industries are defined as those companies which are primarily engaged in providing products, services and/or equipment related to healthcare, medical, or lifestyle needs (i.e., food, beverages, nutrition and weight management). Primarily engaged, for this purpose, means a company that derives at least 50% of its revenues or earnings from, or devotes at least 50% of its assets to, the indicated business. The Fund's investment adviser is Gabelli Funds, LLC (the Investment Adviser).

The Common Shares are traded on the New York Stock Exchange (NYSE) under the symbol GRX. On June 12, 2013 (the last trading date prior to the Common Shares trading ex-Rights), the last reported net asset value per share of the Common Shares was \$11.28 and the last reported sales price per Common Share on the NYSE was \$10.43. Our 5.76% Series A Cumulative Preferred Shares (Series A Preferred), liquidation preference \$25.00 per share, are listed on the NYSE under the symbol GRX PrA. On June 12, 2013 (the last trading day prior to the Common Shares trading ex-Rights), the last reported sales price per share on the NYSE of the Series A Preferred was \$27.00.

An investment in the Fund is not appropriate for all investors. We cannot assure you that the Fund's investment objective will be achieved. You should read this Prospectus Supplement and the accompanying Prospectus before deciding whether to invest in our Common Shares and retain it for future reference. The Prospectus Supplement and the accompanying Prospectus contain important information about us. Material that has been incorporated by reference and other information about us can be obtained from us by calling 800-GABELLI (422-3554) or from the Securities and Exchange Commission's (SEC) website (<http://www.sec.gov>). For additional information all holders of Rights should contact the Information Agent, Morrow & Co., LLC. Shareholders please call toll free at 800-969-2372 (banks and brokers please call 203-658-9400) or please send written requests to: Morrow & Co., LLC, 470 West Avenue, Stamford, CT 06902.

Investing in Common Shares through Rights involves certain risks that are described in the Special Characteristics and Risks of the Rights Offering section beginning on page R-17 of this Prospectus Supplement.

SHAREHOLDERS WHO DO NOT EXERCISE THEIR RIGHTS MAY, AT THE COMPLETION OF THE OFFERING, OWN A SMALLER PROPORTIONAL INTEREST IN THE FUND THAN IF THEY EXERCISED THEIR RIGHTS. AS A RESULT OF THE OFFERING YOU MAY EXPERIENCE DILUTION OR ACCRETION OF THE AGGREGATE NET ASSET VALUE OF YOUR COMMON SHARES DEPENDING UPON WHETHER THE FUND'S NET ASSET VALUE PER COMMON SHARE IS ABOVE OR BELOW THE SUBSCRIPTION PRICE ON THE EXPIRATION DATE.

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ANY COMMON SHARES ISSUED AS A RESULT OF THE RIGHTS OFFERING WILL NOT BE RECORD DATE SHARES FOR THE FUND'S QUARTERLY DISTRIBUTION TO BE PAID ON JUNE 21, 2013 AND WILL NOT BE ENTITLED TO RECEIVE SUCH DISTRIBUTION.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NO SECURITIES REGULATORY AUTHORITY IN CANADA HAS EXPRESSED AN OPINION ABOUT THESE SECURITIES AND IT IS AN OFFENSE TO CLAIM OTHERWISE. THIS OFFERING WILL NOT BE MADE IN ANY PROVINCE OF CANADA WHERE IT IS NOT PERMITTED BY LAW.

	Per Share	Total(1)
Subscription price of Common Shares to shareholders exercising Rights	\$ 9.00	\$ 33,652,386
Underwriting discounts and commissions	None	None
Proceeds, before expenses, to the Fund(1)	\$ 9.00	\$ 33,652,386

(1) The aggregate expenses of the offering (excluding underwriting discounts and commissions) are estimated to be \$450,000. The Common Shares are expected to be ready for delivery in book-entry form through the Depository Trust Company on or about July 25, 2013.

The date of this Prospectus Supplement is June 17, 2013

R-1

Table of Contents

You should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. The Fund has not authorized anyone to provide you with different information. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this Prospectus Supplement and the accompanying Prospectus is accurate as of any date other than the date of this Prospectus Supplement and the accompanying Prospectus, respectively. Our business, financial condition, results of operations and prospects may have changed since those dates. In this Prospectus Supplement and in the accompanying Prospectus, unless otherwise indicated, Fund, us, our and we refer to The Gabelli Healthcare & Wellness Trust. This Prospectus Supplement also includes trademarks owned by other persons.

TABLE OF CONTENTS

Prospectus Supplement

<u>CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS</u>	Page R-3
<u>SUMMARY OF THE TERMS OF THE RIGHTS OFFERING</u>	R-4
<u>DESCRIPTION OF THE RIGHTS OFFERING</u>	R-7
<u>TABLE OF FEES AND EXPENSES</u>	R-14
<u>USE OF PROCEEDS</u>	R-15
<u>CAPITALIZATION</u>	R-16
<u>PRICE RANGE OF COMMON SHARES</u>	R-17
<u>SPECIAL CHARACTERISTICS AND RISKS OF THE RIGHTS OFFERING</u>	R-17
<u>TAXATION</u>	R-19
<u>UNDERWRITING</u>	R-21
<u>LEGAL MATTERS</u>	R-21

Prospectus

<u>Prospectus Summary</u>	1
<u>Summary of Fund Expenses</u>	14
<u>Financial Highlights</u>	16
<u>Use of Proceeds</u>	18
<u>The Fund</u>	18
<u>Investment Objectives and Policies</u>	18
<u>Risk Factors and Special Considerations</u>	28
<u>Management of the Fund</u>	40
<u>Portfolio Transactions</u>	43
<u>Dividends and Distributions</u>	43
<u>Issuance of Common Shares</u>	44
<u>Automatic Dividend Reinvestment and Voluntary Cash Purchase Plan</u>	44
<u>Description of the Securities</u>	46
<u>Anti-Takeover Provisions of the Fund's Governing Documents</u>	60
<u>Closed-End Fund Structure</u>	61
<u>Repurchase of Common Shares</u>	61
<u>Rights Offerings</u>	62
<u>Net Asset Value</u>	62
<u>Limitation on Trustees' and Officers' Liability</u>	63
<u>Taxation</u>	64
<u>Custodian, Transfer Agent and Dividend Disbursing Agent</u>	68
<u>Plan of Distribution</u>	68
<u>Legal Matters</u>	69
<u>Independent Registered Public Accounting Firm</u>	70
<u>Additional Information</u>	70

Privacy Principles of the Fund

70

Table of Contents of Statement of Additional Information

71

R-2

Table of Contents

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the accompanying Prospectus and the Statement of Additional Information contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continue, plan, anticipate, and similar, the negative of such terms. Such forward-looking statements may be contained in this Prospectus Supplement as well as in the accompanying Prospectus. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect our actual results are the performance of the portfolio of securities we hold, the price at which our shares will trade in the public markets and other factors discussed in our periodic filings with the SEC.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the *Risk Factors and Special Considerations* section of the accompanying Prospectus and *Special Characteristics and Risks of the Rights Offering* in this Prospectus Supplement. All forward-looking statements contained or incorporated by reference in this Prospectus Supplement or the accompanying Prospectus are made as of the date of this Prospectus Supplement or the accompanying Prospectus, as the case may be. Except for our ongoing obligations under the federal securities laws, we do not intend, and we undertake no obligation, to update any forward-looking statement. The forward-looking statements contained in this Prospectus Supplement, the accompanying Prospectus and the Statement of Additional Information are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the Securities Act).

Currently known risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the factors described in the *Risk Factors and Special Considerations* section of the accompanying Prospectus as well as in the *Special Characteristics and Risks of the Rights Offering* section of this Prospectus Supplement. We urge you to review carefully those sections for a more detailed discussion of the risks of an investment in the Common Shares.

Table of Contents

SUMMARY OF THE TERMS OF THE RIGHTS OFFERING

Terms of the Offering	One transferable subscription right (a Right) will be issued for each common share of the Fund (each, a Common Share, and collectively, the Common Shares) held on the record date. Rights are expected to trade on the NYSE. The Rights will allow common shareholders to subscribe for new Common Shares of the Fund. 11,217,460 Common Shares of the Fund are outstanding as of June 13, 2013. Three Rights will be required to purchase one Common Share. An over-subscription privilege will be offered, subject to the right of the Board of Trustees of the Fund (the Board) to eliminate the over-subscription privilege. 3,739,154 Common Shares of the Fund will be issued if all Rights are exercised. See <i>Terms of the Rights Offering</i> . Any Common Shares issued as a result of the rights offering will not be record date shares for the Fund's quarterly distribution to be paid on June 21, 2013 and will not be entitled to receive such distribution.
Amount Available for Primary Subscription	Approximately \$33,652,000, before expenses.
Title	Subscription Rights to Acquire Common Shares
Subscription Price	Three Rights may be exercised at a price of \$9.00 per Common Share (the Subscription Price). See <i>Terms of the Rights Offering</i> .
Record Date	Rights will be issued to holders of record of the Fund's Common Shares on June 17, 2013 (the Record Date). See <i>Terms of the Rights Offering</i> .
Number of Rights Issued	One Right will be issued in respect of each Common Share of the Fund outstanding on the Record Date. See <i>Terms of the Rights Offering</i> .
Number of Rights Required to Purchase One Common Share	A holder of Rights may purchase one Common Share of the Fund for every three Rights exercised. The number of Rights to be issued to a shareholder on the Record Date will be rounded up to the nearest number of Rights evenly divisible by three. See <i>Terms of the Rights Offering</i> .
Over-Subscription Privilege	Holders of Common Shares on the Record Date (Record Date Shareholders) who fully exercise all Rights initially issued to them are entitled to buy those Common Shares, referred to as primary over-subscription shares, that were not purchased by other Rights holders at the same Subscription Price. If enough primary over-subscription shares are available, all such requests will be honored in full. If the requests for primary over-subscription shares exceed the primary over-subscription shares available, the available primary over-subscription shares will be allocated pro rata among those fully exercising Record Date Shareholders who over-subscribe based on the number of Rights originally issued to them by the Fund. Common Shares acquired pursuant to the over-subscription privilege are subject to allotment. <i>Rights acquired in the secondary</i>

market may not participate in the over-subscription privilege.

R-4

Table of Contents

Notwithstanding the above, the Board has the right in its absolute discretion to eliminate the over-subscription privilege if it considers it to be in the best interest of the Fund to do so. The Board may make that determination at any time, without prior notice to Rights holders or others, up to and including the fifth day following the Expiration Date (as defined below). See *Over-Subscription Privilege*.

Transfer of Rights

The Rights will be transferable. See *Terms of the Rights Offering*, *Sales by Rights Agent* and *Method of Transferring Rights*.

Subscription Period

The Rights may be exercised at any time after issuance and prior to expiration of the Rights, which will be 5:00 PM Eastern Time on July 17, 2013 (the Expiration Date) (the Subscription Period). See *Terms of the Rights Offering* and *Method of Exercise of Rights*.

Offering Expenses

The expenses of the offering are expected to be approximately \$450,000 and will be borne by holders of the Common Shares. See *Use of Proceeds*.

Sale of Rights

The Rights are transferable until the completion of the Subscription Period and will be admitted for trading on the NYSE. Although no assurance can be given that a market for the Rights will develop, trading in the Rights on the NYSE is expected to begin three Business Days prior to the Record Date and may be conducted until the close of trading on the last NYSE trading day prior to the completion of the Subscription Period. For purposes of this Prospectus Supplement, a Business Day shall mean any day on which trading is conducted on the NYSE.

The value of the Rights, if any, will be reflected by the market price. Rights may be sold by individual holders or may be submitted to Computershare Trust Company, N.A. (the Rights Agent) for sale. Any Rights submitted to the Rights Agent for sale must be received by the Rights Agent on or before July 12, 2013, three Business Days prior to the completion of the Subscription Period, due to normal settlement procedures.

Rights that are sold will not confer any right to acquire any Common Shares in any primary over-subscription, and any Record Date shareholder who sells any Rights will not be eligible to participate in the primary over-subscription privilege, if any.

Trading of the Rights on the NYSE will be conducted on a when-issued basis until and including the date on which the Subscription Certificates (as defined below) are mailed to Record Date Shareholders and thereafter will be conducted on a regular-way basis until and including the last NYSE trading day prior to the completion of the Subscription Period. The shares are expected to begin trading ex-Rights two Business Days prior to the Record Date.

If the Rights Agent receives Rights for sale in a timely manner, it will use its best efforts to sell the Rights on the NYSE. The Rights Agent will also attempt to sell any Rights (i) a Rights holder is unable to

Table of Contents

exercise because the Rights represent the right to subscribe for less than one new Common Share or (ii) attributable to shareholders whose record addresses are outside the United States, Ontario, Quebec, British Columbia, Alberta, Manitoba, Nova Scotia and Saskatchewan, or who have an APO or FPO address. See *Foreign Restrictions*.

Any commissions will be paid by the selling Rights holders. Neither the Fund nor the Rights Agent will be responsible if Rights cannot be sold and neither has guaranteed any minimum sales price for the Rights. If the Rights can be sold, sales of these Rights will be deemed to have been effected at the weighted average price received by the Rights Agent on the day such Rights are sold, less any applicable brokerage commissions, taxes and other expenses.

Shareholders are urged to obtain a recent trading price for the Rights on the NYSE from their broker, bank, financial advisor or the financial press.

Banks, broker-dealers and trust companies that hold shares for the accounts of others are advised to notify those persons that purchase Rights in the secondary market that such Rights will not participate in any over-subscription privilege. See *Terms of the Rights Offering and Sales by Rights Agent*.

Use of Proceeds

The Fund estimates the net proceeds of the offering to be approximately \$33,202,000. This figure is based on the Subscription Price per share of \$9.00 and assumes all new Common Shares offered are sold and that the expenses related to the offering estimated at approximately \$450,000 are paid.

The Investment Adviser anticipates that the investment of the proceeds will be made in accordance with the Fund's investment objective and policies as appropriate investment opportunities are identified, which is expected to be substantially completed in approximately three months; however, the identification of appropriate investment opportunities pursuant to the Fund's investment style or changes in market conditions may cause the investment period to extend as long as six months. Pending such investment, the proceeds will be held in high quality short-term debt securities and instruments. See *Use of Proceeds*.

Taxation/ERISA

See *Taxation and Employee Benefit Plan and IRA Considerations*.

Rights Agent

Computershare Trust Company, N.A. See *Rights Agent*.

Table of Contents

DESCRIPTION OF THE RIGHTS OFFERING

Terms of the Rights Offering

The Fund is issuing to shareholders of record as of June 17, 2013 (the *Record Date*), and such shareholders, the *Record Date Shareholders*) Rights to subscribe for Common Shares of the Fund. Each Record Date Shareholder is being issued one transferable Right for each Common Share owned on the Record Date. The Rights entitle the holder to acquire for \$9.00 (the *Subscription Price*) one new Common Share for each three Rights held rounded up to the nearest number of Rights evenly divisible by three. Fractional shares will not be issued upon the exercise of the Rights. Accordingly, Common Shares may be purchased only pursuant to the exercise of Rights in integral multiples of three. In the case of Common Shares held of record by Cede & Co. (*Cede*), as nominee for the Depository Trust Company (*DTC*), or any other depository or nominee, the number of Rights issued to Cede or such other depository or nominee will be adjusted to permit rounding up (to the nearest number of Rights evenly divisible by three) of the Rights to be received by beneficial owners for whom it is the holder of record only if Cede or such other depository or nominee provides to the Fund on or before the close of business on June 25, 2013 written representation of the number of Rights required for such rounding. Rights may be exercised at any time during the period (the *Subscription Period*) which commences on June 17, 2013, and ends at 5:00 PM Eastern Time on July 17, 2013 (the *Expiration Date*). The right to acquire one Common Share for each three Rights held during the Subscription Period (or any extension thereof) at the Subscription Price will be referred to in the remainder of this Prospectus Supplement as the *Subscription*. Rights will expire on the Expiration Date and thereafter may not be exercised. **Any Common Shares issued as a result of the rights offering will not be record date shares for the Fund's quarterly distribution to be paid on June 21, 2013 and will not be entitled to receive such distribution.**

Rights may be evidenced by subscription certificates or may be uncertificated and evidenced by other appropriate documentation (*Subscription Certificates*). The number of Rights issued to each holder will be stated on the Subscription Certificate delivered to the holder. The method by which Rights may be exercised and shares paid for is set forth below in *Method of Exercise of Rights* and *Payment for Shares*. A holder of Rights will have no right to rescind a purchase after Computershare Trust Company, N.A. (the *Rights Agent*) has received payment. See *Payment for Shares* below. It is anticipated that the Common Shares issued pursuant to an exercise of Rights will be listed on the NYSE.

Holders of Rights who are Record Date Shareholders are entitled to subscribe for additional Common Shares at the same Subscription Price pursuant to the over-subscription privilege, subject to certain limitations, subject to allotment and subject to the right of the Board to eliminate the over-subscription privilege. See *Over-Subscription Privilege* below.

For purposes of determining the maximum number of Common Shares that may be acquired pursuant to the offer, broker-dealers, trust companies, banks or others whose shares are held of record by Cede or by any other depository or nominee will be deemed to be the holders of the Rights that are held by Cede or such other depository or nominee on their behalf.

The Rights are transferable until the completion of the Subscription Period and will be admitted for trading on the NYSE. Assuming a market exists for the Rights, the Rights may be purchased and sold through usual brokerage channels and also sold through the Rights Agent. Although no assurance can be given that a market for the Rights will develop, trading in the Rights on the NYSE is expected to begin three Business Days prior to the Record Date and may be conducted until the close of trading on the last NYSE trading day prior to the completion of the Subscription Period. Trading of the Rights on the NYSE is expected to be conducted on a when-issued basis until and including the date on which the Subscription Certificates are mailed to Record Date Shareholders and thereafter is expected to be conducted on a regular way basis until and including the last NYSE trading day prior to the completion of the Subscription Period. The method by which Rights may be transferred is set forth below under *Method of Transferring Rights*. The Common Shares are expected to begin trading ex-Rights two Business Days prior to the Record Date as determined and announced by the NYSE.

Table of Contents

Nominees who hold the Fund’s Common Shares for the account of others, such as banks, broker-dealers, trustees or depositories for securities, should notify the respective beneficial owners of such shares as soon as possible to ascertain such beneficial owners’ intentions and to obtain instructions with respect to the Rights. If the beneficial owner so instructs, the nominee should complete the Subscription Certificate and submit it to the Rights Agent with proper payment. In addition, beneficial owners of the Common Shares or Rights held through such a nominee should contact the nominee and request the nominee to effect transactions in accordance with such beneficial owner’s instructions.

Participants in the Fund’s Automatic Dividend Reinvestment and Voluntary Cash Purchase Plan (the Plan) will be issued Rights in respect of the Common Shares held in their accounts in the Plan. Participants wishing to exercise these Rights must exercise the Rights in accordance with the procedures set forth in *Method of Exercise of Rights* and *Payment for Shares*.

Important Dates to Remember

EVENT	DATE
Record Date	June 17, 2013
Subscription Period	June 17, 2013 through July 17, 2013
Expiration Date*	July 17, 2013
Payment for Guarantees of Delivery Due*	July 17, 2013
Issuance Date	July 25, 2013
Confirmation Date	July 29, 2013

* A shareholder exercising Rights must deliver by 5:00 PM Eastern Time on July 17, 2013 either (a) a Subscription Certificate and payment for shares or (b) a notice of guaranteed delivery and payment for shares.

Over-Subscription Privilege

The Board has the right in its absolute discretion to eliminate the over-subscription privilege with respect to primary over-subscription shares if it considers it to be in the best interest of the Fund to do so. The Board may make that determination at any time, without prior notice to Rights holders or others, up to and including the tenth day following the Expiration Date. If the primary over-subscription privilege is not eliminated, it will operate as set forth below.

Rights holders who are Record Date Shareholders and who fully exercise their Rights are entitled to subscribe for additional Common Shares at the same Subscription Price pursuant to the over-subscription privilege, subject to certain limitations and subject to allotment.

Record Date Shareholders who fully exercise all Rights initially issued to them are entitled to buy those Common Shares, referred to as primary over-subscription shares, that were not purchased by other holders of Rights at the same Subscription Price. If enough primary over-subscription shares are available, all such requests will be honored in full. If the requests for primary over-subscription shares exceed the primary over-subscription shares available, the available primary over-subscription shares will be allocated pro rata among those fully exercising Record Date Shareholders who over-subscribe based on the number of Rights originally issued to them by the Fund. Common Shares acquired pursuant to the over-subscription privilege are subject to allotment.

Record Date Shareholders who are fully exercising their Rights during the Subscription Period should indicate, on the Subscription Certificate that they submit with respect to the exercise of the Rights issued to them, how many Common Shares they are willing to acquire pursuant to the over-subscription privilege. *Rights acquired in the secondary market may not participate in the over-subscription privilege.*

Table of Contents

To the extent sufficient Common Shares are not available to fulfill all over-subscription requests, unsubscribed Common Shares (the Excess Shares) will be allocated pro rata among those Record Date Shareholders who over-subscribe based on the number of Rights issued to them by the Fund. The allocation process may involve a series of allocations in order to assure that the total number of Common Shares available for over-subscriptions is distributed on a pro rata basis.

