NEWS CORP
Form 10-Q
May 10, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2013**

or

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to**

Commission file number 001-32352

NEWS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	**26-0075658**
(State or Other Jurisdiction	**(I.R.S. Employer**

of Incorporation or Organization)	**Identification No.)**
1211 Avenue of the Americas, New York, New York	**10036**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant s telephone number, including area code (212) 852-7000

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of May 6, 2013, 1,516,022,059 shares of Class A Common Stock, par value $0.01 per share, and 798,520,953 shares of Class B Common Stock, par value $0.01 per share, were outstanding.

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NEWS CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	For the three months ended March 31,		For the nine months ended March 31,	
	2013	2012	2013	2012
Revenues	$ 9,538	$ 8,402	$ 27,099	$ 25,336
Operating expenses	(6,114)	(5,216)	(16,831)	(15,552)
Selling, general and administrative	(1,705)	(1,580)	(4,981)	(4,721)
Depreciation and amortization	(357)	(294)	(967)	(869)
Impairment and restructuring charges	(56)	(27)	(273)	(154)
Equity earnings of affiliates	157	204	521	467
Interest expense, net	(276)	(258)	(809)	(773)
Interest income	32	26	100	91
Other, net	2,431	27	5,206	22
Income before income tax expense	3,650	1,284	9,065	3,847
Income tax expense	(741)	(281)	(1,402)	(931)
Net Income	2,909	1,003	7,663	2,916
Less: Net income attributable to noncontrolling interests	(55)	(66)	(195)	(184)
Net income attributable to News Corporation stockholders	$ 2,854	$ 937	$ 7,468	$ 2,732
Weighted average shares:				
Basic	2,324	2,468	2,344	2,527
Diluted	2,330	2,475	2,348	2,534
Net income attributable to News Corporation stockholders per share:				
Basic	$ 1.23	$ 0.38	$ 3.19	$ 1.08
Diluted	$ 1.22	$ 0.38	$ 3.18	$ 1.08

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(IN MILLIONS)

	For the three months ended March 31, 2013	For the three months ended March 31, 2012	For the nine months ended March 31, 2013	For the nine months ended March 31, 2012
Net income	$ 2,909	$ 1,003	$ 7,663	$ 2,916
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(433)	361	(152)	(659)
Unrealized holding (losses) gains on securities	(27)	53	(25)	(30)
Benefit plan adjustments	13		41	18
Other comprehensive (loss) income	(447)	414	(136)	(671)
Comprehensive income	2,462	1,417	7,527	2,245
Less: Net income attributable to noncontrolling interests[a]	(55)	(66)	(195)	(184)
Less: Other comprehensive income attributable to noncontrolling interests			(2)	4
Comprehensive income attributable to News Corporation stockholders	$ 2,407	$ 1,351	$ 7,330	$ 2,065

[a] Net income attributable to noncontrolling interests includes $26 million and $21 million for the three months ended March 31, 2013 and 2012, respectively, and $74 million and $55 million for the nine months ended March 31, 2013 and 2012, respectively, relating to redeemable noncontrolling interests.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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CONSOLIDATED BALANCE SHEETS

(IN MILLIONS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	As of March 31, 2013 (unaudited)	As of June 30, 2012 (audited)
Assets:		
Current assets:		
Cash and cash equivalents	$ 9,324	$ 9,626
Receivables, net	7,136	6,608
Inventories, net	3,476	2,595
Other	857	619
Total current assets	20,793	19,448
Non-current assets:		
Receivables	431	387
Investments	6,622	4,968
Inventories, net	5,002	4,596
Property, plant and equipment, net	5,984	5,814
Intangible assets, net	8,331	7,133
Goodwill	20,139	13,174
Other non-current assets	1,188	1,143
Total assets	$ 68,490	$ 56,663
Liabilities and Equity:		
Current liabilities:		
Borrowings	$ 157	$ 273
Accounts payable, accrued expenses and other current liabilities	6,030	5,405
Participations, residuals and royalties payable	1,915	1,691
Program rights payable	1,776	1,368
Deferred revenue	1,175	880
Total current liabilities	11,053	9,617
Non-current liabilities:		
Borrowings	16,317	15,182
Other liabilities	4,279	3,650
Deferred income taxes	2,947	2,388
Redeemable noncontrolling interests	645	641
Commitments and contingencies		
Equity:		
Class A common stock[(a)]	15	15
Class B common stock[(b)]	8	8
Additional paid-in capital	15,902	16,140
Retained earnings and accumulated other comprehensive income	14,139	8,521
Total News Corporation stockholders equity	30,064	24,684
Noncontrolling interests	3,185	501

Total equity		33,249		25,185
Total liabilities and equity	$	68,490	$	56,663

(a) **Class A common stock,** $0.01 par value per share, 6,000,000,000 shares authorized, 1,521,003,250 shares and 1,584,519,372 shares issued and outstanding, net of 1,775,907,212 and 1,775,983,637 treasury shares at par at March 31, 2013 and June 30, 2012, respectively.

(b) **Class B common stock,** $0.01 par value per share, 3,000,000,000 shares authorized, 798,520,953 shares issued and outstanding, net of 313,721,702 treasury shares at par at March 31, 2013 and June 30, 2012, respectively.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN MILLIONS)

	For the nine months ended March 31,	
	2013	**2012**
Operating activities:		
Net income	$ 7,663	$ 2,916
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	967	869
Amortization of cable distribution investments	67	69
Equity earnings of affiliates	(521)	(467)
Cash distributions received from affiliates	311	313
Impairment charges	35	10
Other, net	(5,206)	(22)
Change in operating assets and liabilities, net of acquisitions:		
Receivables and other assets	(295)	(551)
Inventories, net	(1,043)	(577)
Accounts payable and other liabilities	785	161
Net cash provided by operating activities	2,763	2,721
Investing activities:		
Property, plant and equipment, net of acquisitions	(627)	(651)
Acquisitions, net of cash acquired	(2,746)	(532)
Investments in equity affiliates	(618)	(14)
Other investments	(63)	(198)
Proceeds from dispositions	2,670	408
Net cash used in investing activities	(1,384)	(987)
Financing activities:		
Borrowings	1,277	
Repayment of borrowings	(989)	(32)
Issuance of shares	170	87
Repurchase of shares	(1,834)	(3,294)
Dividends paid	(384)	(323)
Purchase of subsidiary shares from noncontrolling interests	(9)	
Other, net	70	
Net cash used in financing activities	(1,699)	(3,562)
Net decrease in cash and cash equivalents	(320)	(1,828)
Cash and cash equivalents, beginning of year	9,626	12,680
Exchange movement on opening cash balance	18	(166)
Cash and cash equivalents, end of year	$ 9,324	$ 10,686

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

News Corporation, a Delaware corporation, with its subsidiaries (together, News Corporation or the Company), is a diversified global media company, which manages and reports its businesses in six segments: Cable Network Programming, Filmed Entertainment, Television, Direct Broadcast Satellite Television, Publishing and Other.

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting only of normal recurring adjustments necessary for a fair presentation have been reflected in these unaudited consolidated financial statements. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2013.

These interim unaudited consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 2012 as filed with the Securities and Exchange Commission (SEC) on August 14, 2012 and as amended on October 1, 2012 (the 2012 Form 10-K).

The consolidated financial statements include the accounts of News Corporation and its subsidiaries. Intercompany transactions and balances have been eliminated. Equity investments in which the Company exercises significant influence but does not exercise control and is not the primary beneficiary are accounted for using the equity method. Investments in which the Company is not able to exercise significant influence over the investee are designated as available-for-sale if readily determinable fair values are available. If an investment s fair value is not readily determinable, the Company accounts for its investment under the cost method.

The Company evaluates whether a News Corporation entity or interest is a variable interest entity (VIE) and whether the Company is the primary beneficiary. Consolidation is required if both of these criteria are met. The Company s majority owned subsidiary, Sky Deutschland AG (Sky Deutschland) is considered a VIE. (See Note 6 Investments)

The Company owns a 34% interest in Hulu LLC (Hulu) which is considered a VIE. The Company s risk of loss related to this investment is $115 million, the portion of Hulu s debt that it guarantees. (See Note 13 Commitments and Contingencies)

The Company also has an investment in a VIE that it consolidates; however, the assets, liabilities, net income and cash flows attributable to this entity were not material to the Company in any of the periods presented.

The preparation of consolidated financial statements in conformity with GAAP requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

The Company s fiscal year ends on the Sunday closest to June 30. Fiscal 2013 and fiscal 2012 include 52 weeks. All references to March 31, 2013 and March 31, 2012 relate to the three and nine months ended March 31, 2013 and April 1, 2012, respectively. For convenience purposes, the Company continues to date its financial statements as of March 31.

Certain fiscal 2012 amounts have been reclassified to conform to the fiscal 2013 presentation.

Recently Adopted and Recently Issued Accounting Guidance

Adopted

In the first quarter of fiscal 2013, the Company adopted Accounting Standards Update (ASU) 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income, (ASU 2011-05) which requires an entity to present total comprehensive income, the components of net income and the components of other comprehensive income in either a single continuous statement of comprehensive income or in two separate but consecutive statements. The adoption of ASU 2011-05 resulted in two separate but consecutive statements.

In the first quarter of fiscal 2013, the Company adopted ASU 2011-08, Intangibles Goodwill and Other (Topic 350): Testing Goodwill for Impairment (ASU 2011-08). Under ASU 2011-08 the Company has the option to make a qualitative assessment of

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

whether it is more likely than not that a reporting unit s fair value is less than its carrying value before applying the two-step goodwill impairment model that is currently in place. If it is determined through the qualitative assessment that a reporting unit s fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary.

In the second quarter of fiscal 2013, the Company adopted ASU 2012-07, Accounting for Fair Value Information That Arises after the Measurement Date and Its Inclusion in the Impairment Analysis of Unamortized Film Costs (ASU 2012-07), which would have the effect of incorporating into the fair value measurement used for the impairment analysis of unamortized film costs only information that is known or knowable as of the measurement date, consistent with how information is incorporated into other fair value measurements. ASU 2012-07 is effective for the Company for impairment assessments performed on or after December 15, 2012. Prospective application of ASU 2012-07 had no effect on the consolidated financial statements of the Company for the current periods presented.

Issued

In July 2012, the Financial Accounting Standards Board (FASB) issued ASU 2012-02, Intangibles Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment (ASU 2012-02), which permits an entity to make a qualitative assessment of whether it is more likely than not that the fair value of a reporting unit s indefinite-lived intangible asset is less than the asset s carrying value before applying a quantitative impairment assessment. If it is determined through the qualitative assessment that the fair value of a reporting unit s indefinite-lived intangible asset is more likely than not greater than the asset s carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. ASU 2012-02 is effective for the Company for annual and interim indefinite-lived intangible asset impairment tests performed beginning July 1, 2013, however, early adoption is permitted. The Company is currently evaluating the impact ASU 2012-02 will have on its consolidated financial statements.

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02), which requires the Company to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, it requires the Company to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, the Company is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. ASU 2013-02 is effective for the Company for interim reporting periods beginning July 1, 2013, however, early adoption is permitted. The Company is currently evaluating the impact ASU 2013-02 will have on its consolidated financial statements.

In February 2013, the FASB issued ASU 2013-04, Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (ASU 2013-04). The objective of ASU 2013-04 is to provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation (within the scope of this guidance) is fixed at the reporting date. Examples of obligations within the scope of ASU 2013-04 include debt arrangements, other contractual obligations, and settled litigation and judicial rulings. ASU 2013-04 is effective for the Company for interim reporting periods beginning July 1, 2014, however, early adoption is permitted. The Company is currently evaluating the impact ASU 2013-04 will have on its consolidated financial statements.

