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ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On December 22, 2006, News Corporation (the "Company") announced that it had signed a share exchange agreement (the "Share Exchange Agreement") with Liberty Media Corporation ("Liberty"). Under the terms of the transaction, Liberty will exchange its entire 16.3 percent economic position (324.6 million shares and 188 million shares of the Company's Class A common stock and Class B common stock, respectively) for 100% of a News Corporation subsidiary ("Splitco"), whose holdings will consist of a 38.4 percent interest (470.4 million shares) in The DIRECTV Group, Inc. ("DTV"), three of the Company's Regional Sports Networks (FSN Northwest, FSN Pittsburgh and FSN Rocky Mountain (the "RSNs")) and \$550 million in cash, subject to adjustment based on the closing date net working capital of the RSNs as provided in the Share Exchange Agreement.

The transaction is subject to customary closing conditions, including, among other things, regulatory approvals, the receipt of a ruling from the Internal Revenue Service, approval by the affirmative vote of a majority of the Company's Class B common stock, other than the shares owned by Liberty, in accordance with the Australian Stock Exchange listing rules, approval by the affirmative vote of a majority of the Company's Class B common stock, other than the shares owned by the Murdoch Interests and Liberty and the absence of a material adverse effect on Splitco. If approved the transaction is expected to be completed in the second half of calendar 2007.

The Share Exchange Agreement provides that, upon termination under specified circumstances, including upon the failure to obtain the required shareholder vote under circumstances in which the votes associated with the shares of Class B common stock held by each of the Murdoch Interests and Liberty are not counted in determining whether such vote has been achieved, the Company would be required to pay Liberty a termination fee of \$100 million. The Share Exchange Agreement provides for the payment of a \$300 million termination fee under other specified circumstances, including a change in the Company Board of Directors' recommendation of the transaction.

The Company has agreed to provide certain services to the RSNs after the closing and to certain restrictions on participating in a competing business in the territories of the RSNs. The Company has also agreed to certain restrictions after closing on participating in a business that provides direct-to-home delivery of video services by satellite in North or South America where such business was operated by DTV prior to the closing of the transaction.

Each of the Company and Liberty has generally agreed to indemnify the other for breaches of its representations, warranties, covenants and agreements under the Share Exchange Agreement, subject to certain limitations.

The foregoing description of the transaction does not purport to be complete and is qualified in its entirety by reference to the Share Exchange Agreement, a tax matters agreement between the parties and the Company's press release relating to the transaction, which are filed as Exhibits 2.1, 2.2 and 99.1, respectively, to this report and are incorporated herein by reference.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

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| Exhibit Number ----- | Description ----- |
|----------------------------|---|
| 2.1 | Share Exchange Agreement, dated December 22, 2006, by and between News Corporation and Liberty Media Corporation. |
| 2.2 | Tax Matters Agreement, dated December 22, 2006, by and between News Corporation and Liberty Media Corporation. |
| 99.1 | Press release of News Corporation dated December 22, 2006. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NEWS CORPORATION
(REGISTRANT)

By: /s/ Lawrence A. Jacobs

Lawrence A. Jacobs
Senior Executive Vice President
and Group General Counsel

Dated: December 26, 2006

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