The formula to be used in allocating the Excess Shares is as follows:

$$\frac{\text{Shareholder's Record Date Position}}{\text{Total Record Date Position of All Over-Subscribers}} \times \text{Excess Shares Remaining}$$

Banks, broker-dealers, trustees and other nominee holders of Rights will be required to certify to the Rights Agent, before any over-subscription privilege may be exercised with respect to any particular beneficial owner, as to the aggregate number of Rights exercised during the Subscription Period and the number of Common Shares subscribed for pursuant to the over-subscription privilege by such beneficial owner and that such beneficial owner's subscription was exercised in full. Nominee holder over-subscription forms and beneficial owner certification forms will be distributed to banks, broker-dealers, trustees and other nominee holders of Rights with the Subscription Certificates. Nominees should also notify holders purchasing Rights in the secondary market that such Rights may not participate in the over-subscription privilege.

The Fund will not offer or sell any Common Shares that are not subscribed for during the Subscription Period or pursuant to the over-subscription privilege.

The Fund has been advised that the Investment Adviser and each of the Fund's Trustees may exercise some or all of the Rights initially issued to them, and may request additional Common Shares pursuant to the over-subscription privilege. In addition, Mario J. Gabelli or his affiliated entities may also purchase Common Shares during the Subscription Period and pursuant to the over-subscription privilege.

Sales by Rights Agent

Holders of Rights who are unable or do not wish to exercise any or all of their Rights may instruct the Rights Agent to sell any unexercised Rights. The Subscription Certificates representing the Rights to be sold by the Rights Agent must be received on or before July 12, 2013. Upon the timely receipt of the appropriate instructions to sell Rights, the Rights Agent will use its best efforts to complete the sale and will remit the proceeds of sale, net of any commissions, to the holders. The Rights Agent will also attempt to sell any Rights attributable to shareholders whose record addresses are outside the United States, Ontario, Quebec, British Columbia, Alberta, Manitoba, Nova Scotia and Saskatchewan, or who have an APO or FPO address. The selling Rights holder will pay all brokerage commissions incurred by the Rights Agent. G.research, Inc. (the Dealer Manager), a registered broker-dealer, may also act on behalf of its clients to purchase or sell Rights in the open market and be compensated for its services at a commission of up to \$0.01 per Right, provided that, if the Rights trade at a value of \$0.01 or less at the time of such sale, then no commission will be charged. The Rights Agent will automatically attempt to sell any unexercised Rights that remain unclaimed as a result of Subscription Certificates being returned by the postal authorities as undeliverable as of the fourth Business Day prior to the Expiration Date. These sales will be made net of commissions, taxes and any other expenses paid on behalf of the nonclaiming holders of Rights. Proceeds from those sales will be held by Computershare Trust Company, N.A., in its capacity as the Fund's transfer agent, for the account of the nonclaiming holder of Rights until the proceeds are either claimed or escheated. There can be no assurance that the Rights Agent will be able to complete the sale of any of these Rights and neither the Fund nor the Rights Agent has guaranteed any minimum sales price for the Rights. All of these Rights will be sold at the market price, if any, through an exchange or market trading the Rights. If the Rights can be sold, sales of the Rights will be deemed to have been effected at the weighted average price received by the Rights Agent on the day such Rights are sold, less any applicable brokerage commissions, taxes and other expenses. Holders of Rights attempting to sell any unexercised Rights in the open

Table of Contents

market through a broker-dealer other than the Dealer Manager should consider the commissions and fees charged by the broker-dealer prior to selling their Rights on the open market.

Shareholders are urged to obtain a recent trading price for the Rights on the NYSE from their broker, bank, financial advisor or the financial press.

Method of Transferring Rights

The value of the Rights, if any, will be reflected by the market price. Rights may be sold by individual holders or may be submitted to the Rights Agent for sale. Any Rights submitted to the Rights Agent for sale must be received by the Rights Agent on or before July 12, 2013, three Business Days prior to the completion of the Subscription Period, due to normal settlement procedures.

Rights that are sold will not confer any right to acquire any Common Shares in any primary over-subscription, and any Record Date Shareholder who sells any Rights will not be eligible to participate in the primary over-subscription, if any.

The Rights evidenced by a single Subscription Certificate may be transferred in whole by endorsing the Subscription Certificate for transfer in accordance with the accompanying instructions. A portion of the Rights evidenced by a single Subscription Certificate (but not fractional Rights) may be transferred by delivering to the Rights Agent a Subscription Certificate properly endorsed for transfer, with instructions to register the portion of the Rights evidenced thereby in the name of the transferee (and to issue a new Subscription Certificate to the transferee evidencing the transferred Rights). In this event, a new Subscription Certificate evidencing the balance of the Rights will be issued to the Rights holder or, if the Rights holder so instructs, to an additional transferee.

Holders wishing to transfer all or a portion of their Rights (but not fractional Rights) should promptly transfer such Rights to ensure that: (i) the transfer instructions will be received and processed by the Rights Agent, (ii) a new Subscription Certificate will be issued and transmitted to the transferee or transferees with respect to transferred Rights, and to the transferor with respect to retained Rights, if any, and (iii) the Rights evidenced by the new Subscription Certificates may be exercised or sold by the recipients thereof prior to the Expiration Date. Neither the Fund nor the Rights Agent shall have any liability to a transferee or transferor of Rights if Subscription Certificates are not received in time for exercise or sale prior to the Expiration Date.

Except for the fees charged by the Rights Agent (which will be paid by the Fund as described below), all commissions, fees and other expenses (including brokerage commissions and transfer taxes) incurred in connection with the purchase, sale or exercise of Rights will be for the account of the transferor of the Rights, and none of these commissions, fees or expenses will be borne by the Fund or the Rights Agent.

The Fund anticipates that the Rights will be eligible for transfer through, and that the exercise of the Rights may be effected through, the facilities of DTC (Rights exercised through DTC are referred to as DTC Exercised Rights).

Rights Agent

The Rights Agent is Computershare Trust Company, N.A. The Rights Agent will receive from the Fund an amount estimated to be \$90,000, comprised of the fee for its services and the reimbursement for certain expenses related to the Rights offering.

Information Agent

INQUIRIES BY ALL HOLDERS OF RIGHTS SHOULD BE DIRECTED TO: THE INFORMATION AGENT, MORROW & CO., LLC, 470 WEST AVENUE, STAMFORD, CT 06902. SHAREHOLDERS PLEASE CALL TOLL-FREE AT (800) 969-2372; BANKS AND BROKERS PLEASE CALL: (203) 658-9400; HOLDERS MAY ALSO CONSULT THEIR BROKERS OR NOMINEES.

Table of Contents

Method of Exercise of Rights

Rights may be exercised by completing and signing the reverse side of the Subscription Certificate and mailing it in the envelope provided, or otherwise delivering the completed and signed Subscription Certificate to the Rights Agent, together with payment for the Common Shares as described below under *Payment for Shares*. Rights may also be exercised through the broker of a holder of Rights, who may charge the holder of Rights a servicing fee in connection with such exercise.

Completed Subscription Certificates must be received by the Rights Agent prior to 5:00 PM Eastern Time, on the Expiration Date (unless payment is effected by means of a notice of guaranteed delivery as described below under *Payment for Shares*). The Subscription Certificate and payment should be delivered to the Rights Agent at the following address:

If By Mail:

The Gabelli Healthcare & Wellness^{Rx} Trust

Computershare Trust Company, N.A.

Attn: Voluntary Corporate Actions

P.O. Box 43011

Providence, RI 02940-3011

If By Overnight Courier:

The Gabelli Healthcare & Wellness^{Rx} Trust

Computershare Trust Company, N.A.

Attn: Voluntary Corporate Actions

250 Royall Street Suite V

Canton, MA 02021

Payment for Shares

Holders of Rights who acquire Common Shares in the Subscription may choose between the following methods of payment:

- (1) A holder of Rights can send the Subscription Certificate, together with payment in the form of a check for the Common Shares subscribed for in the Rights offering and, if eligible, for any additional Common Shares subscribed for pursuant to the over-subscription privilege, to the Rights Agent based on the Subscription Price of \$9.00 per Common Share. To be accepted, the payment, together with the executed Subscription Certificate, must be received by the Rights Agent at the addresses noted above prior to 5:00 PM Eastern Time on the Expiration Date. The Rights Agent will deposit all share purchase checks received by it prior to the final due date into a segregated account pending proration and distribution of Common Shares. The Rights Agent will not accept cash as a means of payment for Common Shares.
- (2) Alternatively, a subscription will be accepted by the Rights Agent if, prior to 5:00 PM Eastern Time on the Expiration Date, the Rights Agent has received a written notice of guaranteed delivery from a bank, a trust company, or a NYSE member, guaranteeing delivery of (i) payment of the full Subscription Price for the Common Shares subscribed for in the Rights offering and, if eligible, for any additional Common Shares subscribed for pursuant to the over-subscription privilege, and (ii) a properly completed and executed

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Subscription Certificate. The Rights Agent will not honor a notice of guaranteed delivery if a properly completed and executed Subscription Certificate is not received by the Rights Agent by the close of business on the third Business Day after the Expiration Date and the full payment is not received by the Expiration Date. The notice of guaranteed delivery may be delivered to the Rights Agent in the same manner as Subscription Certificates at the addresses set forth above, or may be transmitted to the Rights Agent by facsimile transmission (fax number 617-360-6810; telephone number to confirm receipt 781-575-2332).

R-11

Table of Contents

EXCEPT AS OTHERWISE SET FORTH BELOW, A PAYMENT PURSUANT TO THIS METHOD MUST BE IN UNITED STATES DOLLARS BY MONEY ORDER OR CHECK DRAWN ON A BANK LOCATED IN THE CONTINENTAL UNITED STATES (OR FOR ELIGIBLE CANADIAN RESIDENTS, A BANK LOCATED IN CANADA), MUST BE PAYABLE TO THE GABELLI HEALTHCARE & WELLNESS^{Rx} TRUST AND MUST ACCOMPANY AN EXECUTED SUBSCRIPTION CERTIFICATE TO BE ACCEPTED.

If a holder of Rights who acquires Common Shares pursuant to the Rights offering does not make payment of all amounts due, the Fund reserves the right to take any or all of the following actions: (i) find other purchasers for such subscribed-for and unpaid-for Common Shares; (ii) apply any payment actually received by it toward the purchase of the greatest whole number of Common Shares which could be acquired by such holder upon exercise of the Rights or any over-subscription privilege; (iii) sell all or a portion of the Common Shares purchased by the holder, in the open market, and apply the proceeds to the amounts owed; and (iv) exercise any and all other rights or remedies to which it may be entitled, including, without limitation, the right to set off against payments actually received by it with respect to such subscribed Common Shares and to enforce the relevant guarantee of payment.

Any payment required from a holder of Rights must be received by the Rights Agent prior to 5:00 PM Eastern Time on the Expiration Date. Issuance and delivery of certificates for the Common Shares purchased are subject to collection of checks.

Within ten Business Days following the Expiration Date (the Confirmation Date), a confirmation will be sent by the Rights Agent to each holder of Rights (or, if the Common Shares are held by Cede or any other depository or nominee, to Cede or such other depository or nominee), showing (i) the number of Common Shares acquired pursuant to the Subscription, (ii) the number of Common Shares, if any, acquired pursuant to the over-subscription privilege, and (iii) the per share and total purchase price for the Common Shares. Any payment required from a holder of Rights must be received by the Rights Agent on or prior to the Expiration Date. Any excess payment to be refunded by the Fund to a holder of Rights, or to be paid to a holder of Rights as a result of sales of Rights on its behalf by the Rights Agent, will be mailed by the Rights Agent to the holder within fifteen Business Days after the Expiration Date.

A holder of Rights will have no right to rescind a purchase after the Rights Agent has received payment either by means of a notice of guaranteed delivery or a check.

Holders, such as broker-dealers, trustees or depositories for securities, who hold Common Shares for the account of others, should notify the respective beneficial owners of the Common Shares as soon as possible to ascertain such beneficial owners' intentions and to obtain instructions with respect to the Rights. If the beneficial owner so instructs, the record holder of the Rights should complete Subscription Certificates and submit them to the Rights Agent with the proper payment. In addition, beneficial owners of Common Shares or Rights held through such a holder should contact the holder and request that the holder effect transactions in accordance with the beneficial owner's instructions. Banks, broker-dealers, trustees and other nominee holders that hold Common Shares of the Fund for the accounts of others are advised to notify those persons that purchase Rights in the secondary market that such Rights may not participate in any over-subscription privilege offered.

THE INSTRUCTIONS ACCOMPANYING THE SUBSCRIPTION CERTIFICATES SHOULD BE READ CAREFULLY AND FOLLOWED IN DETAIL. DO NOT SEND SUBSCRIPTION CERTIFICATES TO THE FUND.

THE METHOD OF DELIVERY OF SUBSCRIPTION CERTIFICATES AND PAYMENT OF THE SUBSCRIPTION PRICE TO THE RIGHTS AGENT WILL BE AT THE ELECTION AND RISK OF THE RIGHTS HOLDERS, BUT IF SENT BY MAIL IT IS RECOMMENDED THAT THE CERTIFICATES AND PAYMENTS BE SENT BY REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, AND THAT A SUFFICIENT NUMBER OF DAYS BE ALLOWED TO ENSURE DELIVERY

Table of Contents

TO THE RIGHTS AGENT AND CLEARANCE OF PAYMENT PRIOR TO 5:00 PM EASTERN TIME, ON THE EXPIRATION DATE. BECAUSE UNCERTIFIED PERSONAL CHECKS MAY TAKE AT LEAST FIVE BUSINESS DAYS TO CLEAR, YOU ARE STRONGLY URGED TO PAY, OR ARRANGE FOR PAYMENT, BY MEANS OF A CERTIFIED OR CASHIER'S CHECK OR MONEY ORDER.

All questions concerning the timeliness, validity, form and eligibility of any exercise of Rights will be determined by the Fund, whose determinations will be final and binding. The Fund in its sole discretion may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as it may determine, or reject the purported exercise of any Right. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as the Fund determines in its sole discretion. Neither the Fund nor the Rights Agent will be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Certificates or incur any liability for failure to give such notification.

Foreign Restrictions

Subscription Certificates will only be mailed to Record Date Shareholders whose addresses are within the United States, Ontario, Quebec, British Columbia, Alberta, Manitoba, Nova Scotia and Saskatchewan (other than an APO or FPO address). Because the offering of the Rights will not be registered in any jurisdiction other than the United States, Ontario, Quebec, British Columbia, Alberta, Manitoba, Nova Scotia and Saskatchewan, the Rights Agent will attempt to sell all of the Rights issued to shareholders outside of these jurisdictions and remit the net proceeds, if any, to such shareholders. If the Rights can be sold, sales of these Rights will be deemed to have been effected at the weighted average price received by the Rights Agent on the day the Rights are sold, less any applicable brokerage commissions, taxes and other expenses.

Employee Benefit Plan and IRA Considerations

Holders of Rights that are employee benefit plans subject to limitations imposed by the Internal Revenue Code of 1986, as amended (the Code), such as employee plans subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA), Keogh Plans and Individual Retirement Accounts (IRA) (each a Benefit Plan and collectively, Benefit Plans), should be aware that the use of additional contributions of cash outside of the Benefit Plan to exercise Rights may be treated as additional contributions to the Benefit Plan. When taken together with contributions previously made, such deemed additional contributions may be in excess of tax limitations and subject the Rights holder to excise taxes for excess or nondeductible contributions. In the case of Benefit Plans qualified under Section 401(a) of the Code, additional contributions could cause the maximum contribution limitations of Section 415 of the Code or other qualification rules to be violated. Benefit Plans contemplating making additional contributions to exercise Rights should consult with their legal and tax counsel prior to making such contributions.

Benefit Plans and other tax exempt entities, including governmental plans, should also be aware that if they borrow to finance their exercise of Rights, they may become subject to the tax on unrelated business taxable income (UBTI) under Section 511 of the Code. If any portion of an IRA is used as security for a loan, the portion so used may also be treated as distributed to the IRA depositor.

A Benefit Plan may also be subject to laws, such as ERISA, that impose certain requirements on the Benefit Plan and on those persons who are fiduciaries with respect to the Benefit Plans. Such requirements may include prudence and diversification requirements and require that investments be made in accordance with the documents governing the Benefit Plan. The exercise of Rights by a fiduciary for a Benefit Plan should be considered in light of such fiduciary requirements.

In addition, ERISA and the Code prohibit certain transactions involving the assets of a Benefit Plan and certain persons (referred to as parties in interest for purposes of ERISA and disqualified persons for purposes of the Code) having certain relationships to such Benefit Plans, unless a statutory or administrative exemption is

Table of Contents

applicable to the transaction. A party in interest or disqualified person who engages in a nonexempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code (or with respect to certain Benefit Plans, such as IRAs, a prohibited transaction may cause the Benefit Plan to lose its tax-exempt status). In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions (PTCEs) that may apply to the exercise of the Rights and holding of the Common Shares. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers, PTCE 84-24 governing purchases of shares in investment companies) and PTCE 75-1 respecting sales of securities. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code each provides a limited exemption, commonly referred to as the service provider exemption, from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions between a Benefit Plan and a person that is a party in interest and/or a disqualified person (other than a fiduciary or an affiliate that, directly or indirectly, has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Benefit Plan involved in the transaction) solely by reason of providing services to the Benefit Plan or by relationship to a service provider, provided that the Benefit Plan receives no less, nor pays no more, than adequate consideration. There can be no assurance that all of the conditions of any such exemptions or any other exemption will be satisfied at the time that the Rights are exercised, or thereafter while the Common Shares are held, if the facts relied upon for utilizing a prohibited transaction exemption change.

Due to the complexity of these rules and the penalties for noncompliance, fiduciaries of Benefit Plans should consult with their legal and tax counsel regarding the consequences of their exercise of Rights under ERISA, the Code and other similar laws.

TABLE OF FEES AND EXPENSES

The following tables are intended to assist you in understanding the various costs and expenses directly or indirectly associated with investing in our Common Shares as a percentage of net assets attributable to Common Shares. Amounts are for the current fiscal year after giving effect to anticipated net proceeds of the Rights offering, assuming that we incur the estimated offering expenses.

Shareholder Transaction Expenses

Record Date Sales Load (as a percentage of offering price)	0.00%
Offering Expenses Borne by the Fund (as a percentage of offering price)	0.28%
Dividend Reinvestment Plan Fees	None(1)

	Percentage of Net Assets Attributable to Common Shares
Annual Expenses	
Management Fees	1.19%(2)
Interest on Borrowed Funds	0.00%
Other Expenses	0.49%(2)
Total Annual Fund Operating Expenses	1.68%(2)
Dividends on Preferred Shares	1.08%(3)
Total Annual Fund Operating Expenses and Dividends on Preferred Shares	2.76%(2)

Table of Contents

- (1) Shareholders participating in the Fund's Automatic Dividend Reinvestment Plan do not incur any additional fees. Shareholders participating in the Voluntary Cash Purchase Plans would pay \$0.75 plus their pro rata share of brokerage commissions per transaction to purchase shares and \$2.50 plus their pro rata share of brokerage commissions per transaction to sell shares. See "Automatic Dividend Reinvestment and Voluntary Cash Purchase Plans" in the Prospectus.
- (2) The Investment Adviser's fee is 1.00% annually of the Fund's average weekly net assets. The Fund's average weekly net assets will be deemed to be the average weekly value of the Fund's total assets minus the sum of the Fund's liabilities (such liabilities exclude (i) the aggregate liquidation preference of outstanding preferred shares and accumulated dividends, if any, on those shares and (ii) the liabilities for any money borrowed or notes issued). Consequently, if the Fund has preferred shares outstanding, the investment management fees and other expenses as a percentage of net assets attributable to common shares will be higher than if the Fund does not utilize a leveraged capital structure. Other Expenses are based on estimated amounts for the current year assuming completion of the proposed issuance.
- (3) The Dividends on Preferred Shares represent distributions on the existing preferred shares outstanding.

The purpose of the table above and the example below is to help you understand all fees and expenses that you, as a holder of Common Shares, would bear directly or indirectly.

Example

The following example illustrates the expenses you would pay on a \$1,000 investment in Common Shares, assuming a 5% annual portfolio total return.*

	1 Year	3 Years	5 Years	10 Years
Total Expenses Incurred	\$31	\$88	\$148	\$310

* The example should not be considered a representation of future expenses. The example assumes that the amounts set forth in the Annual Expenses table are accurate and that all distributions are reinvested at net asset value. Actual expenses may be greater or less than those assumed. Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the example. The example includes Dividends on Preferred Shares. If Dividends on Preferred Shares were not included in the example calculation, the expenses would be as follows (based on the same assumptions as above).

	1 Year	3 Years	5 Years	10 Years
Total Expenses Incurred	\$20	\$55	\$94	\$200

USE OF PROCEEDS

The Fund estimates the net proceeds of the Rights offering to be approximately \$33,202,000, based on the Subscription Price per share of \$9.00, assuming all new Common Shares offered are sold and that the expenses related to the Rights offering estimated at approximately \$450,000 are paid.

The Investment Adviser expects that it will initially invest the proceeds of the offering in high-quality short-term debt securities and instruments. The Investment Adviser anticipates that the investment of the proceeds will be made in accordance with the Fund's investment objective and policies as appropriate investment opportunities are identified, which is expected to be substantially completed within three months; however, the identification of appropriate investment opportunities pursuant to the Fund's investment style or changes in market conditions may cause the investment period to extend as long as six months.

Table of Contents

CAPITALIZATION

The following table sets forth the unaudited capitalization of the Fund as of December 31, 2012, and its adjusted capitalization assuming the Common Shares available in the Rights offering discussed in this Prospectus Supplement had been issued.