In March 2013, the FASB issued ASU 2013-05, Parent s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity, (ASU 2013-05). The objective of ASU 2013-05 is to resolve the diversity in practice regarding the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets or a business within a foreign entity. ASU 2013-05 is effective for the Company for interim reporting periods beginning July 1, 2014, however, early adoption is permitted. The Company is currently evaluating the impact ASU 2013-05 will have on its consolidated financial statements.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. ACQUISITIONS, DISPOSALS AND OTHER TRANSACTIONS

Fiscal 2013

Acquisitions

During the nine months ended March 31, 2013, the Company completed a number of acquisitions as more fully described below. All of the Company s acquisitions were accounted for under Accounting Standards Codification (ASC) 805, Business Combinations (ASC 805), which requires, among other things, that an acquirer (i) remeasure any previously held equity interest in an acquiree at its acquisition date fair value and recognize any resulting gains or losses in earnings and (ii) record any non-controlling interests in an acquiree at their acquisition date fair values. Accordingly, several of the transactions described below resulted in the recognition of remeasurement gains since the Company acquired control of an acquiree in stages. Further, other transactions described below involved the Company acquiring control with an ownership stake of less than 100%. In those instances, the allocation of the excess purchase price reflects 100% of the fair value of the acquiree with the non-controlling interests recorded at fair value.

The below acquisitions all support the Company s strategic priority of increasing its brand presence and reach in key international and domestic markets, acquiring greater control of investments that complement its portfolio of businesses and creating new pay-TV sports franchises. For those acquisitions where the allocation of the excess purchase price is not final, the amounts allocated to intangibles and goodwill, the estimates of useful lives and the related amortization expense are subject to change pending the completion of final valuations of certain assets and liabilities. A change in the purchase price allocations and any estimates of useful lives could result in a change in the value allocated to the intangible assets that could impact future amortization expense.

For the nine months ended March 31, 2013, the below acquisitions contributed $935 million in revenues and $85 million in Segment operating income in the Company s unaudited consolidated results of operations.

Thomas Nelson

In July 2012, the Company acquired Thomas Nelson, Inc. (Thomas Nelson), one of the leading Christian book publishers in the U.S., for approximately $200 million in cash. The acquisition of Thomas Nelson increased the Company s presence and reach in the Christian publishing market. In accordance with ASC 350, Intangibles Goodwill and Other, (ASC 350) the excess purchase price of approximately $160 million has been preliminarily allocated as follows: $65 million to publishing rights with a useful life of 20 years, $25 million to imprints which have an indefinite life and approximately $70 million representing the goodwill on the transaction.

Eredivisie Media & Marketing

In November 2012, the Company acquired a controlling 51% ownership stake in Eredivisie Media & Marketing CV (EMM) for approximately $350 million, of which $325 million was cash and $25 million was contingent consideration. EMM is a media company that holds the collective media and sponsorship rights of the Dutch Premier League. The remaining 49% of EMM, which is owned by the Dutch Premier League and the global TV production company Endemol, has been recorded at its acquisition date fair value. In accordance with ASC 350, the excess purchase price, based on a valuation of 100% of EMM, of approximately $660 million has been preliminarily allocated as follows: $275 million to amortizable intangible assets, primarily customer relationships, with useful lives ranging from 6 to 20 years, $45 million to trade names which have an indefinite life and approximately $340 million representing the goodwill on the transaction.

Fox Sports Asia (formerly ESPN Star Sports)

In November 2012, the Company acquired the remaining 50% interest in Fox Sports Asia (formerly ESPN STAR Sports) that it did not already own for approximately $220 million, net of cash acquired. Fox Sports Asia is a leading sports broadcaster in Asia and the Company now, through its wholly owned subsidiaries, owns 100% of Fox Sports Asia. The carrying amount of the Company s previously held equity interest in Fox Sports Asia was revalued to fair value as of the acquisition date, resulting in a non-taxable gain of approximately $174 million which was included in Other, net in the unaudited consolidated statements of operations for the nine months ended March 31, 2013. In accordance with ASC 350, the aggregate excess purchase price, including the revalued previously held investment, of approximately $595 million has been preliminarily allocated as follows: $120 million to amortizable intangible assets, primarily MSO agreements, with useful lives ranging from 8 to 15 years and approximately $475 million representing the goodwill on the transaction.

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Consolidated Media Holdings

In November 2012, the Company acquired Consolidated Media Holdings Ltd. (CMH), a media investment company that operates in Australia, for approximately $2 billion in cash and assumed debt of approximately $235 million. CMH owned a 25% interest in Foxtel through its 50% interest in FOX SPORTS Australia. The remaining 50% of Foxtel is owned by Telstra Corporation Limited, one of Australia s leading telecommunications companies. The acquisition doubled the Company s stakes in FOX SPORTS Australia and Foxtel to 100% and 50%, respectively. Accordingly, the results of FOX SPORTS Australia are included in the Company s unaudited consolidated results of operations beginning in November 2012. Prior to November 2012, the Company accounted for its investment in FOX SPORTS Australia under the equity method of accounting. The Company s investment in Foxtel continues to be accounted for under the equity method of accounting.

The carrying amount of the Company s previously held equity interest in FOX SPORTS Australia, through which the Company held its indirect 25% interest in Foxtel, was revalued to fair value as of the acquisition date, resulting in a non-taxable gain of approximately $1.2 billion which was included in Other, net in the unaudited consolidated statements of operations for the nine months ended March 31, 2013. The fair value of our previously held equity interest of $1.6 billion was determined using an income approach (discounted cash flow analysis) adjusted to remove an assumed control premium. Significant unobservable inputs utilized in the income approach valuation method were discount rates ranging from 9.5% to 10.5%, based on weighted average cost of capital for FOX SPORTS Australia and Foxtel using the capital asset pricing model, and long-term growth rates of approximately 2.5%, reflecting our assessment of the long-term inflation rate for Australia. In accordance with ASC 350, the excess purchase price, including the revalued previously held investment, of approximately $3.1 billion has been preliminarily allocated as follows: $1.8 billion to equity method investments, approximately $685 million to amortizable intangible assets, primarily customer relationships, with useful lives ranging from 15 to 25 years, $100 million to trade names which have an indefinite life and approximately $515 million representing the goodwill on the transaction.

SportsTime Ohio

In December 2012, the Company acquired SportsTime Ohio, a Regional Sports Network (RSN) serving the Cleveland, Ohio market, for an estimated total purchase price, including post-closing costs, of approximately $285 million, of which $135 million was in cash. The balance of the purchase price represents the fair value of deferred payments and payments that are contingent upon achievement of certain performance objectives. In accordance with ASC 350, the excess purchase price of approximately $275 million has been preliminarily allocated as follows: $135 million to amortizable intangible assets, primarily MSO agreements, with useful lives ranging from 8 to 20 years and approximately $140 million representing the goodwill on the transaction.

Sky Deutschland

During the third quarter of fiscal 2013, the Company obtained the power to control Sky Deutschland through the acquisition of an additional 5% ownership interest that increased the Company s ownership interest to 55%. The remaining 45% non-controlling interests in Sky Deutschland have been recorded at fair value, based on the closing price of its shares on the Frankfurt Stock Exchange on the date control was acquired. The carrying amount of the Company s previously held equity interest in Sky Deutschland was revalued to fair value as of the acquisition date, resulting in a gain of approximately $2.1 billion which was included in Other, net in the unaudited consolidated statements of operations for the three and nine months ended March 31, 2013. In accordance with ASC 350, the aggregate excess purchase price, including the revalued previously held investment, of $5.4 billion has been preliminarily allocated to goodwill and is not being amortized. Due to the limited time since the acquisition date the initial accounting for the business combination is incomplete at this time. As a result, we are unable to provide amounts recognized as of the acquisition date for major classes of assets. The results of Sky Deutschland are included in the Company s unaudited consolidated results of operations beginning in January 2013. (See Note 6 Investments)

Other

In July 2011, the Company announced that it would close its publication, *The News of the World*, after allegations of phone hacking and payments to public officials. As a result of management s approval of the shutdown of *The News of the World*, the Company has reorganized portions of the U.K. newspaper business and has recorded restructuring charges in fiscal 2013 and 2012 primarily for termination benefits and certain organizational restructuring at the U.K. newspapers. (See Note 4 Restructuring Programs) The Company is subject to several ongoing investigations by U.K. and U.S. regulators and governmental authorities relating to phone hacking, illegal data access and inappropriate payments to officials at *The News of the World* and *The Sun* and related matters (the U.K. Newspaper Matters). The Company is cooperating with these investigations. In addition, the Company has admitted liability in many civil cases related to the phone hacking allegations and has settled many cases. The Company created an independently-chaired Management & Standards Committee (the MSC), which operates independently from NI Group Limited (News International) and

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

has full authority to ensure cooperation with all relevant investigations and inquiries into the U.K. Newspaper Matters and all other related issues. The MSC conducts its own internal investigation where appropriate. The MSC has an independent Chairman, Lord Grabiner QC, and reports directly to Gerson Zweifach, Senior Executive Vice President and Group General Counsel of the Company. Mr. Zweifach reports to the independent members of the Board of Directors (the Board) through their representative Viet Dinh, an independent director and Chairman of the Company s Nominating and Corporate Governance Committee. The independent directors of the Board have retained independent outside counsel and are actively engaged in these matters. The MSC conducted an internal investigation of the three other titles at NI Group Limited (News International) and engaged independent outside counsel to advise it on these investigations and all other matters it handles. As a result of these matters, News International has instituted governance reforms and issued certain enhanced policies to its employees. (See Note 13 Commitments and Contingencies for a summary of the costs of *The News of the World* Investigations and Litigation.)

In May 2012, the Company renewed its existing FOX affiliation agreement with a major FOX affiliate group (Network Affiliate). As part of the transaction, the Company received a one-time payment of $25 million and an option to buy Network Affiliate s stations in any three of four markets or, if such option is not exercised, receive an additional $25 million cash payment. Further, Network Affiliate has an option to buy the Company s Baltimore station. The Company decided not to exercise its option and the option expired in March 2013. As a result, the Company received the additional $25 million cash payment in April 2013. The Company is amortizing the $50 million received from the Network Affiliate over the term of the affiliation agreement. Network Affiliate exercised its option to purchase the Baltimore station and the Company recognized a loss of approximately $90 million which was included in Other, net in the unaudited consolidated statements of operations for the nine months ended March 31, 2013.

On June 28, 2012, the Company announced its intent to pursue the separation of its business into two separate independent public companies, one of which will hold the Company s global media and entertainment businesses and the other, New Newscorp LLC (New News Corporation), which will hold the businesses comprising the Company s newspapers, information services and integrated marketing services, digital real estate services, book publishing, digital education and sports programming and pay-TV distribution in Australia. The Company has announced that it intends to change its name to Twenty-First Century Fox, Inc. (21st Century Fox) after the separation, subject to stockholder approval and other conditions to the separation. On December 4, 2012, the Company s board of directors authorized management to proceed with the proposed distribution, subject to the satisfaction or waiver of certain conditions and the board of directors ongoing consideration of the transaction and its final approval, which may not be granted.

To effect the distribution, the Company will first undertake an internal reorganization. Following the internal reorganization, the Company will distribute all of the shares of New News Corporation s common stock to its stockholders on a pro rata basis. After the distribution, the Company will not own any equity interest in New News Corporation, and New News Corporation will operate independently from the Company.