Termination of the Share Exchange Agreement

(Page 67)

The Share Exchange Agreement may be terminated and the Exchange and the other transactions contemplated thereby abandoned at any time prior to the consummation of such transactions and before or after approval of the Exchange by the Company's stockholders:

by mutual written consent of the Company and Liberty;

by either the Company or Liberty:

if the Closing has not occurred on or before December 22, 2007, with such date to be automatically extended to March 22, 2008 under certain circumstances;

if the ASX Stockholder Approval is not obtained at the Special Meeting;

if the Disinterested Stockholder Approval is not obtained at the Special Meeting; provided that Liberty may only terminate on this basis if the Company has not waived the condition relating to the Disinterested Stockholder Approval within ten (10) business days following the Special Meeting; or

if there is in effect a final, non-appealable order of a governmental authority, permanently enjoining the Exchange;

by the Company, if there has been a breach by Liberty of any representation, warranty, covenant or agreement contained in the Share Exchange Agreement or the Tax Matters Agreement, which would result in a failure of a condition to the Exchange which either cannot be cured prior to December 22, 2007, or is not cured within

forty-five (45) days after Liberty's receipt of notice of such breach;

by Liberty, if there has been a breach by the Company or Splitco of any representation, warranty, covenant or agreement contained in the Share Exchange Agreement or the Tax Matters Agreement,

Table of Contents

which would result in a failure of a condition to the Exchange which either cannot be cured prior to December 22, 2007, or is not cured within forty-five (45) days after the Company's receipt of notice of such breach;

by Liberty, if there shall have occurred a Material Adverse Effect on Splitco which has not been cured within thirty (30) days after the Company's receipt of notice thereof; or

by Liberty, upon a Change in Recommendation, but only during the 10 business day period following public disclosure of such Change in Recommendation.

Termination Fees

(Page 68)

Pursuant to the Share Exchange Agreement, the Company must pay to Liberty a termination fee of \$100 million in cash if the Share Exchange Agreement is terminated by either the Company or Liberty due to the failure by the Company to obtain the ASX Stockholder Approval or the Disinterested Stockholder Approval, provided that the Company does not make a Change in Recommendation. The Company must pay to Liberty a termination fee of \$300 million in circumstances in which the Share Exchange Agreement is terminated by Liberty following a Change in Recommendation. Please refer to the section entitled "The Share Exchange Agreement Termination Fees" beginning on page 68 for a more detailed discussion of the termination fees described above and the circumstances under which they would become payable.

Tax Matters Agreement

(Page 72)

The Company and Liberty have entered into the Tax Matters Agreement which will govern the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, the preparation and filing of tax returns, the control of audits and other tax matters.

Questions

If you have additional questions about the Exchange or other matters discussed in this proxy statement after reading this proxy statement, please contact our Investor Relations Department, at:

News Corporation

1211 Avenue of the Americas

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New York, NY 10036

Attention: Investor Relations

(212) 852-7059

If you need assistance in submitting your proxy or voting your shares or need additional copies of this proxy statement or the enclosed proxy card, you should contact our proxy solicitation agent, Georgeson Inc., at:

Georgeson Inc.

17 State Street

10th floor

New York, NY 10004

Banks and brokerage firms, please call collect (212) 440-9800

All other Shareholders, please call toll-free (800) 506-7412

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE EXCHANGE

The following questions and answers address briefly some commonly asked questions you may have regarding the Special Meeting and the Exchange. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement. You may obtain a copy of the documents to which we have referred you without charge by following the instructions in the section entitled "Incorporation of Certain Documents by Reference." See also "Where You Can Find Additional Information" beginning on page 19.

Q: Why am I receiving this proxy statement?

A: The Company is furnishing this proxy statement in connection with the solicitation by the board of directors of the Company of proxies for use at the Special Meeting to be held on April 3, 2007 or at any adjournment thereof, at which holders of the Company's Class B Common Stock are entitled to vote. The holders of the Company's Class A Common Stock are receiving this proxy statement for informational purposes only.

Q: When and where is the Special Meeting?

A: The Special Meeting will be held at 10:00 a.m. (Local Time), on Tuesday, April 3, 2007 at the Hudson Theatre, 145 W. 44th Street, New York, NY 10012.

Q: What are holders of the Company's Class B Common Stock being asked to vote on?

A: You are being asked to vote on the following matters:

(1) the approval of the Exchange; and

(2) the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies for approval of the Exchange if there are insufficient votes at the time of the Special Meeting to approve the

Exchange.

The Exchange is the exchange of 324,637,067 shares of the Company's Class A Common Stock and 188,000,000 shares of the Company's Class B Common Stock, in each case, owned by the Liberty Stockholders for all of the issued and outstanding shares of Splitco pursuant to the Share Exchange Agreement and subject to the terms and conditions contained therein. Prior to the Exchange, the Company will transfer to Splitco (i) all of the shares of common stock of DIRECTV held by the Company and its subsidiaries as of such date, (ii) all ownership interests in the RSN Subsidiaries, and (iii) cash in an amount equal to \$587.5 million, subject to adjustment based on the working capital of the RSN Subsidiaries. Upon the consummation of the Exchange, Splitco will become a wholly-owned subsidiary of Liberty.

Q: What are the benefits of the Exchange?

A: The Exchange is intended to achieve important business objectives of the Company, including: (i) enabling the Company's management to focus greater attention on core operating assets; (ii) eliminating the distraction and uncertainty of having Liberty as a stockholder of the Company; and (iii) increasing the value of the Company's stock so that the Company's stock may be used for acquisition purposes and to more efficiently and effectively compensate certain of its employees. See Reasons for the Exchange beginning on page 35 for a more detailed discussion of the benefits to the Company of consummating the Exchange.

In addition, the Company believes that, as the Exchange presents an opportunity to dispose of the DIRECTV Shares in a tax-free manner at an attractive valuation and simultaneously redeem a substantial number of the Company's shares without the premium customary in substantial stock redemption transactions, consummation of the Exchange will provide a significant economic benefit to the Company.

Table of Contents

Q: What are the effects of the Exchange on the Company?

A: If the Exchange is consummated, all of the shares of the Company owned by Liberty will cease to be outstanding. As a result, the voting percentage of existing holders of the Company's Class B Common Stock, including the Murdoch Interests, will increase proportionately. Also, as a result of the Exchange, among other things, the Company will cease to own the DIRECTV Shares and the RSN Subsidiaries. In addition, if the Exchange is consummated, the Company intends to redeem the rights issued under the Company's Amended and Restated Stockholder Rights Plan and the board of directors of the Company will consider eliminating the Company's classified board structure. See Background and Recommendation Effects of the Exchange beginning on page 39.

Q: How does the Company's board of directors recommend that I vote on the proposals?

A: Our board of directors unanimously recommends that you vote:

- (1) FOR the proposal to approve Exchange; and
- (2) FOR the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies for approval of the Exchange.

Q: Why are we asking for stockholder approval?

A: The ASX Rules, to which we are subject because shares of our Class A and Class B Common Stock are listed on the Australian Securities Exchange, require us to obtain approval from our stockholders for the Exchange. In addition, the Company negotiated to include the Disinterested Stockholder Approval as a condition to the consummation of the Exchange to ensure that the Company's stockholders, other than the Murdoch Interests and Liberty, will have the opportunity to express, separately and independently, their determination with respect to the Exchange.

Q: What vote of the stockholders is required to approve the Exchange?

A: Pursuant to the Share Exchange Agreement, the Company's obligation to consummate the Exchange is conditioned upon approval of the Exchange by the affirmative vote of a majority of the votes cast, in person or by proxy, by holders of shares of the Company's Class B Common Stock as of February 27, 2007, other than Liberty, the Liberty Stockholders or their respective Associates (as defined under the ASX Rules) and the Murdoch Interests (the Disinterested Stockholder Approval).

In addition, pursuant to the ASX Rules, the Exchange must be approved by the affirmative vote of a majority of the votes cast in person or by proxy, by holders of shares of the Company's Class B Common Stock as of February 27, 2007, other than Liberty, the Liberty Stockholders or their respective Associates (as defined under the ASX Rules).

Since the Murdoch Interests have given Liberty their Irrevocable Proxy to vote in favor of the Exchange, the Murdoch Interests are deemed to be Associates of Liberty under the ASX Rules and, as such, their shares will not be counted in determining whether the ASX Stockholder Approval has been obtained. As a result, the ASX Stockholder Approval and the Disinterested Stockholder Approval will each be determined by the outcome of the vote at the Special Meeting of the holders of shares of the Company's Class B Common Stock as of February 27, 2007, other than Liberty, the Liberty Stockholders, their respective Associates and the Murdoch Interests.

Q: What vote of the stockholders is required to adjourn or postpone the Special Meeting?

A: Whether or not a quorum exists, holders of a majority of the shares of the Company's Class B Common Stock present in person or represented by proxy at the Special Meeting and entitled to vote thereat may adjourn or postpone the Special Meeting.

Table of Contents

Q: Who is entitled to vote?

A: Only stockholders of record of the Company's Class B Common Stock at the close of business on February 27, 2007 are entitled to vote at the Special Meeting and any adjournment or postponement thereof. **Holders of the Company's Class A Common Stock are not entitled to vote on the matters to be presented at the Special Meeting.** If you are the holder of record of your shares of the Company's Class B Common Stock you may vote your shares in person at the Special Meeting or by completing, properly signing and returning a proxy card to the Company or through telephone and internet voting, each as described below. Please note, however, that if your shares of Class B Common Stock are held of record by a broker, bank or other nominee and you wish to vote in person at the Special Meeting, you must obtain a proxy issued in your name from such broker, bank or other nominee. As of the close of business on February 27, 2007 there were 986,520,953 shares of the Company's Class B Common Stock outstanding held by approximately 1,642 holders of record.

Q: If I am a holder of record, what do I need to do in order to vote on the proposals?

A: If you complete and properly sign the accompanying proxy card and return it to the Company, it will be voted as you direct. Properly executed proxies that do not contain voting instructions will be voted FOR the Exchange and FOR the adjournment or postponement of the Special Meeting, if necessary to solicit additional proxies for approval of the Exchange.

Telephone and Internet voting is also available 24 hours a day through 1:00 a.m. (Central Time) on April 3, 2007. If you are located in the United States or Canada, you can vote your shares by calling toll-free 1-800-652-VOTE (8683). You can also vote your shares by Internet at <http://www.investorvote.com>. Both the telephone and Internet voting systems have easy to follow instructions on how you may vote your shares and allow you to confirm that the system has properly recorded your vote. If you vote by telephone or Internet, you do not need to return your proxy card to the Company.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will not be able to vote your shares without specific instructions from you. You should instruct your

broker, bank or nominee to vote your shares following the procedure provided by your broker, bank or nominee. Please check your proxy card or contact your broker, bank or nominee to determine whether you will be able to vote by telephone or Internet. A number of brokers and banks are participating in a program provided through ADP Investor Communication Services that offers Internet and telephone voting options.

Q: How do I vote if I hold CHESSE Depositary Instruments?

A: If you hold CHESSE Depositary Instruments as of February 27, 2007 you should complete and return the enclosed voting instructions card to CHESSE, by 5:00 p.m. (Australian Eastern Time) on March 30, 2007.

Q: How can I revoke or change my vote?

A: If you are a holder of the Company's Class B Common Stock entitled to vote at the Special Meeting, you have the right to change or revoke your proxy at any time before the vote taken at the Special Meeting:

if you hold your shares in your name as a stockholder of record, by notifying our Corporate Secretary, Laura A. O'Leary, at 1211 Avenue of the Americas, New York, NY 10036;

by attending the Special Meeting and voting in person (your attendance at the Special Meeting will not, by itself, revoke your proxy; you must vote in person at the Special Meeting);

by submitting a later-dated proxy card;

if you voted by telephone or the Internet, by voting a second time by telephone or Internet; or

Table of Contents

if you have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

CDI holders may change or revoke prior voting instructions by submitting a later-dated CDI voting instruction form before 5:00 p.m. (Australian Eastern Time) on March 30, 2007.

Q: Who will bear the cost of this solicitation?

A: The expenses of preparing, printing and mailing this proxy statement and the proxies solicited hereby will be borne by the Company. Additional solicitation may be made by telephone, facsimile or other contact by certain directors, officers, employees or agents of the Company, none of whom will receive additional compensation therefor. In addition, the Company has engaged Georgeson Inc. (Georgeson) to assist in the solicitation of proxies for the Special Meeting. The Company will, upon request, reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses for forwarding material to the beneficial owners of shares held of record by others.

Q: Will a proxy solicitor be used?

A: Yes. The Company has engaged Georgeson to assist in the solicitation of proxies for the Special Meeting and the Company estimates that it will pay Georgeson a fee of approximately \$40,000. The Company has also agreed to reimburse Georgeson for reasonable administrative and out-of-pocket expenses incurred in connection with the proxy solicitation and indemnify Georgeson against certain losses, costs and expenses.

Q: Do I have appraisal rights if I oppose the Exchange?

A: No. Under Delaware law, stockholders do not have the right to an appraisal of the value of their shares in connection with the Exchange.

Q: What will happen if the Exchange is not approved?

A: The Company will not be able to complete the Exchange. If the Exchange is not approved by the stockholders of the

Company or if the Exchange is not completed for any other reason, the Company will retain (i) all of the shares of common stock of DIRECTV held by the Company and its subsidiaries, (ii) all ownership interests in the RSN Subsidiaries, and (iii) the cash that would otherwise have been contributed to Splitco. Also, Liberty will retain all of the shares of the Company's Class A and Class B Common Stock currently held by it. In addition, under specified circumstances, the Company will be required to pay Liberty certain termination fees as described under the caption "The Share Exchange Agreement - Termination Fees." Furthermore, the Company will be subject to certain restrictions on its actions in connection with third party acquisition proposals for DIRECTV for a period of time following the termination of the Share Exchange Agreement. In addition, the standstill obligations of each of Liberty and the Company under the Share Exchange Agreement, and Mr. Murdoch and Dr. Malone under their respective side letters, will cease to be in effect. Furthermore, the rights issued under the Company's stockholder rights plan will not be redeemed by the Company, and the stockholder rights plan will remain in place, subject to the terms of the settlement of the stockholder litigation relating to the stockholder rights plan (for a more detailed description of the Company's stockholder rights plan or the litigation relating thereto, see "Background and Recommendation" below).

Q: What are the expected tax consequences of the Exchange?

A: Our stockholders, other than the Liberty Stockholders, generally will not be subject to any U.S. federal income tax as a result of the Company Restructuring and the Exchange. Further, assuming the Company Restructuring and the Exchange qualify for tax-free treatment under Section 355 and related provisions of the Code, no gain or loss will be recognized by the Company or any of its affiliates or the Liberty

Table of Contents

Stockholders on the Company Restructuring or the Exchange. The Exchange is conditioned upon (i) the Company's receipt of private letter rulings from the IRS substantially to the effect that, for U.S. federal income tax purposes, no gain or loss will be recognized by the Company or any of its affiliates on the Company Restructuring or the Exchange pursuant to Section 355 and related provisions of the Code and (ii) Liberty's receipt of private letter rulings from the IRS substantially to the effect that, for U.S. federal income tax purposes, no gain or loss will be recognized by the Liberty Stockholders on the Exchange pursuant to Section 355 and related provisions of the Code. The Exchange is also conditioned upon (i) the receipt by the Company of the opinion of its tax counsel substantially to the effect that, for U.S. federal income tax purposes, no gain or loss will be recognized by the Company or any of its affiliates on the Company Restructuring or the Exchange pursuant to Section 355 and related provisions of the Code and (ii) the receipt by Liberty of the opinion of its tax counsel substantially to the effect that, for U.S. federal income tax purposes, no gain or loss will be recognized by the Liberty Stockholders on the Exchange pursuant to Section 355 and related provisions of the Code. Certain U.S. federal income tax consequences of the Company Restructuring and the Exchange are described in more detail in Certain U.S. Federal Income Tax Consequences.

Q: Who can answer other questions I may have?

A: If you have any questions concerning the proposal or the Special Meeting please contact our Investor Relations Department at News Corporation, 1211 Avenue of the Americas, New York, NY 10036, Attention: Investor Relations (telephone number (212) 852-7059). If you would like additional copies of the proxy statement, please contact our proxy solicitor, Georgeson Inc., at 17 State Street, 10th floor, New York, NY 10004. Banks and brokerage firms, please call collect (212) 440-9800. All other shareholders, please call toll-free (800) 506-7412

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement, and the documents incorporated by reference in this proxy statement, include statements that constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included in this proxy statement that address activities, events or developments that we expect or anticipate will or may occur in the future, or that include the words may, will, would, could, should, believes, estimates, projects, plans, i anticipates, continues, forecasts, designed, goal, or the negative of those words or other comparable words are intended to identify forward-looking statements.

These statements appear in a number of places in this proxy statement and the documents incorporated by reference in this proxy statement and are based on certain assumptions and analyses made in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and businesses, and are not guarantees of performance. Other important factors that could affect the future results of the Company and cause those results or other outcomes to differ materially from those expressed in the forward-looking statements include:

the occurrence of any event, change or other circumstance that could give rise to the termination of the Share Exchange Agreement;

the outcome of any legal proceedings that have been or may be instituted against the Company, Liberty and others relating to the Share Exchange Agreement;

the inability to complete the Exchange due to the failure to obtain the ASX Stockholder Approval or the Disinterested Shareholder Approval or the failure to satisfy other conditions to the consummation of the Exchange;

the failure of the Exchange to close for any other reason;

deterioration in worldwide economic and business conditions;

rapidly changing technology challenging the Company's businesses' ability to adapt successfully;

exposure to fluctuations in currency exchange rates;

significant changes in the Company's assumptions about customer acceptance, overall market penetration and competition from providers of alternative products and services;

unexpected challenges created by legislative and regulatory developments;

changes in the Company's business strategy and development plans;

the military activity in Iraq, the outbreak or escalation of hostilities between the United States and any foreign power or territory and changes in international political conditions as a result of these events may continue to affect the United States and the global economy and may increase other risks; and

other risks described from time to time in periodic reports that the Company files with the Securities and Exchange Commission, which we refer to as the SEC. Because the above factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement made by the Company, you should not place undue reliance on any forward-looking statement. Further, any forward-looking statement speaks only as of the date on which it is made, and it should not be assumed that the statements made herein remain accurate as of any future date. The Company undertakes no obligation to publicly update or revise any forward-looking statement or update or revise the reasons that actual results or outcomes could materially differ from those anticipated in each forward-looking statements, except as required by law. Readers should carefully review the other documents filed by the Company with the SEC.

Table of Contents

**WHERE YOU CAN FIND ADDITIONAL
INFORMATION**

Each of the Company and DIRECTV is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and files reports and other information with the SEC.

We urge you to read all such reports and information filed by DIRECTV because they contain important business and financial information about DIRECTV. Such reports include the following reports filed or furnished by DIRECTV pursuant to the Exchange Act: the DIRECTV Definitive Proxy Statement on Form 14A filed with the SEC on April 28, 2006, the DIRECTV Annual Report on Form 10-K filed for the fiscal year ended December 31, 2006, and any filings made by DIRECTV with the SEC subsequent thereto.

You may read and copy information filed by the Company and DIRECTV at the Public Reference Room of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. You may also obtain copies of all or any part of such material by mail from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. For more information about the operation of the Public Reference Room, call the SEC at 1-800-SEC-0330. The SEC also maintains a web site that contains reports and other information about issuers who file electronically with the SEC. The Internet address of the site is <http://www.sec.gov>. Some, but not all, of the Company's and DIRECTV's publicly filed information is available through the SEC's web site. You may also obtain certain of these documents filed by the Company at the Company's website at <http://www.newscorp.com> and certain of these documents filed by DIRECTV at DIRECTV's website at <http://www.directv.com>. We are not incorporating the contents of the websites of the SEC, the Company, DIRECTV or any other person into this document. We are only providing information about how you may obtain certain documents that are incorporated into this document by reference at these websites. Reports and other information concerning the Company and DIRECTV may also be inspected at the offices of the New York Stock Exchange, Inc. (the "NYSE") at 20 Broad Street, New York, New York 10005.

Table of Contents

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows the Company to incorporate by reference information into this proxy statement, which means important information may be disclosed to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this proxy statement, except for any information superseded by information contained directly in this proxy statement. This proxy statement incorporates by reference the documents set forth below that the Company has previously filed with the SEC. These documents contain important information about the Company and its subsidiaries and their respective finances.

The Company has filed with the SEC, pursuant to the Exchange Act, its Annual Report on Form 10-K, filed August 23, 2006, Quarterly Reports on Form 10-Q, filed November 9, 2006 and February 7, 2007, Current Reports on Form 8-K, filed September 7, 2006, September 12, 2006, October 26, 2006, December 14, 2006, December 20, 2006, December 26, 2006, January 4, 2007, February 1, 2007, February 9, 2007, February 12, 2007, February 13, 2007, February 14, 2007 and, February 15, 2007, February 20, 2007, February 21, 2007, February 22, 2007, February 23, 2007, February 26, 2007, February 27, 2007 and February 28, 2007, and Definitive Proxy Statement on Form 14A filed with the SEC on September 7, 2006 and December 26, 2006.

Reports and other information filed by the Company with the SEC following the date hereof and prior to the termination of the Exchange, including the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Proxy Statements and materials on Schedule 14A of the Company, shall be deemed to be incorporated by reference herein. Statements contained in this document as to the contents of any contract or other document referred to in such document are not necessarily complete and, in each instance, reference is made to the copy of such contract or other document filed with the SEC, each such statement being qualified in all respects by such reference.

We will provide to you upon written or oral request, without charge, a copy of any and all of the information incorporated by reference in this prospectus (excluding exhibits to such information unless such exhibits are specifically incorporated by reference therein). Requests for copies of such information should be directed to: News Corporation, 1211 Avenue of the Americas, New York, NY 10036, Attention: Investor Relations (telephone number (212) 852-7059).

Table of Contents

**THE PARTIES TO THE SHARE EXCHANGE
AGREEMENT**

News Corporation

News Corporation, a Delaware corporation, is a diversified entertainment company with operations in eight industry segments, including (i) Filmed Entertainment, (ii) Television, (iii) Cable Network Programming, (iv) Direct Broadcast Satellite Television, (v) Magazines and Inserts, (vi) Newspapers, (vii) Book Publishing and (viii) Other. The activities of News Corporation are conducted principally in the United States, the United Kingdom, Continental Europe, Australia, Asia and the Pacific Basin.

Liberty Media Corporation

Liberty Media Corporation, a Delaware corporation, is a holding company which, through its ownership of interests in subsidiaries and other companies, is primarily engaged in the electronic retailing, media, communications and entertainment industries. Through its subsidiaries, it operates in the United States, Europe and Asia. Its principal assets include interests in QVC, Inc., Starz Entertainment Group LLC, IAC/InterActiveCorp, Expedia, Inc. and News Corporation.

Greenlady Corp.

Greenlady Corp. is a Delaware corporation and a wholly-owned subsidiary of the Company. Pursuant to the Company Restructuring, and as more fully described in this proxy statement, the Company and certain of its subsidiaries will contribute to Splitco the RSN Subsidiaries, the DIRECTV Shares and approximately \$587.5 million in cash, subject to adjustment based on the working capital of the RSN Subsidiaries. Immediately prior to the Exchange, the Company will hold all of the outstanding shares of capital stock of Splitco.

RSN Subsidiaries

Fox Sports Net Northwest, LLC

Fox Sports Net Northwest, LLC (FSN Northwest) is a regional sports network that provides sports programming to cable and satellite customers in Washington, Oregon, Alaska and parts of western Montana and northern Idaho. FSN Northwest has rights to telecast games of local teams, including Seattle SuperSonics (NBA), Portland Trail Blazers (NBA), Seattle Mariners (MLB) and certain members of the Pac-10 conference. FSN Northwest also telecasts national programming provided by Fox Sports Net, including live events, studio shows and original programming.

Fox Sports Net Pittsburgh, LLC

Fox Sports Net Pittsburgh, LLC (FSN Pittsburgh) is a regional sports network that provides sports programming to cable and satellite customers in Pennsylvania and portions of Maryland, New York, Ohio and West Virginia. FSN Pittsburgh has rights to telecast games of local teams, including Pittsburgh Penguins (NHL), Pittsburgh Pirates (MLB), University of Pittsburgh, Marshall University and West Virginia University. FSN Pittsburgh also telecasts national programming provided by Fox Sports Net, including live events, studio shows and original programming.

Fox Sports Net Rocky Mountain, LLC

Fox Sports Net Rocky Mountain, LLC (FSN Rocky Mountain) is a regional sports network that provides sports programming to cable and satellite customers in Colorado, Wyoming, Utah and portions of Montana, Idaho, Nevada and Nebraska. FSN Rocky Mountain has rights to telecast games of local teams, including Colorado Rockies (MLB), Utah Jazz (NBA) and the University of Colorado. FSN Rocky Mountain also telecasts national programming provided by Fox Sports Net, including live events, studio shows and original programming.

Table of Contents

DIRECTV

DIRECTV is the largest provider of direct-to-home satellite television services and the second largest multichannel video programming distributor provider in the United States, in each case based on the number of subscribers. Through its subsidiaries and affiliated companies in the United States, Brazil, Mexico and other countries in Latin America, DIRECTV provides digital television service to more than 16 million customers in the United States and more than 4 million customers in Latin America. As of February 28, 2007, the Company owns through a wholly-owned subsidiary 470,420,752 shares of DIRECTV common stock, representing approximately 38% of the DIRECTV aggregate common stock outstanding. The following members of the board of directors of the Company also serve as members of the board of directors of DIRECTV: Messrs. K. Rupert Murdoch, Chase Carey (President and Chief Executive Officer of DIRECTV), David DeVoe and Peter Chernin. Immediately prior to consummation of the Exchange, Messrs. Murdoch, DeVoe and Chernin will resign from the board of directors of DIRECTV. For more information regarding DIRECTV, please refer to the reports and information filed by DIRECTV with the SEC referred to in [Where You Can Find Additional Information](#) on page 19.

Table of Contents

INFORMATION ABOUT THE SPECIAL MEETING

The Company is mailing this proxy statement on or about March 1, 2007 to holders of record of the Company's Class B Common Stock on February 27, 2007 in connection with the board of directors' solicitation of proxies for use at a special meeting of holders of the Company's Class B Common Stock and at any adjournment thereof, which we refer to as the

Special Meeting. The Special Meeting will be held at 10:00 a.m. (Local Time), on Tuesday, April 3, 2007 at the Hudson Theatre, 145 W. 44th Street, New York, NY 10012.

The notice of the Special Meeting and a voting card accompany this proxy statement.

Brokers, dealers, banks, voting trustees, other custodians and their nominees are asked to forward this notice and proxy statement and the voting card to the beneficial owners of the Company's Class B Common Stock held of record by them.

Upon request, the Company will reimburse them for their reasonable expenses in completing the mailing of the materials to beneficial owners of our Class B Common Stock.

While all of the Company's stockholders and all holders of the Company's CDIs are invited to attend the Special Meeting, only stockholders of record of the Company's Class B Common Stock at the close of business on February 27, 2007 are entitled to vote at the Special Meeting and any adjournment or postponement thereof. **Holders of the Company's Class A Common Stock are receiving this proxy statement for informational purposes only and are not entitled to vote on the matters to be presented at the Special Meeting.** If you are the holder of record of your shares of the Company's Class B Common Stock you may vote your shares in person at the Special Meeting or by completing, properly signing and returning a proxy card to the Company or through telephone and Internet voting, each as described below. Please note, however, that if your shares of Class B Common Stock are held of record by a broker, bank or other nominee and you wish to vote in person at the Special Meeting, you must obtain a proxy issued in your name from such broker, bank or other nominee. As of the close of business on February 27, 2007 there were 986,520,953 shares of the Company's Class B Common Stock outstanding held by approximately 1,642 holders of record. A list of the stockholders of record of the Company's Class B Common Stock as of close of business on February 27, 2007 will be available at the Special Meeting and at the Company's principal executive offices during the ten (10) days prior to the Special Meeting.

At the Special Meeting, stockholders will consider and vote upon (i) the approval of the Exchange; and (ii) the adjournment or postponement of the meeting, if necessary or appropriate, to solicit additional proxies for approval of the Exchange if there are insufficient votes at the time of the Special Meeting to approve the Exchange. These matters have been proposed by our board of directors. No other matters will be presented or voted on at the Special Meeting.

Table of Contents

VOTING

Quorum. In order for the Company to conduct the Special Meeting, a majority of the holders of Class B Common Stock outstanding as of February 27, 2007, must be present in person or represented by proxy at the Special Meeting.

Abstentions and broker non-votes will be counted for purposes of establishing a quorum at the Special Meeting. A broker non-vote occurs when you do not give your broker or nominee instructions on how to vote your shares of Class B Common Stock. Although the shares owned by the Murdoch Interests, Liberty and other Associates of Liberty will not be counted in determining whether the ASX Stockholder Approval has been obtained, such shares, if present, will be counted for quorum purposes at the Special Meeting. The Irrevocable Proxy will automatically terminate if Liberty should fail to appear in person at the Special Meeting and vote such shares.

Tabulation of Votes. Each holder of the Company's Class B Common Stock may cast one vote for each share held by such stockholder on February 27, 2007 on all matters to be voted on at the Special Meeting. The percentage of shares required to be voted for a proposal depends on the proposal. Pursuant to the Share Exchange Agreement, the consummation of the Exchange is conditioned upon the Disinterested Stockholder Approval and the ASX Stockholder Approval. Whether or not a quorum exists, holders of a majority of the shares of the Company's Class B Common Stock present in person or represented by proxy at the Special Meeting and entitled to vote thereat may adjourn the Special Meeting. The percentage of shares that have been affirmatively voted for a proposal is determined by dividing the affirmative votes by the total number of votes cast, in person or by proxy, for such proposal by holders of Class B Common Stock outstanding as of February 27, 2007. The ASX Stockholder Approval and the Disinterested Stockholder Approval will each be determined by the outcome of the vote at the Special Meeting of the holders of shares of the Company's Class B Common Stock as of February 27, 2007, other than Liberty, the Liberty Stockholders, their respective Associates and the Murdoch Interests.

Required Disclosure for the Purpose of the ASX Listing Rules

Voting Exclusion Statement. In accordance with the ASX Rules, the following voting exclusions will be observed:

The Company will disregard any votes cast in respect to Proposal 1 by Liberty or any Associate of Liberty, which will include the Murdoch Interests by virtue of a proxy given to Liberty; provided, however that the Company will not disregard (i) votes cast by any person as a proxy for any other person who is entitled to vote with respect

to the approval of the Exchange and whose votes will not be disregarded under the ASX Rules, which votes are cast in accordance with the directions on the relevant proxy form; and (ii) votes cast by any person chairing the Special Meeting as a proxy for any other person who is entitled to vote with respect to the approval of the Exchange and whose votes will not be disregarded under the ASX Rules, which votes are cast in accordance with the direction on the relevant proxy form as the proxy decides.

How Stockholders Vote. If you are a holder of record and you complete and properly sign the accompanying proxy card and return it to the Company, it will be voted as you direct.

Properly executed proxies that do not contain voting instructions will be voted FOR the approval of the Exchange and postponement of adjournment of the Special Meeting. Telephone and Internet voting is also available 24 hours a day through 1:00 a.m. (Central Time) on April 3, 2007. If you are located in the United States or Canada, you can vote your shares by calling toll-free 1-800-652-VOTE (8683). You can also vote your shares by Internet at www.investorvote.com. If you vote by telephone or Internet, you do not need to return your proxy card to the Company.

If you hold shares of the Company's Class B Common Stock in street name through a broker, bank or other nominee, under the rules of the NYSE your broker, bank or other nominee may not vote on the proposals to be voted on at the Special Meeting without your specific instructions because the proposals are not considered to be routine matters. Without your voting instructions on these items, a broker non-vote will occur. The

Table of Contents

Company counts broker non-votes for quorum purposes, but does not count broker non-votes (or abstentions) as votes FOR or AGAINST any proposal or as a vote cast on any such proposal.

Holders of Class B CDIs exchangeable for the Company's Class B Common Stock have a right to direct CHES, the legal holder of the CDIs, on how it should vote with respect to the proposals described in this proxy statement. Holders of Class B CDIs must provide their duly executed directions, via an enclosed voting instructions card, to CHES by 5:00 p.m. (Australian Eastern Time) on March 30, 2007.

Revoking Proxy Authorizations or Instructions. If you are a holder of the Company's Class B Common Stock entitled to vote at the Special Meeting, you have the right to change or revoke your proxy at any time before the vote taken at the Special Meeting:

if you hold your shares in your name as a stockholder of record, by notifying our Corporate Secretary, Laura A. O'Leary, at 1211 Avenue of the Americas, New York, NY 10036;

by attending the Special Meeting and voting in person (your attendance at the Special Meeting will not, by itself, revoke your proxy; you must vote in person at the Special Meeting);

by submitting a later-dated proxy card;

if you voted by telephone or the Internet, by voting a second time by telephone or Internet; or

if you have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

CDI holders may change or revoke prior voting instructions by submitting a later-dated CDI voting instruction form before 5:00 p.m. (Australian Eastern Time) on March 30, 2007.

Solicitation of Proxies. The expenses of preparing, printing and mailing this proxy statement and the proxies solicited hereby will be borne by the Company. Additional solicitation may be made by telephone, facsimile or other contact by certain directors, officers, employees or agents of the

Company, none of whom will receive additional compensation therefor. In addition, the Company has engaged Georgeson to assist in the solicitation of proxies for the Special Meeting. Georgeson may solicit proxies from individuals, banks, brokers, custodians, nominees, other institutional holders and other fiduciaries. The Company has agreed to reimburse Georgeson for its reasonable administrative and out-of-pocket expenses, to indemnify it against certain losses, costs and expenses, and to pay it customary fees in connection with the proxy solicitation.

Attendance and Voting in Person at the Special Meeting.

Attendance at the Special Meeting is limited to holders of the Company's Class A Common Stock, Class B Common Stock and CDIs as of February 27, 2007 or their properly appointed proxies and invited guests of the Company.

Only holders of record of the Company's Class B Common Stock as of February 27, 2007 and holders of proxies for the Company's Class B Common Stock will be entitled to vote in person at the Special Meeting.

Table of Contents**SELECTED HISTORICAL FINANCIAL DATA OF
NEWS CORPORATION**

We derived the unaudited financial information presented for the Company as of, and for, the six-month periods ended December 31, 2005 and 2006 from the Company's Quarterly Report on Form 10-Q filed February 7, 2007, reporting results for the quarterly period ended December 31, 2006. The selected historical financial information for the fiscal years 2002 through 2006 was derived from the Audited Consolidated Financial Statements of the Company contained in its Annual Report on Form 10-K, filed on August 23, 2006.

You should read the financial information with respect to the Company in conjunction with the historical consolidated financial statements and related notes contained in the annual, quarterly and other reports filed by the Company with the SEC, which we have incorporated by reference into this proxy statement. See [Where You Can Find Additional Information](#) beginning on page 19 and [Incorporation of Certain Documents by Reference](#) beginning on page 20.

	FOR THE SIX MONTHS ENDED DECEMBER 31,(2)		FOR THE FISCAL YEARS ENDED JUNE 30,(1)				
	2006	2005	2006	2005	2004	2003(3)	2002(4)
(in millions, except per share data)							
Statement of Operations Data:							
Revenues	\$ 13,758	\$ 12,347	\$ 25,327	\$ 23,859	\$ 20,802	\$ 17,380	\$ 15,070
Operating income	1,995	1,829	3,868	3,564	2,931	2,380	176
Income (loss) from continuing operations	1,665	1,274	2,812	2,128	1,533	822	(7,629)
Net income (loss)	1,665	642	2,314	2,128	1,533	822	(7,691)
Basic income (loss) from continuing operations per share:(5)(6)							
Class A	\$ 0.56	\$ 0.41	\$ 0.92	\$ 0.74	\$ 0.58	\$ 0.33	(3.32)
Class B	\$ 0.46	\$ 0.35	\$ 0.77	\$ 0.62	\$ 0.49	\$ 0.28	(2.77)
Diluted income (loss) from continuing operations per							

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share:(5)(6)														
Class A	\$	0.55	\$	0.41	\$	0.92	\$	0.73	\$	0.58	\$	0.33	\$	(3.32)
Class B	\$	0.46	\$	0.34	\$	0.77	\$	0.61	\$	0.48	\$	0.28	\$	(2.77)
Basic earnings (loss) per share:(5)(6)														
Class A	\$	0.56	\$	0.21	\$	0.76	\$	0.74	\$	0.58	\$	0.33	\$	(3.35)
Class B	\$	0.46	\$	0.17	\$	0.63	\$	0.62	\$	0.49	\$	0.28	\$	(2.79)
Diluted earnings (loss) per share:(5)(6)														
Class A	\$	0.55	\$	0.21	\$	0.76	\$	0.73	\$	0.58	\$	0.33	\$	(3.35)
Class B	\$	0.46	\$	0.17	\$	0.63	\$	0.61	\$	0.48	\$	0.28	\$	(2.79)
Cash dividend declared per share:(5)(6)														
Class A	\$	0.06	\$	0.07	\$	0.13	\$	0.10	\$	0.10	\$	0.09	\$	0.08
Class B	\$	0.05	\$	0.08	\$	0.13	\$	0.04	\$	0.04	\$	0.04	\$	0.03

	AS OF		AS OF JUNE 30,									
	DECEMBER 31,		2005	2004	2003	2002						
	2006	2006										
	(in millions)											
Balance Sheet Data:												
Cash and cash equivalents	\$	5,438	\$	5,783	\$	6,470	\$	4,051	\$	4,477	\$	3,574
Total assets	59,173	56,649	54,692	48,343	42,149	36,898						
Borrowings and perpetual preference shares(7)	11,435	11,427	10,999	10,509	10,003	9,840						

Table of Contents

- (1) See Notes 3, 6 and 8 to the Consolidated Financial Statements of the Company contained in its Annual Report on Form 10-K, filed August 23, 2006 for information with respect to significant acquisitions, disposals, change in accounting and other transactions during fiscal years 2006, 2005 and 2004.
- (2) See Notes 2, 5 and 6 to the Unaudited Consolidated Financial Statements of the Company contained in its Quarterly Report on Form 10-Q, for the period ended December 31, 2006, filed February 7, 2007 for information with respect to significant acquisitions, disposals, change in accounting and other transactions during the six (6) months ended December 31, 2006 and 2005.
- (3) Fiscal 2003 results include the Company's acquisition of WPWR-TV for approximately \$425 million. Fiscal 2003 results also include the Company's acquisition of 80% of Telepiu, S.p.A. (Telepiu) for approximately \$874 million. Telepiu was merged with Stream S.p.A., (Stream) and the combined platform was renamed SKY Italia. As a result of the acquisition, commencing April 30, 2003, the Company ceased to equity account its share of Stream's results.
- (4) Fiscal 2002 results include the Company's \$6.1 billion write-down of Gemstar-TV Guide and the \$958 million Other operating charge for the write-down of the Company's national and international sports contracts. Fiscal 2002 results also include the Company's acquisition of Chris-Craft Industries, Inc. for approximately \$5 billion (\$2 billion in cash and \$3 billion in the Company's Class A Common Stock) and the sale of its interest in Fox Family Worldwide to The Walt Disney Company for total consideration of approximately \$1.6 billion, which resulted in a pre-tax gain of approximately \$1.3 billion.
- (5) Basic and diluted income (loss) from continuing operations per share and basic and diluted earnings (loss) per share and cash dividend per share reflect per share amounts based on the adjusted share amounts to reflect the November 12, 2004 one-for-two share exchange in the reincorporation of the Company.
- (6) Class A Common Stock carry rights to a greater dividend than Class B Common Stock through fiscal year 2007. As such, net income available to the Company's common stockholders is allocated between its two classes of common stock, Class A Common Stock and Class B Common Stock. The allocation between classes was based upon the two-class method. See Notes 2 and 20 to the Consolidated Financial Statements of the Company contained in its Form 10-K, filed August 23, 2006 for further discussion. Subsequent to the final fiscal year 2007 dividend payment, Class A Common Stock will cease to carry any rights to a greater dividend than Class B Common Stock. As such, earnings (loss) per share based on the total weighted average shares outstanding (Class A Common Stock and Class B Common Stock combined) are as follows:

FOR THE SIX

MONTHS ENDED

DECEMBER, THE FISCAL YEARS ENDED JUNE 30,

	2006	2005	2006	2005 (a)	2004	2003	2002
Diluted earnings (loss) per share	\$ 0.52	\$ 0.20	\$ 0.72	\$ 0.69	\$ 0.54	\$ 0.31	\$ (3.12)

(a) In March 2005, the Company's acquisition of the interest of Fox Entertainment that it did not already own was completed and a total of 357 million shares of Class A Common Stock were issued as consideration.

(7) Each fiscal year presented prior to June 30, 2005 includes \$345 million of perpetual preference shares outstanding, which were redeemed at par by the Company in November 2004.

Table of Contents

BACKGROUND AND RECOMMENDATION

Background; Rationale for the Exchange

On December 22, 2003, the Company acquired 470,420,752 shares of DIRECTV common stock, representing approximately 34% of DIRECTV's then outstanding common stock. Upon the closing of such acquisition, Messrs. K. R. Murdoch, Carey, DeVoe and Chernin, each a member of the board of directors of the Company, became members of the board of directors of DIRECTV, with Mr. Carey being appointed President and Chief Executive Officer of DIRECTV. At such time, the board of directors of DIRECTV consisted of 11 members.

In early 2004, News Holdings Limited (formerly known as The News Corporation Limited) (TNCL), a South Australian company publicly traded on the Australian Securities Exchange, determined to establish the Company, a new publicly traded Delaware holding company, as its parent, in a reincorporation transaction, with TNCL becoming a wholly-owned subsidiary of the Company. Such reincorporation transaction was implemented on November 12, 2004. The Company's common stock is traded on the NYSE, the ASX and the London Stock Exchange.

On November 3, 2004, following the approval of the reincorporation by TNCL stockholders but prior to its implementation, Liberty disclosed that it had entered into an arrangement with a third party allowing it to acquire an additional 8% of the Company's voting stock, thereby increasing its ownership to more than 17% of the Company's voting stock. This action was taken without any discussion with, or prior notice to, the Company. In response to Liberty's accumulation, on November 8, 2004, the Company adopted a stockholder rights plan to prevent Liberty from acquiring additional shares of the Company's stock without the approval of the Company's board of directors.

Beginning in the winter of 2004 and continuing intermittently through the summer of 2006, representatives of the Company and representatives of Liberty engaged in discussions regarding possible transactions between the Company and Liberty involving the exchange of the shares of the Company held by Liberty for various assets held by the Company.