In connection with the separation, on December 21, 2012, New News Corporation filed with the SEC an initial Form 10 registration statement, which has been amended, and, on April 30, 2013, the Company filed with the SEC a definitive proxy statement on Schedule 14A. The Company s stockholders will not be required to vote to approve the distribution. However, in order to effectuate the distribution in the manner discussed in the Form 10 registration statement, the Company will be required to amend its Restated Certificate of Incorporation, and the Company will hold a Special Meeting on June 11, 2013 in connection therewith. The Company has also applied for certain regulatory approvals and tax rulings required to enable the separation to be completed as described. There can be no assurances given that the separation of the Company s businesses as described will occur.

At the end of fiscal 2012, the Company identified certain businesses as held for sale and reclassified the net assets to other current assets. During the nine months ended March 31, 2013, as a result of revised projections, the Company recorded a non-cash impairment charge of $35 million related to its assets held for sale to reduce the carrying value of these assets to fair value less cost to sell. The assets, liabilities and cash flows attributable to these businesses were not material to the Company in any of the periods presented and, accordingly, have not been presented separately.

Fiscal 2012

Acquisitions

In December 2011, the Company acquired the 67% equity interest it did not already own in Fox Pan American Sports LLC (FPAS) for approximately $400 million. FPAS, an international sports programming and production entity, which owns and operates Fox Sports Latin America network, a Spanish and Portuguese-language sports network distributed to subscribers in certain Caribbean and

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Central and South American nations, and partially through its ownership in FPAS, a 53% interest in Fox Deportes, a Spanish-language sports programming service distributed in the United States. As a result of this transaction, the Company now owns 100% of FPAS and Fox Deportes. Accordingly, the Company changed its accounting for FPAS from an equity method investment to a consolidated subsidiary beginning in December 2011. The acquisition of FPAS supports the Company s strategic priority of increasing its brand presence and reach in key international markets.

The FPAS acquisition was accounted for in accordance with ASC 805. The carrying amount of the Company s previously held equity interest in FPAS was revalued to fair value at the acquisition date, resulting in a non-taxable gain of approximately $158 million which was included in Other, net in the unaudited consolidated statements of operations for the nine months ended March 31, 2012.

The Company finalized the purchase accounting for FPAS in the second quarter of fiscal 2013 with approximately $280 million allocated to finite-lived intangible assets with useful lives ranging from 5 to 15 years and approximately $320 million allocated to goodwill which will not be amortized. The goodwill reflects the synergies and increased market penetration expected from combining the operations of FPAS and the Company.

In May 2012, the Company acquired an approximate 23% interest in Latin America Pay Television (LAPTV), a partnership that distributes premium and basic television channels in Latin America, for approximately $64 million in cash. As a result of this transaction, the Company increased its interest in LAPTV to approximately 78% from the 55% it owned as of June 30, 2011.

Disposals

In July 2011, the Company sold its majority interest in its outdoor advertising businesses in Russia and Romania (News Outdoor Russia) for cash consideration of approximately $360 million. In connection with the sale, the Company repaid $32 million of News Outdoor Russia debt. (See Note 9 Borrowings) The Company recorded a gain related to the sale of this business, which was included in Other, net in the unaudited consolidated statements of operations for the nine months ended March 31, 2012. The gain on the sale and the net income, assets, liabilities and cash flow attributable to the News Outdoor Russia operations were not material to the Company in any of the periods presented and, accordingly, have not been presented separately.

In May 2012, the Company sold its former U.K. newspaper division headquarters located in East London, which it relocated from in August 2010, for consideration of approximately £150 million (approximately $235 million), of which £25 million (approximately $39 million) was received on closing of the sale. The remaining £125 million (approximately $196 million) is in the form of a secured note and the Company will receive £25 million (approximately $39 million) on May 31, 2013, and annually thereafter until May 31, 2017. The Company recorded a loss of approximately $22 million on this transaction, which was included in Other, net in the consolidated statements of operations for the fiscal year ended June 30, 2012.

Other

In fiscal 2012, the Company entered into an asset acquisition agreement with a third party in exchange for a noncontrolling ownership interest in one of the Company s majority-owned RSN. The noncontrolling shareholder has a put option related to its ownership interest that is exercisable beginning in fiscal 2015. Since redemption of the noncontrolling interest is outside of the control of the Company, the Company has accounted for this put option in accordance with ASC 480-10-S99-3A, Distinguishing Liabilities from Equity (ASC 480-10-S99-3A), and has recorded the put option at its fair value as a redeemable noncontrolling interest in the consolidated balance sheets.

NOTE 3. RECEIVABLES, NET

Receivables are presented net of an allowance for returns and doubtful accounts, which is an estimate of amounts that may not be collectible. In determining the allowance for returns, management analyzes historical returns, current economic trends and changes in customer demand and acceptance of the Company s products. Based on this information, management reserves a percentage of each dollar of product sales that provide the customer with the right of return. The allowance for doubtful accounts is estimated based on historical experience, receivable aging, current economic trends and specific identification of certain receivables that are at risk of not being paid.

The Company has receivables with original maturities greater than one year in duration principally related to the Company s sale of program rights in the television syndication markets within the Filmed Entertainment segment. Allowances for credit losses are established against these non-current receivables as necessary. As of March 31, 2013 and June 30, 2012, these allowances were not material.

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Receivables, net consisted of:

	As of March 31, 2013	As of June 30, 2012
	(in millions)	
Total receivables	$ 8,736	$ 7,981
Allowances for returns and doubtful accounts	(1,169)	(986)
Total receivables, net	7,567	6,995
Less: current receivables, net	(7,136)	(6,608)
Non-current receivables, net	$ 431	$ 387

NOTE 4. RESTRUCTURING PROGRAMS

Fiscal 2013

The Company recorded restructuring charges of $56 million and $238 million in the three and nine months ended March 31, 2013, respectively, of which $52 million and $227 million, respectively, related to the newspaper businesses. The restructuring charges primarily relate to the reorganization of the Australian newspaper businesses which was announced at the end of fiscal 2012 and the continued reorganization of the U.K. newspaper business. The restructuring charges recorded are primarily for termination benefits in Australia and contract termination payments in the U.K.

Fiscal 2012

The Company recorded restructuring charges of $17 million and $144 million in the three and nine months ended March 31, 2012, respectively, of which $12 million and $132 million, respectively, related to the newspaper businesses. The Company reorganized portions of the newspaper businesses and recorded restructuring charges primarily for termination benefits as a result of the U.K. Newspaper Matters, certain organizational restructurings at other newspapers and the shutdown of a regional newspaper. As a result of the shutdown of the regional newspaper, the Company wrote-off associated intangible assets of approximately $10 million in the three and nine months ended March 31, 2012.

Changes in the program liabilities were as follows:

	For the three months ended March 31,							
	2013				2012			
	One time termination benefits	Facility related costs	Other costs	Total	One time termination benefits	Facility related costs	Other costs	Total
	(in millions)							
Beginning of period	$ 38	$ 175	$ 3	$ 216	$ 59	$ 195	$	$ 254
Additions	35	3	18	56	8	3	6	17
Payments	(38)	(8)	(16)	(62)	(29)	(9)	(1)	(39)
Other	(1)		(4)	(5)			(4)	(4)

End of period	$ 34	$ 170	$ 1	$ 205	$ 38	$ 189	$ 1	$ 228

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	For the nine months ended March 31,							
	2013				2012			
	One time termination benefits	Facility related costs	Other costs	Total	One time termination benefits	Facility related costs	Other costs	Total
	(in millions)							
Beginning of period	$ 64	$ 185	$	$ 249	$ 27	$ 207	$	$ 234
Additions	153	8	77	238	110	9	25	144
Payments	(182)	(23)	(68)	(273)	(94)	(27)	(13)	(134)
Other	(1)		(8)	(9)	(5)		(11)	(16)
End of period	$ 34	$ 170	$ 1	$ 205	$ 38	$ 189	$ 1	$ 228

The Company expects to record an additional $71 million of restructuring charges, principally related to accretion on facility termination obligations through fiscal 2021 and additional termination benefits related to the newspaper businesses. As of March 31, 2013, $65 million of the Company s accrued restructuring liability was included in current liabilities and the balance was included in long-term other liabilities. Amounts included in other liabilities primarily relate to facility termination obligations, which are expected to be paid through fiscal 2021.

NOTE 5. INVENTORIES

The Company s inventories were comprised of the following:

	As of March 31, 2013	As of June 30, 2012
	(in millions)	
Programming rights	$ 5,302	$ 4,285
Books, DVDs, Blu-rays, paper and other merchandise	385	348
Filmed entertainment costs:		
Films:		
Released (including acquired film libraries)	616	846
Completed, not released	75	135
In production	711	502
In development or preproduction	234	140
	1,636	1,623
Television productions:		
Released (including acquired libraries)	727	561
In production	426	370
In development or preproduction	2	4
	1,155	935
Total filmed entertainment costs, less accumulated amortization[(a)]	2,791	2,558
Total inventories, net	8,478	7,191

Less: current portion of inventory, net[b]	(3,476)	(2,595)
Total noncurrent inventories, net	$ 5,002	$ 4,596

(a) Does not include $374 million and $397 million of net intangible film library costs as of March 31, 2013 and June 30, 2012, respectively, which are included in intangible assets subject to amortization in the consolidated balance sheets.

(b) Current inventory as of March 31, 2013 and June 30, 2012 is comprised of programming rights ($3,120 million and $2,279 million, respectively), books, DVDs, Blu-rays, paper and other merchandise.

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NOTE 6. INVESTMENTS

The Company s investments were comprised of the following:

		Ownership Percentage As of March 31, 2013	As of March 31, 2013	As of June 30, 2012
			(in millions)	
Equity method investments:				
Foxtel[a]	Australian pay-TV operator	50%	$ 2,207	$ 205
British Sky Broadcasting Group plc[a] [b]	U.K. DBS operator	39%	1,944	1,710
Yankees Entertainment and Sports Network	Regional sports network	49%	830	
SKY Network Television Ltd.[a] [c]	New Zealand media company	%		390
Sky Deutschland[d]	German pay-TV operator	55%		231
NDS Group Limited[e]	Digital technology company	%		492
Other equity method investments		various	447	699
Fair value of available-for-sale investments		various	305	561
Loan receivable from Foxtel		N/A	462	227
Other investments		various	427	453
Total Investments			$ 6,622	$ 4,968

(a) For the nine months ended March 31, 2013 the Company received dividends of $166 million from British Sky Broadcasting Group plc (BSkyB), $60 million from SKY Network Television Ltd. and $57 million from Foxtel.

(b) The Company s investment in BSkyB had a market value of $8,492 million at March 31, 2013 and was valued using the quoted market price.

(c) In March 2013, the Company sold its 44% investment in SKY Network Television Ltd.

(d) In January 2013, the Company acquired, through a combination of a private placement and a rights offering, additional shares of Sky Deutschland increasing its ownership to approximately 55%. As a result of these transactions, the Company has the power to control Sky Deutschland and the results of Sky Deutschland are included in the Company s unaudited consolidated results of operations beginning in January 2013.

(e) In July 2012, the Company sold its 49% investment in NDS Group Limited (NDS).