Throughout this time, representatives of the Company believed that the full intrinsic value of the Company's shares was not reflected in the Company's market trading price and, therefore, that the repurchase of the Company shares held by

Liberty, given agreeable terms, would be an attractive investment for the Company. In addition, representatives of the Company believed that Liberty's ownership of a substantial portion of the Company's voting stock and the uncertainty surrounding its plans with respect to such stock represented a substantial source of distraction for Company management and the board of directors of the Company. For example, Dr. Malone, chairman of the board of directors of

Liberty, had publicly indicated that Liberty had accumulated shares of the Company's voting stock, in part, as a possible source of leverage in negotiations with the Company.

On August 9, 2005, after it had become apparent to the Company that it would not be able to come to an agreement with Liberty with respect to the repurchase of its Company shares on acceptable terms prior to the initial expiration of the stockholder rights agreement on November 8, 2005, and on the basis of the Company's belief that Liberty would likely seek to acquire additional shares of the Company's voting stock when and if the stockholder rights agreement expired, the board of directors of the Company extended the expiration date of the stockholder rights plan for an additional two-year period to November 2007 without first obtaining stockholder approval, as contemplated by its then existing board policy. In response to the extension of the stockholder rights plan, certain institutional stockholders of the Company brought suit against the Company for failing to follow the board policy calling for stockholder approval for an extension of a stockholder rights plan beyond a one year term. Although the board of directors of the Company was confident that it would prevail in such litigation, it also determined that it was in the best interests of the Company and its stockholders to avoid the uncertainty, distraction and expense that would ensue from such litigation. Therefore, the board of directors of the Company unanimously approved the terms of a settlement of the litigation whereby the Company would submit an Amended and Restated Stockholder Rights Plan to stockholders for approval at the Annual Meeting of the

Table of Contents

Company's stockholders held on October 20, 2006. At such Annual Meeting, the Company's stockholders approved the extension of the Amended and Restated Stockholder Rights Plan to October 2008, with the Company having the right to extend the rights plan for a year if the situation with Liberty has not, in the judgment of the board of directors of the Company, been resolved, and the litigation was dismissed, with prejudice.

In addition to agreeing to submit the Amended and Restated Stockholder Rights Plan to the Company's stockholders for their approval, the Company also agreed in the settlement of the litigation that upon any expiration of the Amended and Restated Stockholder Rights Plan, the Company may not adopt another stockholder rights plan for a period of nine months (the Interim Period). Thereafter, the Company will have the right to adopt new stockholder rights plans, without stockholder approval, with a duration of up to one year. The expiration of any such stockholder rights plans shall be followed by another Interim Period, during which such stockholder rights plan shall not be rolled over or extended, and no new stockholder rights plan shall be adopted without stockholder approval. Notwithstanding the foregoing, the Company shall have the right to adopt a new stockholder rights plan (or extend an existing stockholder rights plan), with a duration of one year, during any Interim Period, under certain circumstances relating to third party acquisitions of the Company's shares described more fully in the Definitive Proxy Statement on Schedule 14A, filed with the SEC on September 7, 2006.

Beginning in early 2006, Company management began to explore internally various strategic alternatives with respect to the Company's investment in DIRECTV, in light of Company management's belief that the DIRECTV business faced several strategic, competitive and technological challenges. Also during this time period, representatives of the Company consulted with representatives of Goldman Sachs, the Company's financial advisor, regarding the financial terms of a possible transaction involving the repurchase of the Company shares owned by Liberty.

Beginning in late June 2006 and continuing for the next few months, there occurred sporadic discussions among representatives of the Company and of Goldman Sachs, on the one hand, and representatives of Liberty and of Bear, Stearns & Co. Inc. (Bear Stearns), Liberty's financial advisor, on the other hand, regarding the possibility of a transaction in which Liberty would exchange its Company shares for certain assets of the Company, including, possibly, the Company's investment in DIRECTV. Representatives of the Company believed that by including the DIRECTV Shares in a possible transaction with Liberty, the Company could potentially dispose of its investment in DIRECTV in a tax-free manner at an attractive valuation, thereby enabling the Company's management to focus greater attention on core operating assets and simultaneously redeem a substantial number of the Company's shares without the premium customary in

substantial stock redemption transactions.

Also during this time, representatives of Company management informed Mr. Carey of the possibility of a transaction between the Company and Liberty involving the Company's investment in DIRECTV.

Throughout 2006, the board of directors of the Company received updates from Company management regarding the status of the ongoing discussions with Liberty regarding a possible transaction. It was noted to the board of directors of the Company on many of these occasions that Mr. Arthur Siskind and Mr. David DeVoe, both directors of the Company, serve as directors of Cruden Financial Services LLC, the corporate trustee of the Murdoch Family Trust; that Mr. Lachlan Murdoch, a director of the Company, is one of the potential beneficiaries of certain of the Murdoch family's trusts; that Mr. Carey, a director of the Company, serves as a director and Chief Executive Officer of DIRECTV; and that Messrs. K. R. Murdoch, DeVoe and Chernin each serve on the boards of directors of both the Company and DIRECTV.

In order to facilitate Liberty's due diligence review, in August 2006, DIRECTV entered into a confidentiality agreement with Liberty and thereafter began providing Liberty and its representatives with access to confidential, non-public information regarding DIRECTV's business and operations, including business plans prepared by DIRECTV management for internal planning purposes.

Table of Contents

On August 28, 2006, representatives of the Company, Liberty, DIRECTV and Goldman Sachs met in Denver, Colorado for a preliminary due diligence meeting.

On September 5, 2006, the Company entered into a confidentiality agreement with Liberty and thereafter began providing Liberty and its representatives with access to confidential, non-public information relating to the business and operations of various assets held by the Company and under consideration for inclusion as part of a possible transaction.

On September 13, 2006, representatives of the Company provided to representatives of Liberty a term sheet outlining proposed material terms for a possible transaction between the Company and Liberty. The term sheet proposed, among other things, that the Company would exchange its entire investment in DIRECTV, along with certain other assets owned by the Company and an amount in cash to be negotiated, for the shares of the Company held by Liberty.

The term sheet proposed that the relative values to be allocated to each of the DIRECTV and Company shares for purposes of the proposed transaction be fixed. The term sheet also indicated that, in addition to the stockholder approval required under the ASX Listing Rules, the proposed transaction would be conditioned upon the transaction being approved by the affirmative vote of a majority of the shares held by the Company's stockholders other than Liberty and the Murdoch Interests (the Disinterested Stockholder Approval Condition).

On September 14, 2006, press reports appeared containing speculation regarding the possibility of a transaction between the Company and Liberty involving the DIRECTV Shares.

Throughout the months of September, October and November, 2006, Liberty continued with its due diligence investigation of DIRECTV and representatives of Goldman Sachs, acting on behalf of the Company, continued their discussions with representatives of Liberty and representatives of Bear Stearns, acting on behalf of Liberty, regarding the material financial terms of a possible transaction, including the identity of the specific assets owned by the Company, other than the DIRECTV Shares, to be included in the possible transaction.

During the course of these discussions, in early October 2006, representatives of Liberty made clear their preference that the Company's regional sports programming networks be included in the assets to be exchanged for Liberty's shares of the Company in any possible transaction. In response to this development, the Company, after consultation with Goldman Sachs, prepared and provided to representatives of Liberty, on October 12, 2006, a confidential information memorandum containing confidential, non-public information regarding various regional sports programming networks owned by the Company.

Also in early October 2006, Liberty delivered a written response to the Company's September 13 term sheet which indicated Liberty's position with respect to the Company's proposals, including, among other things, Liberty's proposal that it be entitled to a \$1 billion termination fee under certain circumstances, including in the event that the proposed transaction was not consummated due to the failure to obtain the required approvals of the Company's stockholders.

On October 24, 2006, representatives of Liberty attended preliminary management presentations regarding the regional sports programming networks conducted by certain executive officers of Fox Cable, a subsidiary of Fox Entertainment, and representatives of Company management.

On November 9, 2006, Mr. David DeVoe, the Company's Chief Financial Officer, and Mr. Gregory B. Maffei, Liberty's Chief Executive Officer and President, met to discuss the relative values to be allocated to the DIRECTV Shares and the shares of the Company held by Liberty in a possible transaction. No agreement was reached on such relative values at this meeting, but it was agreed to continue with discussions regarding a possible transaction.

During the final weeks in November 2006, representatives of Liberty and representatives of the Company reached tentative agreement regarding certain bases upon which they would proceed with the consideration of a

Table of Contents

possible transaction, including the fact that the relative values of DIRECTV and Company shares for purposes of the possible transaction would be fixed (although such relative values were not agreed to at such time) and the fact that the RSN Subsidiaries would be the regional sports programming networks included in the possible transaction.

During late November 2006, the Company engaged JPMorgan to act as an additional financial advisor in connection with the possible transaction.

On December 5, 2006, the board of directors of the Company held a regularly scheduled meeting. Representatives of Goldman Sachs, JPMorgan and Skadden, Arps, Slate, Meagher & Flom LLP, the Company's special legal counsel (Skadden, Arps), also attended this meeting. At this meeting, and during all subsequent meetings of the board of directors of the Company relating to the possible transaction, Mr. Carey recused himself from all discussions of the possible transaction during the duration of negotiations and, at the December 21, 2006 meeting, abstained from voting on the proposed transaction. During this meeting, representatives of Company management reviewed with the board of directors of the Company strategic and financial considerations in connection with the possible transaction under discussion with Liberty in which the Company would dispose of its investment in DIRECTV, the RSN Subsidiaries and an amount in cash in exchange for the shares of the Company held by Liberty, and provided the board of directors of the Company with an update regarding the status of discussions with Liberty. In addition, representatives of Goldman Sachs and JPMorgan reviewed with the board of directors of the Company various financial considerations in connection with the possible transaction with Liberty. Representatives of Skadden, Arps then reviewed with the members of the board of directors of the Company their fiduciary duties in connection with considering a possible transaction with Liberty, including in light of the effects of both the transaction on the voting power of the Murdoch Interests and the Company's proposed Disinterested Stockholder Approval Condition. After a thorough discussion and consideration of the presentations from Company management and the Company's financial advisors and legal counsel, the board of directors of the Company authorized Company management to continue discussions with Liberty regarding a possible transaction.

On December 6, 2006, representatives of Liberty and the Company reached tentative agreement on certain financial terms of a possible transaction, including the relative values to be allocated to the DIRECTV Shares and shares of Company common stock owned by Liberty in such a transaction, the value to be allocated to the RSN Subsidiaries in such a transaction and the \$550 million cash amount to be provided by the Company in such a transaction.

Also on December 6, 2006, Skadden, Arps delivered to representatives of Liberty drafts of the Share Exchange Agreement and Tax Matters Agreement to be entered into in connection with the proposed transaction, which reflected the material terms upon which the respective representatives of the Company and Liberty had reached tentative agreement, as well as other terms and conditions for the proposed transaction.

On December 7, 2006, an article appeared in *The New York Times* speculating that a transaction involving the Company, Liberty and the Company's investment in DIRECTV was imminent.

On December 8, 2006, representatives of Baker Botts L.L.P., Liberty's special legal counsel (Baker Botts), and Nelson Mullins Riley & Scarborough LLP, Liberty's special counsel for regulatory matters, began their legal due diligence investigation of the RSN Subsidiaries at the New York offices of Skadden, Arps.

On December 9, 2006, Baker Botts provided Liberty's initial comments on the draft Share Exchange Agreement and Tax Matters Agreement. The Company requested a meeting with representatives of Liberty and Baker Botts to negotiate the terms of the draft Share Exchange Agreement and Tax Matters Agreement.

On December 10, 2006, representatives of Skadden, Arps, Baker Botts and Hogan & Hartson LLP, special counsel to the Company with respect to certain aspects of the transaction (Hogan & Hartson) met telephonically to negotiate the terms of the draft Tax Matters Agreement.

Table of Contents

On December 11, 2006, representatives of the Company, Liberty, Skadden, Arps, Baker Botts, Hogan & Hartson and Goldman Sachs met in-person at Skadden, Arps New York offices and telephonically to negotiate the terms of the Share Exchange Agreement and the Tax Matters Agreement. The discussion at the meeting focused on various changes proposed by Liberty to the December 6 draft agreements provided by Skadden, Arps which were unacceptable to the Company, including those relating to proposed representations and warranties by the Company relating to DIRECTV and corresponding indemnification provisions, a proposed condition and termination provision allowing for termination of the Share Exchange Agreement in the event of a Material Adverse Effect on any individual RSN Subsidiary, a proposed \$350 million termination fee payable by the Company in the event that the Share Exchange Agreement were to be terminated due to the failure to obtain either the ASX Stockholder Approval or the Disinterested Stockholder Approval, regardless of whether the board of directors of the Company had withdrawn its recommendation in favor of the proposed transaction or whether a third party proposal involving DIRECTV had been received and proposed provisions prohibiting the Company from voting in favor of, or tendering its shares in, third party acquisition proposals for DIRECTV for an unspecified period following termination of the Share Exchange Agreement for any reason. In addition, the parties and their representatives also discussed whether or not the Disinterested Stockholder Approval Condition would be maintained as part of the transaction and the scope, if any, of the Company's non-competition and non-solicitation obligations with respect to each of DIRECTV and the RSN Subsidiaries.

During the next ten (10) days, the parties and their respective legal counsel continued negotiation of the draft Share Exchange and Tax Matters Agreements, both through the exchange of revised draft documents and through telephonic discussions. The issues regarding the terms of the Share Exchange Agreement discussed at the December 11 meeting, other than those relating to the termination fee provisions, were ultimately resolved as follows: (i) Liberty withdrew its request with respect to the representations, warranties and indemnification provisions relating to DIRECTV which the Company had found unacceptable; (ii) the parties agreed that the condition and termination provisions allowing Liberty to terminate the Share Exchange Agreement as a result of a Material Adverse Effect on any individual RSN Subsidiary would be replaced with provisions granting such right (under certain circumstances) to Liberty upon a Material Adverse Effect on Splitco; (iii) the parties agreed that the proposed provisions prohibiting the Company from voting in favor of, or tendering its shares in, third party acquisition proposals for DIRECTV would generally remain in place for six (6) months following termination of the Share Exchange Agreement, and, with respect to transactions for which a proposal was made public prior to such termination, for twelve (12) months following such termination; (iv) the parties agreed that the Disinterested Stockholder Approval Condition would be

included in the Share Exchange Agreement; and (v) the parties agreed that the Company would enter into the RSN Subsidiary Non-Competition Agreement and the DIRECTV Non-Competition Agreement prior to the closing of the proposed transaction.

On December 13, 2006, representatives of the Company, Liberty, Goldman Sachs and Bear Stearns attended a follow-up due diligence session in Denver, Colorado, during which they met with executive officers of the RSN Subsidiaries and executive officers of DIRECTV.

During the late afternoon of December 14, 2006, the board of directors of the Company held a telephonic special meeting to discuss the proposed transaction. Representatives of Goldman Sachs, JPMorgan and Skadden, Arps also attended this meeting. During this meeting, representatives of Company management provided the board of directors of the Company with an update regarding the status of the discussions with Liberty and the material issues with respect to the proposed transaction that had not yet been agreed to by the parties.

Following the update provided by management, representatives of Goldman Sachs and JPMorgan discussed financial considerations in connection with the proposed transaction, including financial analyses of the Company's interest in DIRECTV and the recent trading price activity of shares of DIRECTV and shares of the Company. The discussion at the meeting included discussion of the potential for the Company to dispose of the DIRECTV Shares on a tax-free basis and focus on its core businesses through the proposed transaction, whether the proposed transaction would be accretive to the Company on an earnings per share basis, the alternative transactions that may be available to the Company with respect to its investment in DIRECTV and whether the proposed transaction represented a repurchase of Company common stock with or without a premium. In

Table of Contents

addition, representatives of Company management and representatives of Goldman Sachs and JPMorgan reviewed with the board of directors of the Company the strategic considerations in connection with disposing of the Company's investment in DIRECTV. Following this discussion, the members of the board of directors of the Company who are members of Company management, the representatives of Goldman Sachs and JPMorgan and Mr. Lachlan Murdoch left the meeting. With members of the Company's in-house legal department the only representatives of Company management in attendance, representatives of Skadden, Arps then reviewed with the Company's independent directors their fiduciary duties in connection with considering a possible transaction with Liberty, including the considerations in connection with the arrangements proposed by Liberty with respect to termination fees (including the size of the fees proposed and the triggering events) and the Company's actions with respect to third party acquisition proposals involving DIRECTV following termination of the Share Exchange Agreement. The members of the Company's in-house legal department in attendance then left the meeting, after which the representatives of Skadden, Arps further discussed with the Company's independent directors the legal considerations in connection with the possible transaction, including with respect to Liberty's proposed termination fee arrangements and Liberty's proposals with respect to third party proposals involving DIRECTV and responded to various questions from the Company's independent directors. After the management members of the board of directors of the Company, the other members of Company management and representatives of Goldman Sachs and JPMorgan rejoined the meeting, and following a thorough discussion and consideration of the presentations from Company management and the Company's financial advisors and legal counsel, the board of directors of the Company authorized Company management to continue discussions with Liberty toward finalizing the terms of the proposed transaction.

On December 14, 2006, representatives of Skadden, Arps, Baker Botts and Hogan & Hartson met telephonically to negotiate the terms of the draft Tax Matters Agreement.

On December 15, 2006, representatives of the Company, Liberty, Skadden, Arps and Baker Botts met telephonically to negotiate the draft Share Exchange and representatives of Skadden, Arps, Hogan & Hartson and Baker Botts met telephonically to negotiate the draft Tax Matters Agreement.

On or about December 16, 2006, Skadden, Arps delivered revised drafts of the Share Exchange Agreement and the Tax Matters Agreement reflecting such negotiations to Liberty and its advisors.

Numerous discussions occurred over the next few days among representatives of the Company and Liberty, including financial advisors and counsel, in an attempt to resolve the remaining unresolved issues. These issues included the size and triggering events for termination fees, certain valuation issues relating to certain of the RSN Subsidiaries, the scope of

representations and warranties and indemnification under the Share Exchange Agreement, the scope of RSN Subsidiary non-competition obligations, Liberty's proposed condition on third party consents and the scope of the limitations on the Company's actions with respect to third party acquisition proposals for DIRECTV following termination of the Share Exchange Agreement.

During the evening of December 20, 2006, Baker Botts delivered to the Company and its advisors a revised draft of the Share Exchange Agreement. The December 20 Baker Botts draft indicated that Liberty had revised its proposal relating to the termination fee arrangements and now proposed a \$300 million termination fee payable if the Share Exchange Agreement were terminated due to a failure to obtain the ASX Stockholder Approval or a failure to obtain the Disinterested Stockholder Approval and such failure to obtain the Disinterested Stockholder Approval was preceded by a change of recommendation by the board of directors of the Company and a \$100 million termination fee in circumstances where the Share Exchange Agreement was terminated as a result of the failure to obtain the Disinterested Stockholder Approval but there was no change in recommendation.

On December 21, 2006, representatives of Liberty indicated that their latest proposals regarding termination fees were, in Liberty's view, non-negotiable.

During the late afternoon of December 21, 2006, the board of directors of the Company held a telephonic special meeting to receive an update on the status of the proposed transaction and to consider, and if appropriate,

Table of Contents

act on the proposed transaction. Representatives of Goldman Sachs, JPMorgan and Skadden, Arps also attended this meeting. Prior to this meeting, the board of directors of the Company was provided with materials related to the proposed transaction, including a draft Share Exchange Agreement, a draft Tax Matters Agreement, summaries of such agreements prepared by Skadden, Arps and financial presentations prepared by each of Goldman Sachs and JPMorgan. During the meeting, representatives of Skadden, Arps and Company management reviewed with the board of directors of the Company the developments in the negotiations with Liberty and reviewed in detail the terms of the proposed Share Exchange and Tax Matters Agreements as well as the other ancillary agreements to be entered into in connection with the proposed transaction. During this review, members of Company management also indicated that representatives of Liberty had proposed in discussions prior to the meeting that the Murdoch Interests enter into a voting arrangement whereby they would commit to vote the shares of Company stock owned by them in favor of the Exchange. The representatives of Skadden, Arps then reviewed with the board of directors of the Company its fiduciary duties in connection with considering the proposed transaction, including in light of Liberty's proposed terms relating to termination fees, both with respect to the size of such fees and the circumstances under which such fees were proposed to become payable, Liberty's proposal with respect to the voting arrangements required to be entered into by the Murdoch Interests and Liberty's proposal with respect to the limitations on the Company's actions with respect to third party acquisition proposals for DIRECTV following the termination of the Share Exchange Agreement. Representatives of Goldman Sachs then made a financial presentation to the board of directors of the Company and rendered to the board of directors of the Company the oral opinion of Goldman Sachs, which was subsequently confirmed by delivery of a written opinion dated December 22, 2006, to the effect that, as of that date and based upon and subject to the factors and assumptions set forth in such written opinion, the Exchange was fair from a financial point of view to the Company.

Representatives of JPMorgan then made a financial presentation to the board of directors of the Company and rendered to the board of directors of the Company the written opinion of JPMorgan, to the effect that, as of the date thereof and based upon and subject to the factors and assumptions set forth in such written opinion, the consideration to be received by the Company in exchange for the assets of Splitco in the Exchange was fair, from a financial point of view, to the Company. Following the presentations by Goldman Sachs and JPMorgan, the members of Company management, the representatives of Goldman Sachs and JPMorgan and Mr. Lachlan Murdoch left the meeting, and the representatives of Skadden, Arps further discussed with the Company's independent directors the legal considerations in connection with the possible transaction, including with respect to Liberty's proposed termination fee arrangements and Liberty's proposals with respect to third party proposals involving DIRECTV, and responded to various questions.

Following a careful consideration of the terms, and after extensive discussion, including discussions with its financial and legal advisors, the board of directors of the Company, by unanimous vote, determined that the Share Exchange Agreement and the transactions contemplated thereby, including the Exchange, were advisable, fair to and in the best interests of the Company and its stockholders, approved the Share Exchange Agreement, the Exchange and the other transactions contemplated thereby and recommended that the holders of the Company's Class B Common Stock vote FOR the approval of the Exchange.

Following the December 21 meeting of the board of directors of the Company, throughout the evening of December 21, and through the early morning of December 22, 2006, representatives of the Company, Liberty, Skadden, Arps, Hogan & Hartson, Baker Botts, Goldman Sachs and Bear Stearns negotiated and finalized the Share Exchange Agreement, Tax Matters Agreement and related documents, resolving the remaining issues relating to, among other things, termination fees, voting arrangements and the valuation of the RSN Subsidiaries.

The Share Exchange Agreement and the Tax Matters Agreement were executed by the parties on December 22, 2006.

Prior to the opening of trading on the NYSE on December 22, 2006, each of the Company and Liberty issued press releases announcing the Exchange.

As provided for in the Share Exchange Agreement, on January 3, 2007, the Murdoch Interests granted the Irrevocable Proxy to Liberty.

Table of Contents

On January 3, 2007, the Company amended the Amended and Restated Stockholder Rights Plan to provide that the status of Liberty and its affiliates as Exempt Persons (as defined in the Amended and Restated Stockholder Rights Plan) will not be affected by the grant of the Irrevocable Proxy by the Murdoch Interests.

On February 22, 2007, the Company and Liberty agreed to increase the amount of cash to be provided by the Company in the Exchange as a result of certain arrangements entered into by FSN Northwest and the Seattle Mariners (MLB) in connection with an extension of FSN Northwest's telecast rights. This cash amount is subject to adjustment based on the working capital of the RSN Subsidiaries.

Reasons for the Exchange

After careful consideration, the board of directors of the Company, by unanimous vote, has determined that the Share Exchange Agreement and the transactions contemplated thereby, including the Exchange, are advisable, fair to and in the best interests of the Company and its stockholders, has approved the Share Exchange Agreement, the Exchange and the other transactions contemplated thereby and recommends that the holders of the Company's Class B Common Stock vote FOR the approval of the Exchange.

In arriving at its decision to approve the Share Exchange Agreement and the transactions contemplated thereby, including the Exchange, the board of directors of the Company consulted with the Company's senior management and the Company's financial advisors and legal counsel, and considered in reaching its decision a number of factors. The board of directors of the Company viewed the following factors as being generally positive or favorable in making its determination and recommendation:

the strategic benefits of the Exchange, including:

the ability of the Company to focus management attention and resources on operating assets that are faster growing and of more strategic value to the Company than DIRECTV;

the ability of the Company to avoid the significant investment of management attention and resources necessary to maximize the long term value of DIRECTV;

Company management's belief that, because DIRECTV, and the satellite industry in the United States in general, are not able to, through their existing infrastructure, provide high-speed broadband Internet access at a reasonable price, cable operators and Regional Bell Operating Companies offering high quality, bundled services (two-way interactivity, video on demand, voice and Internet) are well-positioned to compete with DIRECTV;

the Company's assessment that most of the synergies originally envisioned between DIRECTV and the Company's other businesses when the Company acquired its DIRECTV investment have already been realized or are no longer significant; and

the ability to eliminate the distraction and uncertainty resulting from Liberty's ownership of a substantial position in the Company's stock and to enable the board of directors of the Company and Company management to focus greater attention on the Company's operations and growth opportunities;

the financial benefits of, and considerations in connection with, the Exchange, including:

the fact that the ratio implied by relative values allocated to the DIRECTV Shares and Liberty's shares of Company stock in the Exchange is near the high for such value implied by market trading prices over the past two (2) calendar years;

the fact that the implied per share value of the DIRECTV Shares in the Exchange lies within the valuation ranges implied by the discounted cash flow, leveraged buyout and alternative transaction analyses performed by Goldman Sachs and by the discounted cash flow and alternative transaction analyses performed by JPMorgan;

the fact that the presentations of the Company's financial advisors indicated that the Exchange would be 8-10% accretive on an earnings per share basis in the Company's fiscal year ending June 30, 2008 (subject to the assumptions and qualifications set forth in Fairness Opinions

Table of Contents

beginning on page 41), thereby potentially increasing the value of the Company's stock so that the Company's stock may be used for acquisition purposes and to more efficiently and effectively compensate certain of its employees;

the attractive value allocated to the assets to be contributed to Splitco in the Exchange, taken as a whole;

the written opinions received by the board of directors of the Company from (i) Goldman Sachs, to the effect that, as of the date of such opinion and based upon and subject to the factors and assumptions set forth in such opinion, the Exchange was fair, from a financial point of view, to the Company and (ii) JPMorgan, to the effect that, as of the date of such opinion and based upon and subject to the factors and assumptions set forth in such opinion, the consideration to be received by the Company in exchange for the assets of Splitco in the Exchange was fair, from a financial point of view, to the Company;

the opportunity which the transaction presents for the Company to realize an approximately 50% return on its DIRECTV investment on a tax-free basis;

the opportunity which the transaction presents to repurchase approximately 16% of its outstanding common stock without the premium to the Company's current trading price that would be customary in substantial stock redemption transactions and, in Company management's view, below the per share intrinsic value of the Company's common stock;

the assessment of Company management, after consultation with its financial advisors, of the relative value provided by the Exchange in comparison to alternative disposition transactions involving the Company's investment in DIRECTV reasonably available to the Company in the foreseeable future;

Company management's expectation, after consultation with its financial advisors, that consummation of the Exchange will alleviate downward pressure on the trading price of the Company's common stock arising out of the expectation of some in the investment community that, given the recent extension of the Company's

stockholder rights plan until 2008, Liberty might soon seek to diminish its investment in the Company's common stock through open market dispositions; and

the fact that the Company has previously announced that, in the event that a resolution was reached with Liberty with respect to its ownership stake, the Company would eliminate its stockholder rights plan, an action which the board of directors of the Company believed would be viewed as highly favorable by many of the Company's stockholders and would render the Company a more attractive investment to certain potential investors, and the recognition by the board of directors that agreeing to terms with Liberty on the Exchange was a necessary precondition to achieving this desirable outcome;

the following terms contained in the Share Exchange Agreement:

the Disinterested Stockholder Approval Condition (as discussed more fully below);

the absence of representations and warranties by the Company relating to the business operations and financial condition of DIRECTV and corresponding indemnification obligations;

the provisions allowing the board of directors of the Company to choose to make a Change in Recommendation under certain circumstances;

the provisions limiting Liberty's right to terminate the Share Exchange Agreement due to a Change in Recommendation to a ten (10) business day period following such Change in Recommendation;

the conditions to each of the Company's and Liberty's obligations relating to the receipt of the IRS rulings and tax opinions;

Table of Contents

the standstill provisions prohibiting Liberty from acquiring the Company's capital stock or participating in proxy solicitations involving the Company for up to ten (10) years following the date of the Share Exchange Agreement;

the letter agreement entered into by Dr. Malone imposing similar standstill obligations on Dr. Malone and his affiliates;

the provisions limiting the Company's potential liability for indemnification in connection with breaches of the Company's representations and warranties to damages in excess of a \$12 million deductible amount and to less than \$75 million in aggregate damages, subject to certain limitations, and the fact that the term "damages" is defined in an acceptable manner in the Share Exchange Agreement;

the provisions requiring Liberty to use its reasonable best efforts, including by agreeing to certain settlements, to obtain the required regulatory approvals; and

the fact that the Murdoch Interests have agreed to deliver the Irrevocable Proxy to Liberty in connection with the Share Exchange Agreement, thereby substantially minimizing the likelihood that the \$300 million termination fee would be payable by the Company upon the termination of the Share Exchange Agreement in circumstances where there has not been a Change in Recommendation prior to such termination.

Among other factors, in arriving at its decision to approve the Share Exchange Agreement and the transactions contemplated thereby, the board of directors of the Company viewed the Disinterested Stockholder Approval Condition to be a particularly favorable aspect of the terms of the Exchange because it allowed for the Company's stockholders, other than Liberty and the Murdoch Interests, to independently assess the merits of the Exchange and reflect such assessment through a separate and independent vote. In addition, the board of directors of the Company also viewed as favorable the fact that the termination fee payable to Liberty under the Share Exchange Agreement in the event that the Disinterested Stockholder Approval was not obtained and there had been no Change in Recommendation would be only \$100 million, a relatively minimal sum in comparison to the overall value of the Exchange and smaller still in relation to the equity value of the Company.

The board of directors of the Company considered the following factors to be generally negative or unfavorable in making its determination and recommendation:

the strategic, financial and business risks in connection with the Exchange, including:

the financial risks associated with disposing of the Company's investment in DIRECTV at the current time, in light of the possibility that, despite Company management's belief after consultation with the Company's financial advisors that such a possibility is unlikely to develop, more attractive terms for such disposition could be offered to the Company in the future;

the fact that the value allocated to the DIRECTV Shares in the Exchange was below the market price of DIRECTV Shares as of the date that the Exchange was publicly announced, although Company management believed, based on its consultation with the Company's financial advisors, that such market trading price was likely influenced by market speculation regarding potential transactions involving DIRECTV and may not have reflected the fundamental value of DIRECTV Shares;

the financial and strategic risks associated with the possibility that the future performance of the respective businesses of DIRECTV and/or the RSN Subsidiaries could exceed Company management's current expectations or the possibility that the businesses of the Company's remaining regional sports networks or other cable networks could be negatively impacted as a result of the transfer of ownership of the RSN Subsidiaries in the Exchange;

the strategic risks associated with agreeing to forego certain opportunities to compete in the business of direct-to-home delivery of video services by satellite in the territories served by DIRECTV and in the regional sports programming business in the territories served by the RSN Subsidiaries; and

Table of Contents

the possibility that the Exchange may not be consummated or may only be consummated after the imposition by governmental entities of restrictive conditions on the Company's business operations following the Exchange;

the following terms contained in the Share Exchange Agreement:

the termination fee provisions which require the Company to pay to Liberty a termination fee of \$300 million in circumstances in which the Share Exchange Agreement is terminated following a Change in Recommendation;

the fact that the votes associated with shares of the Company's Class B Common Stock owned by the Murdoch Interests will be disregarded in connection with determining whether or not the ASX Stockholder Approval has been obtained, and, therefore, the \$300 million termination fee under the Share Exchange Agreement will not become payable absent a Change in Recommendation;

the provisions restricting the Company's actions in connection with third party acquisition proposals for DIRECTV following the termination of the Share Exchange Agreement;

the provisions requiring the Company to agree to certain settlements with potentially adverse impacts on the Company's business operations in connection with obtaining the required regulatory approvals; and

the provisions requiring the Company to hold the Special Meeting and submit the Exchange to the approval of the Company's stockholders, even following a Company Change in Recommendation, unless the Share Exchange Agreement is terminated by Liberty.

Impact on Stockholder Constituencies

As a general matter, the board of directors of the Company noted that the Exchange would result in the elimination of Liberty as a stockholder of the Company, an increase in the aggregate voting power represented by the shares held by the Murdoch Interests from approximately 31% of the Company's aggregate voting power prior to the Exchange to approximately 38% following the Exchange, subject to further increase to approximately 41% if the Company

completes its previously announced stock repurchase program, and an increase in the aggregate voting power of the Company's public stockholders from approximately 49% to approximately 62% after giving effect to the Exchange, subject to a reduction to 59% if the Company completes the stock repurchase program.

With respect to Liberty, the board of directors of the Company identified several positive aspects of the impact of the Exchange. First, by eliminating the stock ownership of Liberty in its entirety, the Exchange would end the distraction and uncertainty which Company management and the board of directors of the Company had identified as a product of Liberty's substantial stock ownership. Also, by eliminating Liberty's stock ownership, the Exchange would have the further positive effect of reducing the possibility of Liberty forming a group with the Murdoch Interests or other substantial stockholders in an effort to exercise control of the Company without providing a control premium to the public stockholders. Despite these positive aspects of the Exchange, the board of directors of the Company also recognized that eliminating Liberty as a potential voting counterweight to the Murdoch Interests in the event that the Murdoch Interests attempted to pursue a course contrary to the interests of the Company's public stockholders could be viewed as a negative aspect of the Exchange. However, the board of directors of the Company found this potentially negative aspect of the Exchange to be substantially mitigated by the fact that the Murdoch Interests have pursued stockholder value enhancing strategies throughout the Company's history and have been the primary source of the strategic vision which has made the Company's success up to this point possible and also by the increase in the aggregate voting power of the Company's public stockholders which would result from the Exchange.

With respect to the Murdoch Interests, the board of directors of the Company noted that there were both positive and negative aspects to the increase in the Murdoch Interests' aggregate voting power as a result of the Exchange. As discussed above, the board of directors of the Company recognized that the Murdoch Interests

Table of Contents

have historically supported sound strategic decision-making at the Company and have sought to enhance value for all of its stockholders. Thus, the board of directors of the Company concluded that, assuming the Murdoch Interests were to follow a similar course with respect to the Company in the future, increasing their ability to pursue their vision through augmenting their voting power could be viewed as a positive aspect of the Exchange. However, the board of directors of the Company recognized that such enhanced voting power could also have negative consequences in the event that the Murdoch Interests were to pursue their own interests to the detriment of the Company's other stockholders, including, for example, by blocking the acquisition of the Company's shares by a third party pursuant to an acquisition proposal that they do not find attractive even if other Company stockholders or the board of directors of the Company have determined it to be in the best interests of the Company's stockholders, as a whole. In addition, following termination of the Amended and Restated Stockholder Rights Plan after consummation of the Exchange (see discussion under "Effects of the Exchange" beginning on page 39), there will be no limitation on the ability of the Murdoch Interests to acquire additional shares of Company voting stock, as the Murdoch Interests are not subject to any contractual restrictions with respect to their acquisition of Company stock. The effect of this enhanced voting power could become even greater in the event that the Company were to eliminate its classified board structure following termination of the Amended and Restated Stockholder Rights Plan. The board of directors ultimately concluded that the impact of the Exchange on the Murdoch Interests was likely, at worst, a neutral factor, in light of the history of the Murdoch Interests' relationship with the Company and the increase in the aggregate ownership of the Company's public stockholders as a result of the Exchange.

Finally, with respect to the Company's public stockholders, the board of directors concluded that the fact that the Exchange would increase the public stockholders' aggregate voting power to well over a majority of the Company's total voting power was a substantial positive aspect of the Exchange. In this regard, the board of directors of the Company noted that the Exchange would enable the public stockholders, by virtue of their collective majority voting power, both in the context of electing directors at Annual Meetings of the Company and in voting upon the approval of specific transactions submitted to stockholders, to function as a potential voting counterweight to future actions by large stockholders, including the Murdoch Interests, which might be harmful to the Company and its other stockholders. The board of directors of the Company further noted, with respect to the Murdoch Interests, that the Murdoch Interests possessed no contractual or other right to appoint or elect directors to the board of directors of the Company other than rights arising from their ownership of the Company's Class B Common Stock which were identical on a per share basis to the rights of the other holders of the Company's Class B Common Stock.

Recommendation

After careful consideration, the board of directors of the Company, by unanimous vote:

has determined that the Share Exchange Agreement and the transactions contemplated thereby, including the Exchange, are advisable, fair to and in the best interests of the Company and its stockholders;

has approved the Share Exchange Agreement, the Exchange and the other transactions contemplated thereby; and

recommends that the holders of the Company's Class B Common Stock vote FOR the approval of the Exchange.

Effects of the Exchange

Effects if the Exchange is Consummated

If the Exchange is consummated in accordance with the terms of the Share Exchange Agreement, Splitco will become a wholly-owned subsidiary of Liberty and the 324,637,067 shares of the Company's Class A Common Stock and 188,000,000 shares of the Company's Class B Common Stock, in each case, owned by the

Table of Contents

Liberty Stockholders will cease to be outstanding. As a result, the voting percentage of existing holders of the Company's Class B Common Stock, including the Murdoch Interests, will increase proportionately. In addition, as a result of the Exchange, the Company will cease to own the following assets, which will be transferred to Splitco in the Company Restructuring: (i) all of the shares of common stock of DIRECTV held by the Company and its subsidiaries, (ii) all ownership interests in the RSN Subsidiaries, and (iii) cash in an amount equal to \$587.5 million, subject to adjustment based on the working capital of the RSN Subsidiaries.

In connection with the solicitation of proxies from Company stockholders for approval of the Amended and Restated Stockholder Rights Plan at the Company's 2006 Annual Meeting, the Company stated that it would eliminate the plan if a favorable resolution were to be reached with Liberty regarding its ownership of the Company's shares. The Company's willingness to take such action was based on the fact that the Company's initial rationale for the adoption of a stockholder rights plan was the threat posed by Liberty's ownership of a substantial block of the Company's shares. Accordingly, in the event that the Exchange is consummated, the Company intends to redeem the rights issued under the Amended and Restated Stockholder Rights Plan. However, pursuant to the terms of the settlement of stockholder litigation relating to the Amended and Restated Stockholder Rights Plan, upon any expiration of the Amended and Restated Stockholder Rights Plan, the Company may adopt subsequent stockholder rights plans after an Interim Period. Following the Interim Period, the Company will have the right to adopt new stockholder rights plans, without stockholder approval, with a duration of up to one year. The expiration of any such stockholder rights plans shall be followed by another Interim Period, during which such stockholder rights plan shall not be rolled over or extended, and no new stockholder rights plan shall be adopted without stockholder approval. Notwithstanding the foregoing, the Company shall have the right to adopt a new stockholder rights plan (or extend an existing stockholder rights plan), with a duration of one year, during any Interim Period, under certain circumstances relating to third party acquisitions of the Company's shares described more fully in the Definitive Proxy Statement on Schedule 14A, filed with the SEC on September 7, 2006.

In addition, the Company has also previously announced that it would consider eliminating its classified board structure if a resolution with Liberty were reached. In the event that, following consummation of the Exchange, the board of directors of the Company determines to eliminate the Company's classified board structure, the ability of stockholders to influence the composition of the board of directors and, thereby, the policies and management of the Company will be enhanced. For instance, as all directors will stand for re-election each year, stockholders of the Company will be able to replace a majority of the board of directors, by means of a proxy contest or otherwise, at each Annual

Meeting. Such ability could facilitate an attempt by a third party to gain control of the Company in connection with a transaction supported by the holders of a majority of the Company's voting power, even if such transaction were opposed by the board of directors of the Company, including Mr. K. R. Murdoch. In addition, the Company's stockholders will have the ability to hold directors accountable by registering their views, on a yearly basis, as to each director's performance as well as their assessment of the board of directors of the Company, as a whole.

Effects if the Exchange is Not Consummated

If the Exchange is not consummated in accordance with the terms of the Share Exchange Agreement, the Company Restructuring will not occur and the Company will retain (i) all of the shares of common stock of DIRECTV held by the Company and its subsidiaries, (ii) all ownership interests in the RSN Subsidiaries, and (iii) the cash that would have otherwise been contributed to Splitco. Also, Liberty will retain all of the shares of the Company's Class A and Class B Common Stock currently held by it. In addition, under specified circumstances, the Company may be required to pay Liberty certain termination fees as described under the caption "The Share Exchange Agreement - Termination Fees." Furthermore, the Company will be subject to certain restrictions on its actions in connection with third party acquisition proposals for DIRECTV for a period of time following the termination of the Share Exchange Agreement. In addition, the standstill obligations of each of Liberty and the Company under the Share Exchange Agreement, and Mr. K. R. Murdoch and Dr. Malone under their respective side letters, will cease to be in effect.

Table of Contents

In addition, the rights issued under the Company's Amended and Restated Stockholder Rights Plan will not be redeemed by the Company, and the rights plan will remain in place until its expiration in 2008, subject to the right of the board of directors of the Company to extend such expiration until 2009, if the situation with Liberty has not, in the judgment of the board of directors of the Company, been resolved. As in the circumstance in which the Exchange is consummated, under the litigation settlement described above, the Company will have the opportunity to adopt subsequent stockholder rights plans with a duration of one year without stockholder approval following an Interim Period as more fully described above under "Effects if the Exchange is Consummated."

Fairness Opinions

Opinion of Goldman, Sachs & Co.

Goldman Sachs rendered its opinion to the board of directors of the Company that, as of December 22, 2006 and based upon and subject to the factors and assumptions set forth therein, the Exchange was fair from a financial point of view to the Company.

The full text of the written opinion of Goldman Sachs, dated December 22, 2006, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement and is incorporated herein by reference. Goldman Sachs provided its opinion for the information and assistance of the board of directors of the Company in connection with its consideration of the Exchange. Goldman Sachs' opinion is not a recommendation as to how any holder of the Company's Class B Common Stock should vote with respect to the Exchange.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

the Share Exchange Agreement;

annual reports to stockholders and Annual Reports on Forms 10-K and 20-F of the Company for the five (5) fiscal years ended June 30, 2006;

annual reports to stockholders and Annual Reports on Form 10-K for DIRECTV for the five (5) fiscal years ended December 31, 2005;

certain interim reports to stockholders and Quarterly Reports on Form 10-Q of the Company and DIRECTV;

certain other communications from the Company and DIRECTV to their respective stockholders; the DIRECTV 2006 Management Plan (as defined in the section entitled DIRECTV 2006 Management Plan; Company Adjusted Business Plans beginning on Page 53)

certain historical financial data and internal financial analyses and forecasts for the RSN Subsidiaries prepared by the management of Fox Entertainment, as reviewed and approved for use in connection with the opinion by the management of the Company; and

certain publicly available research analyst estimates of the future financial performance of the Company and DIRECTV.