Foxtel

In May 2012, Foxtel, a cable and satellite television service in Australia, in which the Company at the time indirectly owned a 25% interest, purchased Austar United Communications Ltd to create a national subscription television service in Australia. The transaction was funded by Foxtel bank debt and Foxtel s shareholders made pro-rata capital contributions in the form of subordinated shareholder notes based on their respective ownership interest. The Company s share of the funding contribution was approximately $230 million. The subordinated shareholder note has a maximum term of 15 years, with interest payable on June 30th each year and at maturity. The subordinated shareholder note can be repaid in 10 years provided that Foxtel s senior debt has been repaid. Upon maturity, the principal advanced will be repayable. In November 2012, the Company increased its investment in Foxtel to 50% from 25% through the acquisition of CMH which also held the same subordinated shareholder note. Accordingly, the carrying value of the shareholder note receivable from Foxtel doubled to $460 million. (See Note 2 Acquisitions, Disposals and Other Transactions)

BSkyB

During fiscal 2010, the Company announced that it had proposed to the board of directors of BSkyB, in which the Company currently has an approximate 39% interest, to make a cash offer for the BSkyB shares that the Company does not already own. On July 13, 2011, the Company announced that it no longer intended to make an offer for the BSkyB shares that the Company does not already own. As a result of the July 2011 announcement, the Company paid BSkyB a termination fee of approximately $63 million in accordance with a cooperation agreement between the parties. The termination fee was reflected in Other, net in the Company s unaudited consolidated statements of operations for the nine months ended March 31, 2012.

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In November 2011, BSkyB s shareholders and board of directors authorized a share repurchase program and in November 2012 they authorized an increase in the share repurchase program. The Company entered into an agreement with BSkyB under which, following any market purchases of shares by BSkyB, the Company will sell to BSkyB sufficient shares to maintain its approximate 39% interest subsequent to those market purchases, for a price equal to the price paid by BSkyB in respect of the relevant market purchases. BSkyB began repurchasing shares as part of this share repurchase program during the second quarter of fiscal 2012. As a result, during the three and nine months ended March 31, 2013, the Company received cash consideration of approximately $14 million and $272 million, respectively, and recognized a gain of $11 million and $217 million, respectively, which was included in Equity earnings of affiliates in the Company s unaudited consolidated statements of operations.

Yankees Entertainment and Sports Network

In December 2012, the Company acquired a 49% equity interest in the Yankees Entertainment and Sports Network (YES), a RSN, for approximately $584 million and simultaneous with the closing of this transaction, the Company paid approximately $250 million of upfront costs on behalf of YES. The Company s investment of approximately $834 million is being allocated between tangible and intangible assets in accordance with ASC 323, Investments Equity Investments . The allocation of the excess cost is not final and is subject to change upon completion of final valuations of certain assets and liabilities. Changes in how the Company allocates excess cost could reduce future equity earnings as a result of additional amortization. In fiscal 2016, the remaining partners can exercise a put option that would require the Company to acquire up to an additional 31% interest. If the put option is not exercised, the Company has a call option beginning in fiscal 2017 that would allow the Company to acquire up to an additional 31% interest.

SKY Network Television Ltd.

In March 2013, the Company sold its 44% equity interest in SKY Network Television Ltd. for approximately $675 million and recorded a gain of approximately $321 million which was included in Other, net in the unaudited consolidated statements of operations for the three and nine months ended March 31, 2013.

Sky Deutschland

During the three months ended March 31, 2013, the Company acquired, through a combination of a private placement and a rights offering, approximately 92 million additional shares of Sky Deutschland increasing its ownership to approximately 55%. The aggregate cost of the shares acquired by the Company was approximately 410 million (approximately $550 million). As a result of these transactions, the Company has the power to control Sky Deutschland and the results of Sky Deutschland are included in the Company s unaudited consolidated results of operations beginning in January 2013. Prior to the acquisition of the additional shares, the Company accounted for its investment in Sky Deutschland under the equity method of accounting and the Company s investment consisted of common stock, convertible bonds and loans.

In addition, the Company has guaranteed Sky Deutschland s new 300 million (approximately $400 million) five-year bank credit facility, of which approximately 225 million (approximately $290 million) has been utilized and is included in borrowings. In connection with the consolidation of Sky Deutschland, the Company assumed $480 million in bank debt, which Sky Deutschland repaid in full during the three months ended March 31, 2013. Additionally, the Company is the guarantor to the German Football League for Sky Deutschland s Bundesliga broadcasting license for the 2013/14 to 2016/17 seasons in an amount up to 50% of the license fee per season and the Company has also agreed to extend the maturity of existing shareholder loans that were issued before it became a consolidated subsidiary.

In January 2011, the Company purchased a convertible bond from Sky Deutschland for approximately $225 million. The Company currently has the right to convert the bonds into 53.9 million underlying Sky Deutschland shares, subject to certain black-out periods. If not converted, the Company will have the option to redeem the bonds for cash upon their maturity in January 2015. The convertible bonds were separated into their host and derivative financial instrument components. Prior to Sky Deutschland becoming a consolidated subsidiary, both the host and derivative financial instrument components were recorded at their estimated fair value in Investments in the consolidated balance sheets. The change in estimated fair value of the derivative instrument resulted in a gain of approximately $58 million and a loss of approximately $82 million and were recorded in Other, net in the Company s unaudited consolidated statements of operations for the nine months ended March 31, 2013 and 2012, respectively. The change in estimated fair value of the host was not material for the nine months ended March 31, 2013 and 2012. Subsequent to becoming a consolidated subsidiary, the convertible loan was effectively settled as a pre-existing relationship under the provisions of ASC 805-10-25-21 with

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the carrying amount of the asset for the derivative component written off as a settlement loss which was included in Other, net in the unaudited consolidated statements of operations for the three and nine months ended March 31, 2013.

NDS

In July 2012, the Company sold its 49% investment in NDS to Cisco Systems Inc. for approximately $1.9 billion, of which approximately $60 million has been set aside in escrow to satisfy any indemnification obligations. The Company recorded a gain of approximately $1.4 billion on this transaction which was included in Other, net in the unaudited consolidated statements of operations for the nine months ended March 31, 2013.

Other

In March 2012, the Company sold its 17% interest in Hathway Cable and Datacom Limited for approximately $71 million. The Company recorded a gain of approximately $23 million on this transaction which was included in Other, net in the consolidated statements of operations for the nine months ended March 31, 2012.

In May 2012, the Company acquired a 17% interest in Bona Film Group (Bona), a film distributor in China, for approximately $70 million in cash. As a result of this transaction, the Company has significant influence and therefore, accounts for its investment in Bona under the equity method of accounting.

In March 2013, the Company sold a portion of its interest in Phoenix Satellite Television (Phoenix), for approximately $90 million in cash. The Company decreased its interest in Phoenix to approximately 12% from the 18% it owned at June 30, 2012. The Company recorded a gain of approximately $81 million on this transaction which was included in Other, net in the unaudited consolidated statements of operations for the three and nine months ended March 31, 2013.

Fair value of available-for-sale investments

The cost basis, unrealized gains, unrealized losses and fair market value of available-for-sale investments are set forth below:

	As of March 31, 2013	As of June 30, 2012
	(in millions)	
Cost basis of available-for-sale investments	$ 37	$ 278
Accumulated gross unrealized gain	268	305
Accumulated gross unrealized loss		(22)
Fair value of available-for-sale investments[a]	$ 305	$ 561
Net deferred tax liability[b]	$ 94	$ 108

(a) Includes investments in publicly traded common stock, which were valued using quoted market prices, and as of June 30, 2012 the convertible bond issued by Sky Deutschland, which consisted of the host and derivative financial instrument components. Prior to the consolidation of Sky Deutschland, the convertible bond components were measured using the discounted cash flows and Black-Scholes valuation methods. Inputs to these valuation measures included observable market data such as stock prices and interest rates.

(b) The net deferred tax liability includes $94 million and $107 million related to unrealized gains recorded in comprehensive income as of March 31, 2013 and June 30, 2012, respectively.

NOTE 7. FAIR VALUE

In accordance with ASC 820, Fair Value Measurement, fair value measurements are required to be disclosed using a three-tiered fair value hierarchy which distinguishes market participant assumptions into the following categories: (i) inputs that are quoted prices in active markets (Level 1); (ii) inputs other than quoted prices included within Level 1 that are observable, including quoted prices for similar assets or liabilities (Level 2); and (iii) inputs that require the entity to use its own assumptions about market participant assumptions (Level 3). Additionally, in accordance with ASC 815, Derivatives and Hedging, the Company has included additional disclosures about the Company s derivatives and hedging activities (Level 2).

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The tables below present information about financial assets and liabilities carried at fair value on a recurring basis:

		Fair Value Measurements As of March 31, 2013		
Description	Total	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in millions)		
Assets				
Available-for-sale securities[(a)]	$ 305	$ 305	$	$
Derivatives[(b)]	4		4	
Liabilities				
Derivatives[(b)]	(13)		(13)	
Redeemable noncontrolling interests[(c)]	(645)			(645)
Total	**$ (349)**	**$ 305**	**$ (9)**	**$ (645)**

		As of June 30, 2012		
Description	Total	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in millions)		
Assets				
Available-for-sale securities[(a)]	$ 561	$ 351	$ 210	$
Derivatives[(b)]	17		17	
Redeemable noncontrolling interests[(c)]	(641)			(641)
Total	**$ (63)**	**$ 351**	**$ 227**	**$ (641)**

(a) See Note 6 Investments.

(b) Represents derivatives associated with the Company s foreign exchange forward contracts.

(c) The Company accounts for the redeemable noncontrolling interests in accordance with ASC 480-10-S99-3A because their exercise is outside the control of the Company and, accordingly, as of March 31, 2013 and June 30, 2012, has included the fair value of the redeemable noncontrolling interests in the consolidated balance sheets. The majority of redeemable noncontrolling interests recorded at fair value are put arrangements held by the noncontrolling interests in two of the Company s majority-owned RSNs and in one of the Company s Asian general entertainment television joint ventures.

The Company utilizes the market, income or cost approaches or a combination of these valuation techniques for its Level 3 fair value measures. Inputs to such measures could include observable market data obtained from independent sources such as broker quotes and recent market transactions for similar assets. It is the Company s policy to maximize the use of observable inputs in the measurement of its Level 3 fair value measurements. To the extent observable inputs are not available, the Company utilizes unobservable inputs based upon the assumptions market participants would use in valuing the asset. Examples of utilized unobservable inputs are future cash flows, long term growth rates and applicable discount rates.

Significant unobservable inputs used in the fair value measurement of the Company s redeemable noncontrolling interests are earnings before interest, taxes, depreciation and amortization (EBITDA) growth rates (3%-4% range) and discount rates (8%-9% range). Significant increases (decreases) in growth rates and multiples, assuming no change in discount rates, would result in a significantly higher (lower) fair value measurement. Significant decreases (increases) in discount rates, assuming no changes in growth rates and multiples, would result in a significantly higher (lower) fair value measurement.

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The fair value of the redeemable noncontrolling interests in the RSNs were primarily determined by (i) applying a multiples-based formula that is intended to approximate fair value for one of the RSNs and (ii) using a discounted EBITDA valuation model, assuming a 9% discount rate for the other RSN. As of March 31, 2013, the minority shareholder s put right in one of the RSNs is currently exercisable.

The fair value of the redeemable noncontrolling interest in the Asian general entertainment television joint venture was determined using a market approach. As of March 31, 2013, the minority shareholder s put right is exercisable.

The remaining redeemable noncontrolling interest is currently not exercisable and is not material.

The changes in redeemable noncontrolling interests classified as Level 3 measurements were as follows:

	For the nine months ended March 31,	
	2013	**2012**
	(in millions)	
Beginning of period	$ (641)	$ (242)
Total gains (losses) included in net income	(74)	(55)
Total gains (losses) included in other comprehensive income		
Issuance of redeemable noncontrolling interest		(273)
Other	70	(32)
End of period	**$ (645)**	**$ (602)**

Financial Instruments

The carrying value of the Company s financial instruments, including cash and cash equivalents, receivables, payables and cost investments, approximates fair value.

The aggregate fair value of the Company s borrowings at March 31, 2013 was approximately $19,939 million compared with a carrying value of $16,474 million and, at June 30, 2012, was approximately $18,300 million compared with a carrying value of $15,455 million. Fair value is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market.

Foreign Currency Forward Contracts

The Company uses financial instruments designated as cash flow hedges primarily to hedge certain exposures to foreign currency exchange risks associated with the cost for producing or acquiring films and television programming abroad. The notional amount of foreign exchange forward contracts designated as cash flow hedges with foreign currency risk outstanding at March 31, 2013 and June 30, 2012 was $318 million and $294 million, respectively. As of March 31, 2013 and June 30, 2012, the fair values of the foreign exchange forward contracts of approximately $4 million and $17 million, respectively, were recorded in the underlying hedged balances. The Company s foreign currency forward contracts are valued using an income approach based on the present value of the forward rate less the contract rate multiplied by the notional amount.

The effective changes in fair value of derivatives designated as cash flow hedges for the three months ended March 31, 2013 and 2012 of $5 million and $(8) million, respectively, were recorded in accumulated other comprehensive income with foreign currency translation adjustments. The effective changes in fair value of derivatives designated as cash flow hedges for the nine months ended March 31, 2013 and 2012 of nil and $47 million, respectively, were recorded in accumulated other comprehensive income with foreign currency translation adjustments. The ineffective changes in fair value of derivatives designated as cash flow hedges were immaterial. Amounts are reclassified from accumulated other comprehensive income when the underlying hedged item is recognized in earnings. During the three months ended March 31, 2013 and

2012, the Company reclassified (losses) gains of approximately $(2) million and $11 million, respectively, from other comprehensive income to net income. During the nine months ended March 31, 2013 and 2012, the Company reclassified gains of approximately $13 million and $12 million, respectively, from other comprehensive

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income to net income. The Company expects to reclassify the cumulative change in fair value included in other comprehensive income within the next 24 months. Cash flows from the settlement of foreign exchange forward contracts offset cash flows from the underlying hedged item and are included in operating activities in the consolidated statements of cash flows.

Changes in the fair value of derivatives that are not designated as hedges are recorded in earnings each period. The Company uses these financial instruments as economic hedges for certain exposures to foreign currency exchange risks. The notional amount of foreign exchange forward contracts used as economic hedges with foreign currency risk outstanding at March 31, 2013 was $726 million. As of March 31, 2013, the fair values of the foreign exchange forward contracts of approximately $(13) million were recorded in other current liabilities. The Company expects the economic hedges utilized against the majority of this exposure to be settled in the fourth quarter of fiscal 2013. The effective changes in fair value of derivatives designated as economic hedges for the three and nine months ended March 31, 2013 of $(13) million were recorded in net income. Derivatives designated as economic hedges in the corresponding prior year periods were immaterial.

Concentrations of Credit Risk

Cash and cash equivalents are maintained with several financial institutions. The Company has deposits held with banks that exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and, therefore, bear minimal credit risk.

The Company s receivables did not represent significant concentrations of credit risk as of March 31, 2013 or June 30, 2012 due to the wide variety of customers, markets and geographic areas to which the Company s products and services are sold.

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. At March 31, 2013, the Company did not anticipate nonperformance by any of the counterparties.

NOTE 8. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying value of goodwill, by segment, are as follows:.

	Cable Network Programming	Filmed Entertainment	Television	Direct Broadcast Satellite Television	Publishing	Other	Total Goodwill
				(in millions)			
Balance, June 30, 2012	$ 6,494	$ 1,557	$ 1,909	$ 554	$ 2,152	$ 508	$ 13,174
Acquisitions	955			5,429	96	518	6,998
Dispositions		(5)	(27)			(31)	(63)
Foreign exchange movements		(15)		(21)	7	4	(25)
Impairments						(35)	(35)
Adjustments	90						90
Balance, March 31, 2013	$ 7,539	$ 1,537	$ 1,882	$ 5,962	$ 2,255	$ 964	$ 20,139

The increase in the carrying value of Goodwill during the nine months ended March 31, 2013 was primarily due to the consolidation of Sky Deutschland at the Direct Broadcast Satellite Television segment, the consolidation of Fox Sports Asia and the acquisitions of EMM and SportsTime Ohio at the Cable Network Programming segment and the consolidation of FOX SPORTS Australia at the Other segment. The increase at the Publishing segment was primarily due to the acquisition of Thomas Nelson.

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NOTE 9. BORROWINGS

Notes Due 2022

In September 2012, News America Incorporated (NAI), a wholly-owned subsidiary of the Company, issued $1.0 billion of 3.00% Senior Notes due 2022. The net proceeds of approximately $987 million will be used for general corporate purposes.

Notes Due 2013

In February 2013, the Company retired the remaining $273 million of its 9.25% Senior Debentures.

Other

In August 2006, the Company entered into a loan agreement with Raiffeisen Zentralbank Österreich AG (RZB), which was subsequently amended in September 2009. The Company repaid the outstanding balance of $32 million in July 2011 in connection with the disposal of News Outdoor Russia.

In January 2013, Sky Deutschland, a majority owned subsidiary of the Company, entered into a credit agreement, with major financial institutions, that NAI and the Company have both guaranteed. The credit agreement provides a 300 million unsecured credit facility with a sub-limit of 75 million revolving credit facility available for cash drawdowns or the issuance of letters of credit and a maturity date of January 2018. Sky Deutschland may request that the maturity date be extended for one year. The significant terms of the agreement include limitations on liens and indebtedness. Fees under the credit agreement are based on the Company s long-term senior unsecured non-credit enhanced debt ratings. Given the current debt ratings of the Company, Sky Deutschland pays a facility fee of 0.125% and interest of Eurocurrency Rate plus 1.125%. As of March 31, 2013, 225 million (approximately $290 million) was outstanding under this credit agreement and 75 million available for either additional financing or letters of credit. The proceeds were used to pay off existing Sky Deutschland debt.

Included in Borrowings within current liabilities as of March 31, 2013, was 8.625% Senior Notes of A$150 million ($157 million) that is due in the next 12 months.

NOTE 10. FILM PRODUCTION FINANCING

The Company enters into arrangements with third parties to co-produce certain of its theatrical productions. These arrangements, which are referred to as co-financing arrangements, take various forms. The parties to these arrangements include studio and non-studio entities both domestic and international. In several of these agreements, other parties control certain distribution rights. The Filmed Entertainment segment records the amounts received for the sale of an economic interest as a reduction of the cost of the film, as the investor assumes full risk for that portion of the film asset acquired in these transactions. The substance of these arrangements is that the third-party investors own an interest in the film and, therefore, receive a participation based on the third-party investor s contractual interest in the profits or losses incurred on the film. Consistent with the requirements of ASC 926, Entertainment Films, the estimate of the third-party investor s interest in profits or losses incurred on the film is determined by reference to the ratio of actual revenue earned to date in relation to total estimated ultimate revenues. During fiscal 2013, the Company entered into a new co-financing arrangement with a new investor group for a five year term for production through December 31, 2017, with the option to extend.

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NOTE 11. STOCKHOLDERS EQUITY

The following table summarizes changes in equity:

	For the three months ended March 31,					
	2013			2012		
	News Corporation Stockholders	Noncontrolling Interests	Total Equity	News Corporation Stockholders	Noncontrolling Interests	Total Equity
	(in millions)					
Balance, beginning of period	$ 28,152	$ 853	$ 29,005	$ 28,017	$ 495	$ 28,512
Net income	2,854	29[a]	2,883	937	45[a]	982
Other comprehensive (loss) income	(447)		(447)	414		414
Cancellation of shares, net	(361)		(361)	(734)		(734)
Dividends declared	(197)		(197)	(209)		(209)
Acquisitions		2,301[b]	2,301			
Other	63	2[c]	65	45	(2)[c]	43
Balance, end of period	$ 30,064	$ 3,185	$ 33,249	$ 28,470	$ 538	$ 29,008

	For the nine months ended March 31,					
	2013			2012		
	News Corporation Stockholders	Noncontrolling Interests	Total Equity	News Corporation Stockholders	Noncontrolling Interests	Total Equity
	(in millions)					
Balance, beginning of period	$ 24,684	$ 501	$ 25,185	$ 30,069	$ 578	$ 30,647
Net income	7,468	121[a]	7,589	2,732	129[a]	2,861
Other comprehensive loss	(138)	2	(136)	(667)	(4)	(671)
Cancellation of shares, net	(1,573)		(1,573)	(3,134)		(3,134)
Dividends declared	(398)		(398)	(455)		(455)
Acquisitions		2,619[b]	2,619		3	3
Other	21	(58)[c]	(37)	(75)	(168)[c]	(243)
Balance, end of period	$ 30,064	$ 3,185	$ 33,249	$ 28,470	$ 538	$ 29,008

(a) Net income attributable to noncontrolling interests excludes $26 million and $21 million for the three months ended March 31, 2013 and 2012, respectively, and $74 million and $55 million for the nine months ended March 31, 2013 and 2012, respectively, relating to redeemable noncontrolling interests which are reflected in temporary equity.

(b) Represents the non-controlling interest in Sky Deutschland and EMM at their acquisition date fair values. The Company acquired the power to control Sky Deutschland in January 2013 and in EMM in November 2012.

(c) Other activity attributable to noncontrolling interests excludes $(30) million and $(6) million for the three months ended March 31, 2013 and 2012, respectively, and $(70) million and $305 million for the nine months ended March 31, 2013 and 2012, respectively, relating to redeemable noncontrolling interests.

Dividends

The Company declared a dividend of $0.085 per share on both the Class A common stock, par value $0.01 per share (Class A Common Stock) and the Class B common stock, par value $0.01 per share (Class B Common Stock) in the three months ended March 31, 2013, which was paid in April 2013 to stockholders of record on March 13, 2013. The related total aggregate dividend paid to stockholders in April 2013 was approximately $200 million.

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The Company declared a dividend of $0.085 per share on both the Class A Common Stock and the Class B Common Stock in the three months ended September 30, 2012, which was paid in October 2012 to stockholders of record on September 12, 2012. The related total aggregate dividend paid to stockholders in October 2012 was approximately $200 million.

The Company declared a dividend of $0.085 per share on both the Class A Common Stock and the Class B Common Stock in the three months ended March 31, 2012, which was paid in April 2012 to stockholders of record on March 14, 2012. The related total aggregate dividend paid to stockholders in April 2012 was approximately $209 million.

The Company declared a dividend of $0.095 per share on both the Class A Common Stock and the Class B Common Stock in the three months ended September 30, 2011, which was paid in October 2011 to stockholders of record on September 14, 2011. The related total aggregate dividend paid to stockholders in October 2011 was approximately $246 million.

Stock Repurchase Program

The Board had previously authorized a total stock repurchase program of $6 billion with a remaining authorized amount under the program of approximately $1.8 billion, excluding commissions as of June 30, 2011. In July 2011, the Company announced that the Board had authorized increasing the total amount of the stock repurchase program remaining by approximately $3.2 billion to $5 billion.

In May 2012, the Company announced that the Board approved a $5 billion increase to the Company s stock repurchase program for the repurchase of Class A Common Stock.

The remaining authorized amount under the Company s stock repurchase program as of March 31, 2013, excluding commissions, was approximately $3.6 billion.

The program may be modified, extended, suspended or discontinued at any time.