Goldman Sachs also held discussions with members of the senior management of the Company regarding their assessment of the strategic rationale for, and the potential benefits of, the Exchange and with members of the senior managements of the Company, DIRECTV and Fox Entertainment regarding their assessment of the past and current business operations, financial condition and future prospects of the Company, DIRECTV and the RSN Subsidiaries. In addition, Goldman Sachs reviewed the reported price and trading activity for the shares of the Company's Class A Common Stock and Class B Common Stock and of DIRECTV Common Stock, compared certain financial and stock market information for the Company and DIRECTV with similar information for certain other companies the securities of which are publicly traded and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

Table of Contents

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting, legal, tax and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering the opinion described above. Goldman Sachs' opinion stated that, as instructed by the board of directors of the Company, Goldman Sachs' review of the future financial performance of the Company was limited to a review of certain publicly available research analyst estimates of the future financial performance of the Company and discussions with the senior management of the Company regarding such estimates, including certain estimates for the Company that the board of directors of the Company instructed Goldman Sachs to adjust and use, as so adjusted, for purposes of rendering its opinion. Goldman Sachs' opinion also stated that, as instructed by the board of directors of the Company, Goldman Sachs also discussed (i) with the senior management of DIRECTV certain research analyst estimates of the future financial performance of DIRECTV and (ii) with the senior management of the Company certain research analyst estimates of the future financial performance of DIRECTV, including certain estimates for DIRECTV which the board of directors of the Company instructed Goldman Sachs to adjust and use, as so adjusted, for purposes of rendering its opinion. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Company, DIRECTV or any of their respective affiliates, including the RSN Subsidiaries, nor was any such evaluation or appraisal furnished to Goldman Sachs. Goldman Sachs also assumed that all governmental, regulatory, tax opinions and rulings and other consents and approvals necessary for the consummation of the Exchange would be obtained without any adverse effect on the Company, DIRECTV or the RSN Subsidiaries or on the expected benefits of the Exchange in any way meaningful to its analysis.

Goldman Sachs' opinion did not address the underlying business decision of the Company to engage in the Exchange, nor did Goldman Sachs express any opinion as to the prices at which shares of the Company's Class A Common Stock or Class B Common Stock or of DIRECTV Common Stock would trade at any time. Goldman Sachs' opinion addressed only the fairness of the Exchange from a financial point of view and Goldman Sachs did not therein opine on any aspect of any other contractual arrangement the Company, DIRECTV or any of their respective affiliates may enter into in connection with the Exchange, including any indemnification, working capital adjustment, non-competition or standstill undertakings in the Share Exchange Agreement or any of the ancillary agreements contemplated by the Share Exchange Agreement. Goldman Sachs' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, December 20, 2006.

The following is a summary of the material financial analyses delivered by Goldman Sachs to the board of directors of the Company in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent the relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before December 20, 2006 and is not necessarily indicative of current market conditions.

Implied Share Price Analysis

DIRECTV. Goldman Sachs reviewed the value per share of DIRECTV Common Stock implied by the Exchange, assuming (i) a value for the RSN Subsidiaries provided by the Company's management (\$552 million) and (ii) a value for shares of the Company's Class A Common Stock and Class B Common Stock being repurchased by the Company from Liberty pursuant to the Exchange based on market prices as of December 20, 2006, in relation to the historical market price of DIRECTV Common Stock.

Table of Contents

This analysis indicated that this implied price per share of DIRECTV Common Stock represented:

a discount of 14.2% based on the market price of \$25.10 per share of DIRECTV Common Stock as of December 20, 2006;

a discount of 8.5% based on the market price of \$23.53 per share of DIRECTV Common Stock as of December 6, 2006, the last trading day prior to the publication of a story about the Exchange in *The New York Times*;

a premium of 8.6% based on the market price of \$19.83 per share of DIRECTV Common Stock as of September 13, 2006, the last trading day prior to initial press speculation regarding DIRECTV's role in a potential transaction between the Company and Liberty;

a premium of 31.3% based on the market price of \$16.41 per share of DIRECTV Common Stock as of July 14, 2006, the last trading day prior to press speculation of a business combination transaction involving DIRECTV and EchoStar Communications Corporation (EchoStar);

a premium of 9.1% based on the latest six-month average market price of \$19.74 per share of DIRECTV Common Stock;

a premium of 20.8% based on the latest twelve-month average market price of \$17.84 per share of DIRECTV Common Stock;

a premium of 30.2% based on the latest three-year average market price of \$16.54 per share of DIRECTV Common Stock;

a discount of 15.5% based on the latest 52-week high market price of \$25.49 per share of DIRECTV Common Stock; and

a premium of 59.8% based on the latest 52-week low market price of \$13.48 per share of DIRECTV Common Stock.

The Company. Goldman Sachs also reviewed the weighted average market price of the Company's Class A Common Stock and Class B Common Stock as of December 20, 2006, calculated based on Liberty's relative holdings (*Weighted Company Price*), in relation to a set of historical *Weighted Company Prices*. This analysis indicated that the *Weighted Company Price* of \$21.92 as of December 20, 2006 represented:

a premium of 3.6% based on the *Weighted Company Price* of \$21.16 per share as of December 6, 2006;

a premium of 15.9% based on the *Weighted Company Price* of \$18.91 as of September 13, 2006;

a premium of 14.9% based on the *Weighted Company Price* of \$19.07 as of July 14, 2006;

a premium of 9.0% based on the latest six-month average *Weighted Company Price* of \$20.11;

a premium of 17.1% based on the latest twelve-month average *Weighted Company Price* of \$18.72;

a premium of 26.5% based on the latest three-year average *Weighted Company Price* of \$17.33;

a discount of 0.9% based on the latest 52-week high *Weighted Company Price* of \$22.11; and

a premium of 40.2% based on the latest 52-week low *Weighted Company Price* of \$15.64.

Discounted Cash Flow Analysis

DIRECTV. Goldman Sachs reviewed certain estimates of future financial performance for fiscal years 2007 and 2008 contained in the *DIRECTV 2006 Management Plan*. As stated in Goldman Sachs's opinion, the management of the Company instructed Goldman Sachs to make certain adjustments to the *DIRECTV 2006 Management Plan* (as adjusted, the *Company Adjusted DIRECTV Estimates*) and to use the *Company Adjusted DIRECTV Estimates*, along with certain publicly available research analyst projections for fiscal years

Table of Contents

2009 and 2010, to perform a discounted cash flow analysis on DIRECTV. Goldman Sachs calculated indications of net present value of the unlevered free cash flow for DIRECTV for fiscal years 2007 through 2010 using discount rates ranging from 9.5% to 13.5%. The analysis was based on terminal value EBITDA multiples ranging from 5.5x to 7.5x estimated 2010 EBITDA. The analysis resulted in illustrative per share value indications ranging from \$17.11 to \$25.41 per share of DIRECTV Common Stock.

The Company. Goldman Sachs performed a discounted cash flow analysis on the Company using certain publicly available research analyst projections for the Company that, as stated in Goldman Sachs' opinion, the management of the Company instructed Goldman Sachs to adjust and use, as so adjusted (the Company Approved Projections). Goldman Sachs calculated indications of net present value of the unlevered free cash flow for the Company for fiscal years 2007 through 2010 using discount rates ranging from 9.0% to 11.0%. The analysis was based on terminal value EBITDA multiples ranging from 7.5x to 11.5x estimated 2010 EBITDA. The analysis resulted in illustrative per share value indications ranging from \$19.80 to \$27.56 per share of the Company's Class A Common Stock and Class B Common Stock.

Pro Forma Analysis. Goldman Sachs prepared illustrative pro forma analyses of the potential financial impact of the Exchange on the Company using the Company Approved Projections and the Company Adjusted DIRECTV Estimates, and certain financial projections for the RSN Subsidiaries for fiscal years 2007 and 2008 provided to Goldman Sachs by the management of Fox Entertainment and reviewed and approved for use in connection with Goldman Sachs' opinion by the management of the Company. For each of fiscal years 2007 and 2008, Goldman Sachs compared the projected earnings per share and free cash flow per share of the Company's Class A Common Stock and Class B Common Stock before the Exchange, to the projected earnings per share and free cash flow per share of the Company's Class A Common Stock and Class B Common Stock after the consummation of the Exchange. Based on such analyses, the proposed Exchange would be accretive to the Company's stockholders on both earnings per share and free cash flow per share bases in fiscal years 2007 and 2008.

Pro Forma Hypothetical Merger Analysis. Goldman Sachs prepared illustrative pro forma analyses of the potential financial impact on a publicly traded telecommunications company of a hypothetical all-stock or 50%-cash-and-50%-stock merger of this company with DIRECTV, using the Company Adjusted DIRECTV Estimates and certain publicly available research analyst estimates of the financial performance of the telecommunications company for fiscal year 2007. Goldman Sachs assumed that the merger would occur on January 1, 2007. For fiscal year 2007, Goldman Sachs compared the projected earnings per share and free cash flow per share of the telecommunications company's common stock, on a

standalone basis, to the projected earnings per share and free cash flow per share of the common stock of the combined company. Goldman Sachs performed this analysis based on the market price of the telecommunications company's common stock and DIRECTV Common Stock as of December 20, 2006. Based on such analyses, both the hypothetical all-stock and cash-and-stock mergers, in the absence of synergies, would be dilutive to the telecommunications company's stockholders on earnings per share and free cash flow per share bases in the above scenarios in fiscal year 2007. Furthermore, based on such analyses and using market prices as of December 20, 2006, if \$500 million of net synergies were immediately realized, these hypothetical mergers would cease to be dilutive to the telecommunications company's stockholders on earnings per share basis in fiscal year 2007 if the market value of the merger consideration (on a pre-tax basis) were \$21.46 per share of DIRECTV Common Stock in the case of the hypothetical all-stock merger, and \$25.68 per share of DIRECTV Common Stock in the case of the hypothetical cash-stock merger.

Leveraged Buyout Analysis. Goldman Sachs performed an illustrative leveraged buyout analysis on DIRECTV using the Company Adjusted DIRECTV Estimates. Goldman Sachs performed a sensitivity analysis on the illustrative leveraged buyout analysis assuming an exit year of 2010 and base leverage of 5.5x estimated 2006 EBITDA. Goldman Sachs assumed, for purposes of this analysis, a purchase price ranging from a discount of 5.0% to a premium of 10.0% over the market price of DIRECTV Common Stock as of December 20, 2006 and a range of estimated exit last 12-month EBITDA multiples of 6.0x to 7.5x for the assumed exit year of 2010, which reflect illustrative implied prices at which a hypothetical financial buyer might sell DIRECTV.

This analysis resulted in illustrative equity returns to a hypothetical financial buyer ranging from negative 4.8% to positive 12.9%.

Table of Contents

Goldman Sachs also performed a sensitivity analysis on the illustrative leveraged buyout analysis assuming an exit year of 2010 and an exit last 12-month EBITDA multiple of 6.5x.

Goldman Sachs assumed, for purposes of this analysis, a purchase price ranging from a discount of 5.0% to a premium of 10.0% over the market price of DIRECTV Common Stock as of December 20, 2006 and a range of base leverage levels of 4.5x to 6.0x based on estimated 2006 EBITDA for the assumed exit year of 2010. This analysis resulted in illustrative equity returns to a hypothetical financial buyer ranging from 2.8% to 10.0%.

Sum-of-the-Parts Analysis. Goldman Sachs prepared an illustrative sum-of-the-parts analysis using the Company's Approved Projections. For each of the Company's consolidated operations, public unconsolidated investments and private unconsolidated assets before and after the consummation of the Exchange, Goldman Sachs calculated low, mid and high implied valuations based on, in the case of the consolidated operations, the Company's Approved Projections, in the case of the private unconsolidated assets, certain publicly available research analyst estimates, and in the case of the public unconsolidated assets, the 90-day average share price for each asset as of December 20, 2006. Total implied value was calculated by adding the implied valuations of the consolidated operations, the public unconsolidated assets and the private unconsolidated assets and subtracting net debt. Goldman Sachs then derived low, mid and high implied values per share before and after the consummation of the Exchange and compared the pre-Exchange and post-Exchange implied values per share to the weighted average share price of the Company's Class A Common Stock and Class B Common Stock as of December 20, 2006. This analysis assumed the valuation of the Company's assets as a going concern and without tax leakage.

The following table presents the results of this analysis:

	Before Exchange			After Exchange		
	Low	Mid	High	Low	Mid	High
Premium to Weighted Average Share Price as of December 20, 2006	5.0%	15.4%	25.7%	6.3%	18.6%	30.8%
Premium to Total Implied Value per Share before Exchange				1.2%	2.8%	4.1%

RSN Subsidiaries. Goldman Sachs performed a discounted cash flow analysis on the RSN Subsidiaries using certain internal financial analyses and forecasts for the RSN

Subsidiaries prepared by the management of Fox Entertainment, as reviewed and approved for use in connection with Goldman Sachs' opinion by the management of the Company. Goldman Sachs calculated indications of net present value of the unlevered free cash flow for the RSN Subsidiaries for the years 2007 through 2013 using discount rates ranging from 12.0% to 16.0%. The analysis was based on terminal value EBITDA multiples ranging from 8.0x to 16.0x estimated 2013 EBITDA. The analysis resulted in illustrative value indications for the RSN Subsidiaries ranging from \$479.5 million to \$1,008.2 million before tax and from \$293.0 million to \$616.0 million after tax, assuming a tax rate of 38.9% provided by the management of the Company.

Goldman Sachs also performed this analysis using an alternative set of forecasts for the RSN Subsidiaries prepared by the management of Fox Entertainment, as reviewed and approved in connection with Goldman Sachs' opinion by the management of the Company. This alternative discounted cash flow analysis resulted in illustrative value indications for the RSN Subsidiaries ranging from \$630.3 million to \$1,337.6 million before tax and from \$385.1 million to \$817.3 million after tax, assuming a tax rate of 38.9% provided by the management of the Company. For purposes of performing its other analyses and rendering its opinion, Goldman Sachs assumed that the value for the RSN Subsidiaries was \$552 million, as provided by the management of the Company.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman

Table of Contents

Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to the Company or DIRECTV or the contemplated Exchange.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs providing its opinion to the board of directors of the Company as to the fairness from a financial point of view to the Company of the Exchange. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold.

Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of the Company, DIRECTV, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The terms of the Exchange were determined through arms -length negotiations between the Company and Liberty and were approved by the board of directors of the Company. Goldman Sachs provided advice to the Company during these negotiations. Goldman Sachs did not, however, recommend any specific terms of the Exchange to the Company or its board of directors or that any specific set of terms constituted the only appropriate set of terms for the Exchange.

As described above, Goldman Sachs opinion to the board of directors of the Company was one of many factors taken into consideration by the board of directors of the Company in making its determination to approve the Share Exchange Agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Annex B to this proxy statement.

Goldman Sachs and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes. Goldman Sachs acted as financial advisor to the Company in connection with, and participated in certain of the negotiations leading to, the Exchange. Goldman Sachs has provided certain investment banking services to the Company and its affiliates from time to time, including having acted as (i) financial advisor to the Company in connection with its reorganization as a Delaware corporation in November 2004, (ii) sole bookrunner in connection with the public offering of the Company's 5.3% Senior Notes due 2014 (aggregate principal amount

\$750,000,000) and the Company's 6.2% Senior Notes due 2034 (aggregate principal amount \$1,000,000,000) in November 2004, (iii) financial advisor to the Company in connection with the acquisition of the publicly held shares of Fox Entertainment, a subsidiary of the Company, in January 2005, (iv) financial advisor to the Company in connection with its acquisition of IGN Entertainment Inc. in September 2005, (v) financial advisor to an affiliate of the Company in connection with its acquisition of easynet Group PLC in October 2005, (vi) financial advisor to the Company in connection with its sale of Sky Radio Ltd. in February 2006, (vii) financial advisor to the Company in connection with its acquisition of a minority stake in John Fairfax Holdings Ltd. in October 2006 and (viii) financial advisor to the Company in connection with its acquisition of Federal Publishing Corp. in December 2006. Goldman Sachs has provided certain investment banking services to Liberty from time to time, including having acted as (i) financial advisor to Liberty in connection with the issuance by Liberty of Liberty Interactive and Liberty Capital tracking stock in 2006, (ii) agent in connection with five total return swaps entered into by Liberty in May 2006 and (iii) agent in connection with Liberty's share repurchase program in May 2006. Goldman Sachs has provided investment banking services to DIRECTV from time to time, including having acted as (i) financial advisor to Hughes Electronic Corp in connection with its sale of a 34% stake of its stock to the Company in April 2003, (ii) financial advisor to DIRECTV in connection with its acquisition of certain assets of Pegasus Communications Corporation in August 2004 and (iii) lead manager in connection with the public offering of 55,000,000 shares of DIRECTV Common Stock in February 2005. Goldman Sachs also may provide investment banking services to the Company, Liberty and DIRECTV and their respective affiliates in the future. In connection with the above-described investment banking services Goldman Sachs has received, and may receive, compensation. In addition, John L. Thornton, a Senior Advisor to Goldman Sachs, is a director of the Company and was a director of DIRECTV during 2004.

Table of Contents

Goldman Sachs is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, risk management, hedging, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, Goldman Sachs and its affiliates may provide such services to the Company, Liberty, DIRECTV and their respective affiliates, may actively trade the debt and equity securities (or related derivative securities) of the Company, Liberty, DIRECTV and their respective affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

The board of directors of the Company selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the Exchange. Pursuant to a letter agreement dated June 8, 2006, the Company engaged Goldman Sachs to act as its financial advisor in connection with the contemplated Exchange. Pursuant to the terms of this engagement letter, the Company has agreed to pay Goldman Sachs a transaction fee of \$20 million, a principal portion of which is payable upon consummation of the Exchange. In addition, the Company has agreed to reimburse Goldman Sachs for its expenses, including attorneys fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

Opinion of JPMorgan

Pursuant to an engagement letter dated December 20, 2006, the Company retained JPMorgan to act as its financial advisor and to deliver a fairness opinion in connection with the Exchange. At the meeting of the board of directors of the Company on December 21, 2006, JPMorgan rendered its written opinion to the board of directors of the Company that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be received by the Company in exchange for the assets of Splitco in the Exchange was fair, from a financial point of view, to the Company. No limitations were imposed by the board of directors of the Company upon JPMorgan with respect to the investigations made or procedures followed by it in rendering its opinion.

The full text of JPMorgan's opinion dated December 21, 2006, which sets forth the assumptions made, matters considered and limits on the review undertaken, is attached as Annex C to this proxy statement and is incorporated herein by reference. The Company's stockholders are urged to read the opinion in its entirety. JPMorgan's opinion is addressed to the board of directors of the Company, is directed only to the consideration to be received by the Company in exchange for the assets of Splitco in the Exchange and does not constitute a recommendation to any holder of the Company's Class B Common Stock as to how such holder should vote with

respect to the Exchange or any other matter. The summary of the opinion of JPMorgan set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion.

In arriving at its opinion, JPMorgan, among other things:

reviewed a draft dated December 16, 2006 of the Share Exchange Agreement;

reviewed certain publicly available business and financial information concerning the Company, DIRECTV, and the RSN Subsidiaries and the industries in which they operate;

compared the financial and operating performance of the Company, DIRECTV and the RSN Subsidiaries with publicly available information concerning certain other companies JPMorgan deemed relevant and reviewed the current and historical market prices of the Company's Class A Common Stock, the Company's Class B Common Stock and DIRECTV Common Stock and certain publicly traded securities of such other companies;

reviewed certain internal financial analyses and estimates for the RSN Subsidiaries prepared by the management of the Company, and certain estimates of future financial performance contained in the DIRECTV 2006 Management Plan;

at the Company's direction, reviewed and discussed with members of management of the Company, certain publicly available research analysts' estimates of the future financial performance of the

Table of Contents

Company and DIRECTV, as well as certain estimates of future financial performance contained in the DIRECTV 2006 Management Plan, and, also at the Company's direction, applied certain adjustments to such estimates for purposes of JPMorgan's use in connection with preparing this opinion (as so adjusted, the Company Approved Estimates); and

performed such other financial studies and analyses and considered such other information as it deemed appropriate for the purposes of its opinion.

JPMorgan held discussions with certain members of the management of the Company and DIRECTV with respect to certain aspects of the Exchange, and the past and current business operations of the Company, DIRECTV and the RSN Subsidiaries, the financial condition and future prospects and operations of the Company, DIRECTV and the RSN Subsidiaries, the effects of the Exchange on the financial condition and future prospects of the Company, DIRECTV and the RSN Subsidiaries, and certain other matters that JPMorgan believed necessary or appropriate to its inquiry.