Temporary Suspension of Voting Rights Affecting Non-U.S. Stockholders

On April 18, 2012, the Company announced that it suspended 50% of the voting rights of the Class B Common Stock held by stockholders who are not U.S. citizens (Non-U.S. Stockholders) in order to maintain compliance with U.S. law which states that no broadcast station licensee may be owned by a corporation if more than 25% of that corporation s stock was owned or voted by Non-U.S. Stockholders. The Company owns broadcast station licensees in connection with its ownership and operation of U.S. television stations. As of April 2013, the suspension of voting rights of shares of Class B Common Stock held by Non-U.S. Stockholders was 40%. This suspension of voting rights will remain in place for as long as the Company deems it necessary to maintain compliance with applicable U.S. law, and may be adjusted by the Audit Committee as it deems appropriate. However, the suspension will not apply in connection with any vote on any matter on which holders of Class A Common Stock shall be entitled to vote together with holders of Class B Common Stock as described in the Company s Restated Certificate of Incorporation. The suspension will not impact the rights of Non-U.S. Stockholders of Class B Common Stock to receive dividends and distributions. The suspension was the subject of litigation as to which the court has approved the settlement and dismissed the action with prejudice. (See Note 13 Commitments and Contingencies for a summary of the litigation and settlement)

Voting Agreement with the Murdoch Family Interests

On April 18, 2012, the Murdoch Family Trust and K. Rupert Murdoch (together the Murdoch Family Interests) entered into an agreement with the Company, whereby the Murdoch Family Interests agreed to limit their voting rights during the voting rights suspension period. Under this agreement, the Murdoch Family Interests will not vote or provide voting instructions with respect to a portion of their shares of Class B Common Stock to the extent that doing so would increase their percentage of voting power from what it was prior to the suspension of voting rights. Currently, as a result of the suspension of voting rights, the aggregate percentage vote of the Murdoch Family Interests is at 39.4% of the outstanding shares of Class B Common Stock not subject to the suspension of voting rights, and the percentage vote may be adjusted as provided in the agreement with the Company.

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NOTE 12. EQUITY BASED COMPENSATION

The following table summarizes the Company s equity-based compensation transactions:

	For the three months ended March 31,		For the nine months ended March 31,	
	2013	2012	2013	2012
	(in millions)			
Equity-based compensation	$ 75	$ 58	$ 233	$ 165
Cash received from exercise of equity-based compensation	$ 29	$ 72	$ 148	$ 80

As of March 31, 2013, the Company s total compensation cost related to restricted stock units (RSUs) and performance stock units (PSUs) not yet recognized for all equity-based compensation plans was approximately $236 million, and is expected to be recognized over a weighted average period between one and two years. Compensation expense on all equity-based awards is generally recognized on a straight-line basis over the vesting period of the entire award. However, certain performance based awards are recognized on an accelerated basis.

The intrinsic value of stock options exercised during the nine months ended March 31, 2013 and 2012 was $51 million and $18 million, respectively. The intrinsic value of the stock options outstanding as of March 31, 2013 and June 30, 2012 was $47 million and $39 million, respectively.

As of March 31, 2013 and June 30, 2012, the liability for cash-settled awards was approximately $176 million and $119 million, respectively. Cash settled awards are marked-to-market at each reporting period.

The Company recognized a tax benefit on vested RSUs and stock options exercised of approximately $34 million and $13 million for the nine months ended March 31, 2013 and 2012, respectively.

Performance Stock Units

During the nine months ended March 31, 2013 and 2012, approximately 7.9 million and 9.1 million target PSUs were granted, respectively, of which 6.1 million and 6.8 million, respectively, will be settled in shares of Class A Common Stock. PSUs granted to executive directors and certain awards granted to employees in certain foreign locations are settled in cash.

Restricted Stock Units

During the nine months ended March 31, 2013 and 2012, approximately 1.4 million and 6.7 million RSUs were granted, respectively, of which 1.3 million and 6.5 million, respectively, will be settled in shares of Class A Common Stock. RSUs granted to executive directors and certain awards granted to employees in certain foreign locations are settled in cash.

During the nine months ended March 31, 2013 and 2012, approximately 7.1 million and 8.4 million RSUs vested, respectively, of which approximately 6.2 million and 7.2 million, respectively, were settled in shares of Class A Common Stock, before statutory tax withholdings. The fair value of RSUs settled in shares of Class A Common Stock was approximately $147 million and $119 million for the nine months ended March 31, 2013 and 2012, respectively. The remaining 0.9 million and 1.2 million RSUs settled during the nine months ended March 31, 2013 and 2012, respectively, were settled in cash of approximately $22 million and $19 million, respectively, before statutory tax withholdings.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements (firm commitments   ) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The total firm commitments and future debt payments as of March 31, 2013 and June 30, 2012 were $82,946 million and $63,644 million,

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respectively. The increase from June 30, 2012 was primarily due to the businesses acquired or consolidated during the nine months ended March 31, 2013, the renewal of rights for MLB and NASCAR and the issuance of 3.00% Senior Notes due 2022.

Guarantees

The Company also has certain contractual arrangements in relation to certain investees that would require the Company to make payments or provide funding if certain circumstances occur (contingent guarantees). The Company does not expect that these contingent guarantees will result in any material amounts being paid by the Company in the foreseeable future. The total contingent guarantees decreased 6% as of March 31, 2013 as compared to June 30, 2012 due to the acquisition of 50% of Fox Sports Asia that the Company did not own, partially offset by an additional guarantee issued to Hulu as noted below.

In October 2012, Hulu redeemed Providence Equity Partners equity interest for $200 million. In connection with the transaction, Hulu incurred a charge primarily related to employee equity-based compensation. Accordingly, the Company recorded approximately $60 million to reflect its share of the charge in the second quarter of fiscal 2013. The Company has guaranteed $115 million of Hulu s $338 million five-year term loan which was used by Hulu, in part, to finance the transaction. The fair value of this guarantee was calculated using level 3 inputs and was included in the consolidated balance sheet in other liabilities. As of March 31, 2013 the Company owns 34% of Hulu and continues to account for its interest in Hulu as an equity method investment.

In April 2013, the Company sold its 10% investment in its joint venture formed with CME Group Inc. (CME). As a result of the transaction, the Company was released from its agreement to indemnify CME with respect to any payment of principal, premium and interest CME makes under its guarantee of the third-party debt issued by the joint venture.

Contingencies

Shareholder Litigation

Delaware

On March 16, 2011, a complaint seeking to compel the inspection of the Company s books and records pursuant to 8 Del. C. § 220, captioned Central Laborers Pension Fund v. News Corporation, was filed in the Delaware Court of Chancery. The plaintiff requested the Company s books and records to investigate alleged possible breaches of fiduciary duty by the directors of the Company in connection with the Company s purchase of Shine (the Shine Transaction). The Company moved to dismiss the action. On November 30, 2011, the court issued an order granting the Company s motion and dismissing the complaint. The plaintiff filed a notice of appeal on December 13, 2011. The Delaware Supreme Court heard argument on the fully-briefed appeal on April 18, 2012 and issued a decision on May 29, 2012 in which it affirmed the Court of Chancery s dismissal of the complaint.

Also on March 16, 2011, two purported shareholders of the Company, one of which was Central Laborers Pension Fund, filed a derivative action in the Delaware Court of Chancery, captioned The Amalgamated Bank v. Murdoch, et al. (the Amalgamated Bank Litigation). The plaintiffs alleged that both the directors of the Company and Rupert Murdoch as a controlling shareholder breached their fiduciary duties in connection with the Shine Transaction. The suit named as defendants all directors of the Company, and named the Company as a nominal defendant. Similar claims against the same group of defendants were filed in the Delaware Court of Chancery by a purported shareholder of the Company, New Orleans Employees Retirement System, on March 25, 2011 (the New Orleans Employees Retirement Litigation). Both the Amalgamated Bank Litigation and the New Orleans Employees Retirement Litigation were consolidated on April 6, 2011 (the Consolidated Action), with The Amalgamated Bank s complaint serving as the operative complaint. The Consolidated Action was captioned In re News Corp. Shareholder Derivative Litigation. On April 9, 2011, the court entered a scheduling order governing the filing of an amended complaint and briefing on potential motions to dismiss.

Thereafter, the plaintiffs in the Consolidated Action filed a Verified Consolidated Shareholder Derivative and Class Action Complaint (the Consolidated Complaint) on May 13, 2011, seeking declaratory relief and damages. The Consolidated Complaint largely restated the claims in The Amalgamated Bank s initial complaint and also raised a direct claim on behalf of a purported class of Company shareholders relating to the possible addition of Elisabeth Murdoch to the Company s Board. The defendants filed opening briefs in support of motions to dismiss the Consolidated Complaint on June 10, 2011, as contemplated by the court s scheduling order. On July 8, 2011, the plaintiffs filed a Verified Amended Consolidated Shareholder Derivative and Class Action Complaint (the Amended Complaint). In addition to the claims that were previously raised in the Consolidated Complaint, the Amended Complaint brought claims relating to the alleged acts of voicemail interception at *The News of the World* (the NoW Matter). Specifically, the plaintiffs claimed in the Amended Complaint that the directors of the Company failed in their duty of oversight regarding the NoW Matter.

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On July 15, 2011, another purported stockholder of the Company filed a derivative action captioned Massachusetts Laborers Pension & Annuity Funds v. Murdoch, et al., in the Delaware Court of Chancery (the Mass. Laborers Litigation). The complaint names as defendants the directors of the Company and the Company as a nominal defendant. The plaintiffs claims are substantially similar to those raised by the Amended Complaint in the Consolidated Action. Specifically, the plaintiff alleged that the directors of the Company have breached their fiduciary duties by, among other things, approving the Shine Transaction and for failing to exercise proper oversight in connection with the NoW Matter. The plaintiff also brought a breach of fiduciary duty claim against Rupert Murdoch as controlling shareholder, and a waste claim against the directors of the Company. The action seeks as relief damages, injunctive relief, fees and costs. On July 25, 2011, the plaintiffs in the Consolidated Action requested that the court consolidate the Mass. Laborers Litigation into the Consolidated Action. On August 24, 2011, the Mass. Laborers Litigation was consolidated with the Consolidated Action.

On September 29, 2011, the plaintiffs filed a Verified Second Amended Consolidated Shareholder Derivative and Class Action Complaint (Second Amended Complaint). In the Second Amended Complaint, the plaintiffs removed their claims involving the possible addition of Elisabeth Murdoch to the Company s Board, added some factual allegations to support their remaining claims and added a claim seeking to enjoin a buyback of Common B shares to the extent it would result in a change of control. The Second Amended Complaint seeks declaratory relief, an injunction preventing the buyback of Class B shares, damages, pre- and post-judgment interest, fees and costs.

The defendants filed a motion to dismiss the Second Amended Complaint. The hearing on the defendants fully-briefed motion to dismiss was postponed to allow further briefing by plaintiffs after the Cohen Litigation, which is defined and described below, was consolidated with the Consolidated Action.

On March 2, 2012, another purported stockholder of the Company filed a derivative action captioned Belle M. Cohen v. Murdoch, et al., in the Delaware Court of Chancery (the Cohen Litigation). The complaint names as defendants the directors of the Company and the Company as a nominal defendant. The complaint s claims and allegations pertain to the NoW Matter and are substantially similar to the NoW Matter allegations raised in the Second Amended Complaint in the Consolidated Action. The complaint asserts causes of action against the defendants for alleged breach of fiduciary duty, gross mismanagement, contribution and indemnification, abuse of control, and waste of corporate assets. The action seeks as relief damages, fees and costs. On March 20, 2012, the Cohen Litigation was consolidated with the Consolidated Action.

On June 18, 2012, the plaintiffs in the Consolidated Action filed a Verified Third Amended Consolidated Shareholder Derivative Complaint (the Third Amended Complaint). The Third Amended Complaint alleges claims against director defendants for breach of fiduciary duty arising from the Shine Transaction; against Rupert Murdoch for breach of fiduciary duty as the purported controlling shareholder of the Company in connection with the Shine Transaction; against director defendants for breach of fiduciary duty arising from their purported failure to investigate illegal conduct in the NoW Matter and allegedly permitting the Company to engage in a cover up; against certain defendants for breach of fiduciary duty in their capacity as officers arising from a purported failure to investigate illegal conduct in the NoW Matter and allegedly permitting the Company to engage in a cover up; and against James Murdoch for breach of fiduciary duty for allegedly engaging in a cover up related to the NoW Matter. The class action claim asserted in the Second Amended Complaint pertaining to the buyback of Common B shares and the relief related to that claim were removed. The Third Amended Complaint seeks a declaration that the defendants violated their fiduciary duties, damages, pre- and post-judgment interest, fees and costs.

On July 18, 2012, the defendants renewed their postponed motion to dismiss in the Consolidated Action, and in support thereof, they filed supplemental briefing directed towards the allegations of the Third Amended Complaint. Plaintiffs response was filed on August 8, 2012. A hearing on the fully briefed motion was held in Chancery Court on September 19, 2012. The Court reserved decision.

On April 17, 2013, the parties reached an agreement in principle to settle the Consolidated Action. Pursuant to the terms of that settlement, which is subject to the approval of the Delaware Court of Chancery after notice to the stockholders and a hearing, the parties agreed that the director defendants in the Consolidated Action would cause to be paid on their behalf the amount of $139 million to the Company, minus any attorneys fees and expenses awarded by the Court to the plaintiffs counsel. Such amount is to be paid from an escrow account created for the benefit of the director defendants pursuant to an agreement reached between the defendants and their directors and officers liability insurers for the payment of insurance proceeds, subject to a claims release. In addition to the payment to the Company, the settlement contemplates that the Company will build on corporate governance and

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compliance enhancements which the Company has implemented in the past year. These shall remain in effect at least through December 31, 2016, and would be applicable to both 21st Century Fox and New News Corporation. The Memorandum of Understanding related to the settlement has been filed with the Court. On May 3, 2013, the Stipulation of Settlement was filed with the Court. On May 6, 2013, the Court entered a Scheduling Order, which, among other things, set the settlement hearing for June 26, 2013, and approved the form of Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing, and Right to Appear, which is being distributed to holders of the Company s common stock in accordance with the Scheduling Order. In addition to requiring the approval of the Delaware Court of Chancery, the settlement will not become effective unless the Shields Litigation, the Iron Workers Litigation and the Stricklin Litigation (each as described below under the heading Shareholder Litigation Southern District of New York) are also dismissed.

On May 30, 2012, a purported stockholder of the Company filed a class action lawsuit in the Delaware Court of Chancery on behalf of all non-U.S. stockholders of the Company s Class B shares, captioned Första Ap-Fonden v. News Corporation, et al. The plaintiff alleges that, by temporarily suspending 50% of the voting rights of the Class B shares held by non-U.S. stockholders to remain in compliance with U.S. governing broadcast licenses (the Suspension), the Company and the Board violated the Company s charter and the General Corporation Law of the State of Delaware (DGCL) and the directors breached their fiduciary duties, both in approving the Suspension and in failing to monitor the Company s ownership by non-U.S. stockholders. The complaint named as defendants the Company and all directors of the Company at the time of the Suspension. The complaint sought a declaration that the defendants violated the Company s charter and the DGCL, a declaration that the directors breached their fiduciary duties, a declaration that the Suspension is invalid and unenforceable, an injunction of the Suspension, damages, fees, and costs. On June 11, 2012, the defendants filed an opening brief in support of a motion to dismiss the complaint in its entirety. On August 2, 2012, the plaintiff filed a Verified Amended and Supplemented Class Action Complaint (the Amended and Supplemented Complaint). The Amended and Supplemented Complaint seeks a declaration that the defendants violated the Company s charter and the DGCL, a declaration that the directors breached their fiduciary duties, a declaration that the Suspension is invalid and unenforceable, an injunction of the Suspension, a declaration that non-U.S. stockholders of the Company s Class B shares are entitled to vote all of their shares on the Proposed Separation Transaction, damages, fees, and costs. On August 28, 2012, the parties entered into a Memorandum of Understanding providing for an agreement in principle to settle the lawsuit. The Memorandum of Understanding, which was filed with the Court on September 5, 2012, provides in pertinent part: (i) within 5 business days after receiving Court approval, the Company will file a petition with the FCC requesting permission to comply with law governing broadcast licenses for any meeting of stockholders by (a) determining the number of shares held by foreign stockholders that are present at the meeting and that would be entitled to vote but for the Suspension, and (b) counting as votes cast all voted shares held by foreign stockholders, up to a total of 25% of the shares voted; (ii) the Company s Audit Committee will determine on at least an annual basis the total number of voting shares held by non-U.S. citizens and will have the power to modify or eliminate any then-existing suspension; the Company will disclose this information in its annual proxy materials and (iii) the Company will not consent to amend, modify or terminate the Murdoch Family Interests agreement without prior approval of the Audit Committee, which in the case of any vote related to the Proposed Separation Transaction, must be unanimous. The settlement is subject to Court approval after notice to the stockholders and a hearing. The Stipulation of Settlement was filed with the Court on November 30, 2012. On December 10, 2012, the Court entered a Scheduling Order, which, among other things, set the settlement hearing for April 26, 2013, and approved the form of Notice of Pendency of Class Action, Proposed Settlement of Class Action, Settlement Hearing, and Right to Appear, which has been distributed to holders of the Company s Class B Common Stock in accordance with the Scheduling Order. At a hearing held on April 26, 2013, the Court approved the settlement and dismissed the action with prejudice.

Southern District of New York

On July 18, 2011, a purported shareholder of the Company filed a derivative action captioned Shields v. Murdoch, et al. (Shields Litigation), in the United States District Court for the Southern District of New York. The plaintiff alleged violations of Section 14(a) of the Securities Exchange Act, as well as state law claims for breach of fiduciary duty, gross mismanagement, waste, abuse of control and contribution/indemnification arising from, and in connection with, the NoW Matter. The complaint names the directors of the Company as defendants and names the Company as a nominal defendant, and seeks damages and costs. On August 4, 2011, the plaintiff filed an amended complaint. The plaintiff seeks compensatory damages, an order declaring the October 15, 2010 shareholder vote on the election of the Company s directors void; an order setting an emergency shareholder vote date for election of new directors; an order requiring the Company to take certain specified corporate governance actions; and an order (i) putting forward a shareholder vote resolution for amendments to the Company s Article of Incorporation and (ii) taking such other action as may be necessary to place before shareholders for a vote on corporate governance policies that: (a) appoint a non-executive Chair of the Board who is not related to the Murdoch family or extended family; (b) appoint an independent Chair of the Board s Audit Committee; (c) appoint at least three independent directors to the Governance and

Nominating Committees; (d) strengthen the Board s supervision of financial reporting processes and implement procedures for greater shareholder input into the policies and guidelines of the Board; and (e) appropriately test and strengthen the internal and audit control functions.

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On July 19, 2011, a purported class action lawsuit captioned Wilder v. News Corp., et al. (Wilder Litigation), was filed on behalf of all purchasers of the Company s common stock between March 3, 2011 and July 11, 2011, in the United States District Court for the Southern District of New York. The plaintiff brought claims under Section 10(b) and Section 20(a) of the Securities Exchange Act, alleging that false and misleading statements were issued regarding the NoW Matter. The suit names as defendants the Company, Rupert Murdoch, James Murdoch and Rebekah Brooks, and seeks compensatory damages, rescission for damages sustained, and costs.

On July 22, 2011, a purported shareholder of the Company filed a derivative action captioned Stricklin v. Murdoch, et al. (Stricklin Litigation), in the United States District Court for the Southern District of New York. The plaintiff brought claims for breach of fiduciary duty, gross mismanagement, and waste of corporate assets in connection with, among other things, (i) the NoW Matter; (ii) News America s purported payments to settle allegations of anti-competitive behavior; and (iii) the Shine Transaction. The action names as defendants the Company, Les Hinton, Rebekah Brooks, Paul Carlucci and the directors of the Company. On August 3, 2011, the plaintiff served a motion for expedited discovery and to appoint a conservator over the Company, which defendants objected to. The motion has not been formally calendared and there is no briefing schedule yet. On August 16, 2011, the plaintiffs filed an amended complaint. The plaintiff seeks various forms of relief including compensatory damages, injunctive relief, disgorgement, the award of voting rights to Class A shareholders, the appointment of a conservator over the Company to oversee the Company s responses to investigations and litigation related to the NoW Matter, fees and costs.

On August 10, 2011, a purported shareholder of the Company filed a derivative action captioned Iron Workers Mid-South Pension Fund v. Murdoch, et al. (Iron Workers Litigation), in the United States District Court for the Southern District of New York. The plaintiff brought claims for breach of fiduciary duty, waste of corporate assets, unjust enrichment and alleged violations of Section 14(a) of the Securities Exchange Act in connection with the NoW Matter. The action names as defendants the Company, Les Hinton, Rebekah Brooks and the directors of the Company. The plaintiff seeks various forms of relief including compensatory damages, voiding the election of the director defendants, an order requiring the Company to take certain specified corporate governance actions, injunctive relief, restitution, fees and costs.

The Wilder Litigation, the Stricklin Litigation and the Iron Workers Litigation are all now before the judge in the Shields Litigation. On November 21, 2011, the court issued an order setting a briefing schedule for the defendants motion to stay the Stricklin Litigation, the Iron Workers Litigation and the Shields Litigation pending the outcome of the consolidated action pending in the Delaware Court of Chancery. On September 18, 2012, the Court denied the motion as to two of the cases and dismissed the third with leave to replead, which plaintiff has done. Specifically, on October 4, 2012, Stricklin filed a Second Amended Complaint that added a claim under Section 14(a) of the Securities Exchange Act challenging the disclosures in the Company s definitive proxy statements issued during the years of 2005 through 2012. The plaintiff seeks, among other things, to void the election of the director defendants at the Company s 2012 annual meeting. The plaintiffs in Shields, Stricklin and Iron Workers have requested a pre-motion conference to address the potential consolidation of these derivative actions and a briefing schedule regarding the potential leadership structure for the plaintiffs. The pre-motion conference has not yet been scheduled. In the Wilder Litigation, on June 5, 2012, the court issued an order appointing the Avon Pension Fund (Avon) as lead plaintiff and Robbins Geller Rudman & Dowd as lead counsel. Thereafter, on July 3, 2012, the court issued an order providing that an amended consolidated complaint shall be filed by July 31, 2012. Avon filed an amended consolidated complaint on July 31, 2012, which among other things, added as defendants NI Group Limited and Les Hinton, and expanded the class period to include February 15, 2011 to July 18, 2011. Defendants filed their motion to dismiss on September 25, 2012, plaintiffs opposition was filed November 6, 2012 and defendants reply was filed November 30, 2012. The motion is pending.

The Company s management believes these shareholder claims are entirely without merit, and intends to vigorously defend these actions. The settlement of the Consolidated Action (described above under the heading Shareholder Litigation Delaware) will not become effective unless the Shields Litigation, the Iron Workers Litigation and the Stricklin Litigation are also dismissed.

The News of the World Investigations and Litigation

U.K. and U.S. regulators and governmental authorities continue to conduct investigations initiated in 2011 with respect to the U.K. Newspaper Matters. The Company is cooperating with these investigations.

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The Company has admitted liability in many civil cases related to the phone hacking allegations and has settled many cases. The Company also announced a private compensation scheme under which parties could pursue claims against the Company. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

The Company is not able to predict the ultimate outcome or cost of the civil claims or criminal matters. The Company has incurred legal and professional fees related to the U.K. Newspaper Matters and costs for civil settlements totaling approximately $42 million and $63 million during the three months ended March 31, 2013 and 2012, respectively, and $165 million and $167 million during the nine months ended March 31, 2013 and 2012, respectively. These costs are included in Selling, general and administrative expenses in the Company s unaudited consolidated statements of operations. As of March 31, 2013, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred and has accrued approximately $60 million. It is not possible to estimate the liability for any additional claims that may be filed given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision for such matters.