JPMorgan relied upon and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness of all information that was publicly available or was furnished to or discussed with JPMorgan by the Company and DIRECTV or otherwise reviewed by or for JPMorgan. JPMorgan did not conduct and was not provided with any valuation or appraisal of any assets or liabilities, nor did JPMorgan evaluate the solvency of the Company, DIRECTV or any of their respective affiliates, including the RSN Subsidiaries, under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on the Company Approved Estimates and the other financial analyses and estimates provided to JPMorgan with respect to the RSN Subsidiaries and DIRECTV, JPMorgan assumed that they were reasonable based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Company, the RSN Subsidiaries and DIRECTV to which such Company Approved Estimates or other analyses or estimates relate. JPMorgan expressed no view as to such Company Approved Estimates or other analyses or estimates or the assumptions on which they were based. JPMorgan also assumed that the Exchange would qualify as a tax-free exchange for United States federal income tax purposes, and that the definitive Share Exchange Agreement would not differ in any material respects from the draft thereof furnished to JPMorgan. JPMorgan also assumed that the representations and warranties made by the Company and Liberty in the Share Exchange Agreement and the related agreements were and would be true and correct in all ways material to JPMorgan's analysis, that the Company would have no exposure under any indemnification obligations contained within the Share Exchange Agreement or the related agreements in any amount material to JPMorgan's analysis and that the cash amount included in the assets of

Splitco would not be adjusted in any way that would be material to JPMorgan's analysis. JPMorgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to the Company with respect to such issues. JPMorgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Exchange would be obtained without any adverse effect on the Company, DIRECTV or the RSN Subsidiaries or on the contemplated benefits of the Exchange.

JPMorgan's opinion stated that the internal financial analyses and estimates furnished to JPMorgan for the RSN Subsidiaries and the DIRECTV 2006 Management Plan were prepared by the managements of the Company and DIRECTV, respectively, and the Company Approved Estimates were adjusted by JPMorgan at the direction of the Company. Neither the Company nor DIRECTV publicly discloses internal analyses, estimates or business plans of the type provided to JPMorgan in connection with JPMorgan's analysis of the Exchange, and such materials were not prepared with a view toward public disclosure. These analyses, estimates and business plans were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of management, including, without limitation, factors related to general economic and competitive conditions and prevailing interest rates. Accordingly, actual results could vary significantly from those set forth in such materials.

JPMorgan's opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to JPMorgan as of, the date of its opinion. Subsequent developments may affect the opinion and JPMorgan does not have any obligation to update, revise, or reaffirm the opinion. JPMorgan's

Table of Contents

opinion was limited to the fairness, from a financial point of view, of the consideration to be received by the Company in exchange for the assets of Splitco in the Exchange, and JPMorgan has expressed no opinion as to the fairness of the Exchange to the holders of any class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the Exchange, nor has JPMorgan expressed any opinion as to any aspect of any other contractual arrangement the Company, DIRECTV or any of their respective affiliates may enter into in connection with the Exchange, including any non-competition or standstill undertakings in the Share Exchange Agreement or any of the ancillary agreements contemplated by the Share Exchange Agreement. JPMorgan expressed no opinion as to the price at which the Company's Class A Common Stock, the Company's Class B Common Stock or DIRECTV Common Stock would trade at any future time, whether before or after the closing of the Exchange.

JPMorgan was not authorized to and did not solicit any expressions of interest from any other parties with respect to the sale of all or any part of Splitco or any of its assets, any other repurchase of the shares of Company's Class A Common Stock and Class B Common Stock or any other alternative transaction.

In accordance with customary investment banking practice, JPMorgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses utilized by JPMorgan in connection with providing its opinion.

Intrinsic-Value Analysis

JPMorgan compared the value of the consideration to be received by the Company (i.e. the shares of the Company's Class A Common Stock and the Company's Class B Common Stock) and the value of the assets of Splitco exchanged with Liberty (i.e. the shares of DIRECTV Common Stock, the RSN Subsidiaries and cash). In completing this analysis, JPMorgan used the methodologies described below to determine the per share equity reference ranges for Company's Class A Common Stock and Class B Common Stock and DIRECTV Common Stock, and assumed a \$550 million value for the RSN Subsidiaries and \$550 million in cash. A table comparing the consideration to be received by the Company and the value of the assets of Splitco is detailed below. JPMorgan noted the net benefit accruing to the Company based on its intrinsic value analysis was \$854 million to \$2,645 million.

**Wall Street
Research
Based Intrinsic-Value
Analysis**

JPMorgan Intrinsic-Value Analysis

**\$ millions, except
per share
numbers**

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	Morgan Stanley	Average of all estimates	Multiples Low	Multiples High	Discounted Cash Flow Low	Discounted Cash Flow High
Blended price per share of the Company's Class A Stock and the Company's Class B Stock	\$ 24.00	\$ 23.83	\$ 24.00	\$ 29.00	\$ 25.00	\$ 33.00
Company shares retired	512.6	512.6	512.6	512.6	512.6	512.6
Value received by Company	\$ 12,303	\$ 12,218	\$ 12,303	\$ 14,866	\$ 12,816	\$ 16,917
Price per share of DIRECTV Common Stock	\$ 22.00	\$ 24.00	\$ 22.00	\$ 24.00	\$ 21.00	\$ 28.00
Shares of DIRECTV Common Stock received	470.4	470.4	470.4	470.4	470.4	470.4
Value of RSN Subsidiaries and cash	\$ 10,349	\$ 11,290	\$ 10,349	\$ 11,290	\$ 9,879	\$ 13,172
Value exchanged by Company	\$ 11,449	\$ 12,390	\$ 11,449	\$ 12,390	\$ 10,979	\$ 14,272
Net benefit/(deficit) to Company	\$ 854	\$ (172)	\$ 854	\$ 2,476	\$ 1,837	\$ 2,645

Table of Contents*Wall Street Research Based Intrinsic-Value Analysis*

JPMorgan reviewed certain publicly available research analyst target prices for each of the Company and DIRECTV.

Specifically, research analyst reports selected for the Company and DIRECTV were prepared by firms that cover both companies and included Morgan Stanley, Banc of America, Lehman Brothers, UBS, Deutsche Bank, and Citigroup. The average of the selected target prices was \$24.00 for DIRECTV and \$23.83 for the Company.

Individual prices are detailed in the table below.

	Target	Target
	DIRECTV	Company Class A
	Common Stock	Common Stock
Broker	price	price
Morgan Stanley	\$ 22.00	\$ 24.00
Banc of America	25.00	24.00
Lehman Brothers	23.00	24.00
UBS	24.00	25.00
Deutsche Bank	30.00	24.00
Citigroup	20.00	22.00
Mean	\$ 24.00	\$ 23.83

JPMorgan Intrinsic-Value Analysis

Based on publicly available information, the Company Approved Estimates and market data as of December 20, 2006, JPMorgan performed multiples-based and discounted cash flow-based analyses for the purpose of determining per share equity reference ranges for the Company and DIRECTV.

Multiples Analysis

JPMorgan conducted an analysis based on multiples derived from publicly available information on the subscriber base and EBITDA of EchoStar, a publicly traded company engaged in a business that JPMorgan judged to be analogous to DIRECTV's business. Based on the number of EchoStar's subscribers and the total market value of EchoStar's outstanding shares as of December 20, 2006, plus the book value of debt and minority interests, less cash and cash equivalents, JPMorgan derived multiples of \$1,670 per EchoStar subscriber as of December 20, 2006, and \$1,542 per

EchoStar subscriber based on publicly available 2007 estimates by research analysts, and applied these multiples to the corresponding numbers of DIRECTV U.S. subscribers to calculate the value of DIRECTV U.S. Based on this analysis,

JPMorgan derived implied equity values per share of DIRECTV Common Stock of between \$22.07 and \$22.61.

JPMorgan also calculated multiples of 8.9x for EchoStar's estimated EBITDA in 2006 and 7.2x for EchoStar's estimated

EBITDA in 2007 based on publicly available research analyst reports, and applied these multiples to the corresponding 2006 and 2007 EBITDA estimates for DIRECTV U.S. to calculate the value of DIRECTV U.S. Based on this analysis, JPMorgan derived implied equity values per share of DIRECTV Common Stock of between \$22.72 and \$23.68. On this basis, JPMorgan used a reference range for its multiples-based analysis of \$22.00 to \$24.00 per share of DIRECTV Common Stock.

For the Company, JPMorgan reviewed the publicly available financial data for selected publicly held companies in businesses similar to the Company's following asset categories: Newspapers, Magazines and Inserts, Television Broadcasting, Cable, Filmed Entertainment, Publishing, Internet and European Direct Broadcast Satellite (DBS). The companies selected by JPMorgan for the purpose of this analysis are listed in the table below.

		Segment				
Newspapers	Magazines & Inserts	Filmed Entertainment	Internet	Cable	Television Broadcast	Publishing
Daily Mail	Harte-Hanks	Dreamworks	Google	Viacom	Gray TV	Thomson
Johnston	Valassis	Lions Gate	Yahoo	Discovery	LIN TV	Scholastic
Trinity Mirror	Catalina Marketing				Hearst -Argyle	McGraw-Hill
APN					Sinclair	John Wiley
Fairfax						
West						

Table of Contents

Among other things, JPMorgan reviewed enterprise values, calculated as fully diluted equity value, plus the book value of debt and minority interests, less cash and cash equivalents, as a multiple of calendar year 2007 estimated EBITDA.

JPMorgan then used a reference range based on the 2007 estimated EBITDA multiple for the selected companies to derive low and high implied valuations of each of the asset categories except Sky Italia, for which JPMorgan used the 2008 estimated EBITDA multiple. In addition, the implied valuation of Fox Interactive Media was calculated using the 2007 revenue multiple, and News Out of Home BV was valued using an estimate based on the Company's recent 25% acquisition. JPMorgan used market prices as of December 20, 2006 to value the Company's public investments, except that the Company's investment in DIRECTV was valued using the range derived from JPMorgan's multiples analysis for DIRECTV. Research analyst estimates were used to value the Company's private investments. JPMorgan then summed the resulting valuations, subtracted the book value of the Company's net debt as of September 30, 2006 (adjusted for NDS and Fairfax) and derived a range of implied equity values per share of Company stock from a low of \$24.32 to a high of \$28.86. Based on this analysis, JPMorgan used a reference range for its multiples-based analysis of \$24.00 to \$29.00 per share of Company stock.

Discounted Cash Flow Analysis

JPMorgan conducted a discounted cash flow analysis for DIRECTV and each of the Company's asset categories. JPMorgan calculated the unlevered free cash flows expected to be generated during fiscal years 2007 through 2017 using the Company Approved Estimates through fiscal year 2010 and extrapolated by JPMorgan through fiscal year 2017. JPMorgan also calculated a range of terminal asset values at the end of the 10-year period ending 2017 by applying a terminal growth rate to the final year of the 10-year period. The unlevered free cash flows and the range of terminal asset values were then discounted to present values using a range of discount rates, which were chosen by JPMorgan based upon an analysis of the weighted average cost of capital of each of the Company and DIRECTV.

For DIRECTV, JPMorgan applied a terminal growth rate ranging from 1% to 3% of the unlevered free cash flows and used a range of discount rates from 8.0% to 8.5%. The present value of the unlevered free cash flows and the range of terminal asset values were then adjusted for DIRECTV's cash and total debt as of September 30, 2006 and divided by the full diluted share count on a treasury method basis. The discounted cash flow analysis indicated a range of equity values of between \$21.30 and \$28.04 per share of DIRECTV Common Stock. Based on this analysis, JPMorgan used a reference range for its discounted cash flow analysis of \$21.00 to \$28.00 per share of DIRECTV Common Stock.

For the Company, JPMorgan applied terminal growth rates ranging from 1.0% to 4.0% depending on the asset, and a range of discount rates from 7.5% to 9.0% depending on the asset. Fox Interactive Media, News Out of Home BV and the Company's public and private investments were valued in the same manner as described under the Multiples Analysis. JPMorgan then summed the resulting valuations, subtracted the book value of the Company's net debt as of September 30, 2006 (adjusted for NDS and Fairfax) and derived a range of implied equity values per share of Company stock from a low of \$24.53 to a high of \$32.67. Based on this analysis, JPMorgan used a reference range for its discounted cash flow analysis of \$25.00 to \$33.00 per share of Company stock.

Pro Forma Impact Analysis

JPMorgan prepared a pro forma analysis of the potential financial impact of the Exchange on the Company based on the Company Approved Estimates. For the fiscal year 2008, JPMorgan compared the estimated earnings per share and free cash flow per share of Company stock before the Exchange, to the estimated earnings per share and free cash flow per share of Company stock after the consummation of the Exchange. Based on this analysis, the proposed Exchange would be accretive to the Company's stockholders on earnings per share and free cash flow per share basis in the fiscal year 2008 by 8.4% and 17.6%, respectively.

Table of Contents*Market-Based Analysis*

In addition to the analyses above, JPMorgan compared the value of the consideration to be received by the Company (i.e. the shares of Company's Class A Common Stock and Class B Common Stock) and the value of the assets of Splitco exchanged with Liberty (i.e. the shares of DIRECTV Common Stock, the RSN Subsidiaries and cash) based on market prices for Company stock and DIRECTV Common Stock, and assumed a \$550 million value for the RSN Subsidiaries and \$550 million in cash. JPMorgan noted that given the recent volatility in the price of DIRECTV Common Stock, an outlook period including 12-month averages was appropriate for this analysis. A table comparing the consideration to be received by the Company and the value of the assets of Splitco is detailed below.

	Time horizon for comparison of Benefit/(Deficit) to Company of exchange				
	\$ millions, except per share numbers	1-month share price at 12/20/06	1-month share price average	3-month share price average	12-month share price average
Blended price per share of Company Class A Common Stock and Class B Common Stock					
Company shares retired		512.6	512.6	512.6	512.6
Value received by Company	\$ 11,237	\$ 10,973	\$ 10,766	\$ 10,312	\$ 9,598
Price per share of DIRECTV Common Stock	\$ 25.10	\$ 23.68	\$ 21.90	\$ 19.74	\$ 17.84
Shares of DIRECTV Common Stock	470.4	470.4	470.4	470.4	470.4
Value of RSN Subsidiaries and cash	\$ 11,808	\$ 11,141	\$ 10,302	\$ 9,284	\$ 8,390
Value exchanged by Company	\$ 12,908	\$ 12,241	\$ 11,402	\$ 10,384	\$ 9,490
Net benefit/(deficit) to Company	\$ (1,670)	\$ (1,268)	\$ (636)	\$ (73)	\$ 107

RSN Subsidiaries. Using the 2006, 2007 and 2008 EBITDA estimates for the RSN Subsidiaries and the assumed value of the RSN Subsidiaries, both furnished to JPMorgan by the management of the Company, JPMorgan calculated that the implied EBITDA multiple for the RSN Subsidiaries was

19.5x for 2006, 15.8x for 2007 and 13.3x for 2008. JPMorgan then compared these implied EBITDA multiples for the RSN Subsidiaries to the range of 10x to 14x 2007 EBITDA multiples at which Discovery and Viacom trade. For purposes of performing its analyses and rendering its opinion, JPMorgan assumed that the value of the RSN Subsidiaries was \$550 million, as provided by the management of the Company.

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by JPMorgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description.

JPMorgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, JPMorgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, JPMorgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors.

Accordingly, forecasts and analyses used or made by JPMorgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, JPMorgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. EchoStar is not identical to DIRECTV, but it was chosen because it is a publicly traded company with operations and businesses that, for purposes of JPMorgan's analysis, may be considered similar to those of DIRECTV. In addition, Discovery Holding Co. (Discovery) and Viacom Inc. (Viacom) are not identical to the RSN Subsidiaries, but they were chosen because they are publicly traded companies with operations and businesses

Table of Contents

that, for purposes of JPMorgan's analysis, may be considered similar to those of the RSN Subsidiaries. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of EchoStar and DIRECTV, and of Discovery and Viacom and the RSN Subsidiaries, and other factors that could affect these companies.

As a part of its investment banking business, JPMorgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. JPMorgan was selected to advise the Company and to deliver an opinion to the board of directors of the Company with respect to the Exchange on the basis of such experience and its familiarity with the Company.

JPMorgan has acted as financial advisor to the Company with respect to the proposed Exchange and will receive a transaction fee of \$5 million from the Company for its services if the proposed Exchange is consummated. In addition, the Company has agreed to indemnify JPMorgan for certain liabilities arising out of its engagement. In the past, JPMorgan and its affiliates have performed a variety of investment banking and commercial banking services for each of the Company, DIRECTV and Liberty and their respective affiliates, all for customary compensation. Specifically, such services for the Company and its subsidiaries have included acting as financial advisor to the Company in connection with its exchange offer for the 17.9% publicly-held interest in Fox Entertainment in January 2005, acting as financial advisor to the Company in connection with its acquisition of Intermix Media in July 2005, and acting as joint bookrunner for a bond offering for the Company's affiliate, British Sky Broadcasting plc, in September 2005. Such services for DIRECTV and its affiliates have included acting as lead arranger and bookrunner for a credit facility for DIRECTV's then subsidiary, Hughes Network Systems, in May 2005, acting as syndication agent and co-lead arranger for a secured credit facility for DIRECTV in April 2005, and acting as a co-manager of an offering of Common Stock of DIRECTV in February 2005. Such services for Liberty and its affiliates have included acting as agent bank in connection with certain unsecured credit facilities of Liberty's subsidiary, QVC, in March 2006. In addition, JPMorgan and its affiliates have performed a variety of investment banking and commercial banking services for Liberty Global, Inc. (LGI), a separate publicly-traded company of which Dr. John Malone, chairman of the board of directors and significant stockholder of Liberty, is the chairman of the board of directors and significant stockholder. Such services for LGI and its affiliates have included acting as joint bookrunner in connection with the initial public offering of common equity of Telenet in October 2005, acting as financial advisor and financing arranger for LGI, in connection with its acquisition

of Cablecom Holdings AG in September, 2005, acting as financial advisor to LGI in connection with the sale of its 22% stake in SBS Broadcasting in August 2005, and acting as joint bookrunner on a eurobond offering by LGI's affiliate, UPC Holding, in July 2005. JPMorgan also acted as financial advisor to the Company in connection with its acquisition of its stake in DIRECTV in 2003. In addition, Sir Rod Eddington, a Managing Director and Non-Executive Chairman of one of JPMorgan's affiliates, is a director of the Company.

JPMorgan and its affiliates maintain banking and other business relationships with the Company and its affiliates, for which they receive customary fees. In the ordinary course of their businesses, JPMorgan and its affiliates may actively trade the debt and equity securities of the Company, DIRECTV or Liberty for their own accounts or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities.

**DIRECTV 2006 Management Plan; Company Adjusted
DIRECTV Business Plans**

In connection with their due diligence investigation of DIRECTV, Liberty and its financial advisors requested, and were provided with, certain non-public information regarding DIRECTV, including a DIRECTV internal financial plan for 2006 (and, assuming realization of such 2006 plan, the resulting internal estimates for 2007 and 2008), which was prepared in the ordinary course by DIRECTV management solely for internal planning purposes and previously provided to DIRECTV's Board of Directors in April 2006 (DIRECTV 2006

Table of Contents

Management Plan). The DIRECTV 2006 Management Plan was provided, on a confidential basis, to Liberty and its financial advisors, and to the Company's financial advisors, in late August 2006. DIRECTV did not update the DIRECTV 2006 Management Plan prior to providing it to such third parties, and the DIRECTV 2006 Management Plan does not take into account any circumstances or events occurring after the date such plan was prepared. In providing the DIRECTV 2006 Management Plan, DIRECTV management did not intend that the information included in such plan would be made publicly available, nor did DIRECTV management intend for the information in such plan to be considered by any party, including Liberty and the Company, with regard to an investment decision concerning DIRECTV. At the time, DIRECTV management indicated that neither Liberty and its advisors, nor the Company and its advisors, should rely on such information, since actual results for periods in 2006 were available when the DIRECTV 2006 Management Plan was provided and such results were, in some respects, different than the anticipated results reflected in the DIRECTV 2006 Management Plan. Such differences in actual results, as well as many other factors, would necessarily affect anticipated future results. DIRECTV management also indicated, both to Liberty and its financial advisors and to the Company and its financial advisors, that each of the parties should consider any publicly-available information, including public equity research and other industry analyses, as well as their respective management experience in media and pay-television businesses in considering the information provided by DIRECTV.

We have included the information from the DIRECTV 2006 Management Plan set forth below to give our stockholders access to certain nonpublic, forward-looking financial information which was provided to, and may or may not have been considered by, Liberty and its financial advisors, and by the Company and its financial advisors, prior to the public announcement of the Exchange. At the time it was provided, the DIRECTV 2006 Management Plan included non-public, forward-looking information. Considering that the Special Meeting will be held approximately one year after the date the DIRECTV 2006 Management Plan was prepared, as well as the uncertainties inherent in any budgeted or forecasted information, the readers of this proxy statement are cautioned not to place any undue reliance on any of the information set forth below. The information set forth below is subject to the qualifications and cautionary notes regarding such information which are set forth below.

The approximate amounts shown in the DIRECTV 2006 Management Plan for each of 2006, 2007 and 2008 for revenues, operating profit before depreciation and amortization (OPBDA) and net income of DIRECTV were as follows:

	2006	2007	2008
	(in billions)		
Revenues	\$ 14.96	\$ 16.81	\$ 18.46
OPBDA	3.13	4.24	5.14
Net Income	1.19	1.45	1.77

DIRECTV has now publicly announced its unaudited financial results for fiscal year 2006, including the following approximate amounts: revenues \$14.76 billion; OPBDA \$3.39 billion; and net income \$1.42 billion. DIRECTV has also publicly issued guidance for 2007, but such guidance does not include information regarding anticipated revenues, OPBDA or net income of DIRECTV for 2007 or any other ye