In connection with the proposed separation, the Company and New News Corporation will agree in a separation and distribution agreement that the Company will indemnify New News Corporation for payments made after the distribution date arising out of civil claims and investigations relating to the U.K. Newspaper Matters as well as legal and professional fees and expenses paid in connection with the criminal matters, other than fees, expenses and costs relating to employees who are not (i) directors, officers or certain designated employees or (ii) with respect to civil matters, co-defendants with New News Corporation. In addition, violations of law may result in criminal fines or penalties for which New News Corporation will not be indemnified by the Company. It is possible that these proceedings and any adverse resolution thereof, including any fines or other penalties associated with any plea, judgment or similar result could damage the Company s reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

HarperCollins

Commencing on August 9, 2011, twenty-nine purported consumer class actions have been filed in the U.S. District Courts for the Southern District of New York and for the Northern District of California, which relate to the decisions by certain publishers, including HarperCollins Publishers L.L.C. (HarperCollins), to begin selling their eBooks pursuant to an agency relationship. The cases all involve allegations that certain named defendants in the book publishing and distribution industry, including HarperCollins, violated the antitrust and unfair competition laws by virtue of the switch to the agency model for eBooks. The actions seek as relief treble damages, injunctive relief and attorneys fees. The Judicial Panel on Multidistrict Litigation has transferred the various class actions to the Honorable Denise L. Cote in the Southern District of New York. On January 20, 2012, plaintiffs filed a consolidated amended complaint, again alleging that certain named defendants, including HarperCollins, violated the antitrust and unfair competition laws by virtue of the switch to the agency model for eBooks. Defendants filed a motion to dismiss on March 2, 2012. On May 15, 2012, Judge Cote denied defendants motion to dismiss. On June 22, 2012, Judge Cote held a status conference to address discovery and scheduling issues. On June 25, 2012, Judge Cote issued a scheduling order for the multi-district litigation going forward. Additional information about In re MDL Electronic Books Antitrust Litigation, Civil Action No. 11-md-02293 (DLC), can be found on Public Access to Court Electronic Records (PACER). While it is not possible to predict with any degree of certainty the ultimate outcome of these class actions, HarperCollins believes it was compliant with applicable antitrust and competition laws.

Following an investigation, on April 11, 2012, the Department of Justice (the DOJ) filed an action in the U.S. District Court for the Southern District of New York against certain publishers, including HarperCollins, and Apple, Inc. The DOJ s complaint alleges antitrust violations relating to defendants decisions to begin selling eBooks pursuant to an agency relationship. This case was assigned to Judge Cote. Simultaneously, the DOJ announced that it had reached a proposed settlement with three publishers, including HarperCollins, and filed a Proposed Final Judgment and related materials detailing that agreement. Among other things, the Proposed Final Judgment requires that HarperCollins terminate its agreements with certain eBook retailers and places certain restrictions on any agreements subsequently entered into with such retailers. Pursuant to the Antitrust Procedures and Penalties Act, the Proposed Final Judgment could not be entered by Judge Cote for at least sixty days while the DOJ received public comments. The public comment period ended on June 25, 2012. Pursuant to Judge Cote s June 25, 2012 scheduling order, the DOJ s motion for entry of the Proposed Final Judgment was fully briefed by August 22, 2012, and on September 5, 2012, Judge Cote granted the DOJ s motion and entered

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the Final Judgment. A third party has filed a motion to intervene in the case for the purpose of appealing Judge Cote s decision entering the Final Judgment to the United States Court of Appeals for the Second Circuit. On March 26, 2013, the United States Court of Appeals for the Second Circuit dismissed his appeal. Additional information about the Final Judgment can be found on the DOJ s website.

Following an investigation, on April 11, 2012, 16 state Attorneys General led by Texas and Connecticut (the AGs) filed a similar action against certain publishers and Apple, Inc. in the Western District of Texas. On April 26, 2012, the AGs action was transferred to Judge Cote. On May 17, 2012, 33 AGs filed a second amended complaint. As a result of a memorandum of understanding agreed upon with the AGs for Texas and Connecticut, HarperCollins was not named as a defendant in this action. Pursuant to the terms of the memorandum of understanding, HarperCollins entered into a settlement agreement with the AGs for Texas, Connecticut and Ohio on June 11, 2012. By August 28, 2012, forty-nine states (all but Minnesota) and five U.S. territories had signed on to that settlement agreement. On August 29, 2012, the AGs simultaneously filed a complaint against HarperCollins and two other publishers, a motion for preliminary approval of that settlement agreement and a proposed distribution plan. On September 14, 2012, Judge Cote granted the AGs motion for preliminary approval of the settlement agreement and approved the AGs proposed distribution plan. Notice was subsequently sent to potential class members, and a fairness hearing was held on February 8, 2013, where Judge Cote granted final approval of the settlement. The settlement now is effective and the final judgment will bar consumers from states and territories covered by the settlement from participating in the class action.

On October 12, 2012, HarperCollins received a Civil Investigative Demand from the Attorney General from the State of Minnesota. HarperCollins complied with the Demand on November 16, 2012 and is cooperating with that investigation. While it is not possible to predict with any degree of certainty the ultimate outcome of the inquiry, HarperCollins believes it was compliant with applicable antitrust laws.

The European Commission conducted an investigation into whether certain companies in the book publishing and distribution industry, including HarperCollins, violated the antitrust laws by virtue of the switch to the agency model for eBooks. Following discussions with the European Commission, the Office of Fair Trading closed its investigation in favor of the European Commission s investigation on December 6, 2011. HarperCollins settled the matter with the European Commission on terms substantially similar to the settlement with the DOJ. On December 13, 2012, the European Commission formally adopted the settlement.

Commencing on February 24, 2012, five purported consumer class actions were filed in the Canadian provinces of British Columbia, Quebec and Ontario, which relate to the decisions by certain publishers, including HarperCollins, to begin selling their eBooks in Canada pursuant to an agency relationship. The actions seek as relief special, general and punitive damages, injunctive relief and the costs of the litigations. While it is not possible to predict with any degree of certainty the ultimate outcome of these class actions, especially given their early stages, HarperCollins believes it was compliant with applicable antitrust and competition laws and intends to defend itself vigorously.

In July 2012, HarperCollins Canada, a wholly-owned subsidiary of HarperCollins, learned that the Canadian Competition Bureau (CCB) had commenced an inquiry regarding the sale of eBooks in Canada. HarperCollins currently is cooperating with the CCB with respect to its inquiry. While it is not possible to predict with any degree of certainty the ultimate outcome of the inquiry, HarperCollins believes it was compliant with applicable antitrust and competition laws.

Other

The Company s operations are subject to tax in various domestic and international jurisdictions and as a matter of course, the Company is regularly audited by federal, state and foreign tax authorities. The Company believes it has appropriately accrued for the expected outcome of all pending tax matters and does not currently anticipate that the ultimate resolution of pending tax matters will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity.

The Company establishes an accrued liability for legal claims when the Company determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Legal fees associated with litigation and similar proceedings that are not expected to provide a benefit in future periods are expensed as incurred. Any fees, expenses, fines, penalties, judgments or settlements which might be incurred by the Company in connection with the various proceedings could affect the Company s results of operations and financial condition. For the contingencies disclosed above for which there is at least a reasonable possibility that a loss may be incurred, other than the accrual provided, the Company was unable to estimate the amount of loss or range of loss.

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NOTE 14. PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company sponsors non-contributory pension plans and retiree health and life insurance benefit plans covering specific groups of employees which are closed to new participants (with the exception of groups covered by collective bargaining agreements). The benefits payable for the Company s non-contributory pension plans are based primarily on a formula factoring both an employee s years of service and pay near retirement. Participant employees are vested in the pension plans after five years of service. The Company s policy for all pension plans is to fund amounts, at a minimum, in accordance with statutory requirements. Plan assets consist principally of common stocks, marketable bonds and government securities. The retiree health and life insurance benefit plans offer medical and/or life insurance to certain full-time employees and eligible dependents that retire after fulfilling age and service requirements.

The components of net periodic benefits costs were as follows:

	Pension Benefits		Postretirement Benefits	
	For the three months ended March 31,			
	2013	2012	2013	2012
	(in millions)			
Service cost benefits earned during the period	$ 31	$ 25	$ 1	$ 1
Interest costs on projected benefit obligation	41	44	3	4
Expected return on plan assets	(47)	(46)		
Amortization of deferred losses	23	12		
Other	(1)	3	(2)	(5)
Net periodic benefits costs	$ 47	$ 38	$ 2	$
Cash contributions	$ 39	$ 16	$ 4	$ 4

	Pension Benefits		Postretirement Benefits	
	For the nine months ended March 31,			
	2013	2012	2013	2012
	(in millions)			
Service cost benefits earned during the period	$ 94	$ 73	$ 4	$ 4
Interest costs on projected benefit obligation	123	133	10	12
Expected return on plan assets	(141)	(139)		
Amortization of deferred losses	71	36		
Other	7	8	(5)	(14)
Net periodic benefits costs	$ 154	$ 111	$ 9	$ 2
Cash contributions	$ 65	$ 45	$ 14	$ 14

NOTE 15. SEGMENT INFORMATION

The Company is a diversified global media company, which manages and reports its businesses in the following six segments:

Cable Network Programming, which principally consists of the production and licensing of programming distributed through cable television systems and direct broadcast satellite operators primarily in the United States, Latin America, Europe and Asia.

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Filmed Entertainment, which principally consists of the production and acquisition of live-action and animated motion pictures for distribution and licensing in all formats in all entertainment media worldwide, and the production and licensing of television programming worldwide.

Television, which principally consists of the broadcasting of network programming in the United States and the operation of 27 full power broadcast television stations, including 9 duopolies, in the United States (of these stations, 17 are affiliated with the FOX Broadcasting Company and 10 are affiliated with Master Distribution Service, Inc. (MyNetworkTV)).

Direct Broadcast Satellite Television, which consists of the distribution of basic and premium programming services via satellite and cable directly to subscribers in Italy, Germany and Austria.

Publishing, which principally consists of the Company s newspapers and information services, book publishing and integrated marketing services businesses. The newspapers and information services business principally consists of the publication of national newspapers in the United Kingdom, the publication of approximately 140 newspapers in Australia, the publication of a metropolitan newspaper and a national newspaper (with international editions) in the United States and the provision of information services. The book publishing business consists of the publication of English language books throughout the world and the integrated marketing services business consists of the publication of free-standing inserts and the provision of in-store marketing products and services in the United States and Canada.

Other, which principally consists of FOX SPORTS Australia, the leading sports programming provider in Australia, the Company s digital media properties and Amplify, the Company s education technology businesses.

The Company s operating segments have been determined in accordance with the Company s internal management structure, which is organized based on operating activities. The Company evaluates performance based upon several factors, of which the primary financial measures are segment operating income (loss) and segment operating income (loss) before depreciation and amortization.

Segment operating income (loss) does not include: Impairment and restructuring charges, equity earnings of affiliates, interest expense, net, interest income, other, net, income tax expense and net income attributable to noncontrolling interests. The Company believes that information about segment operating income (loss) assists all users of the Company s consolidated financial statements by allowing them to evaluate changes in the operating results of the Company s portfolio of businesses separate from non-operational factors that affect net income, thus providing insight into both operations and the other factors that affect reported results.

Segment operating income (loss) before depreciation and amortization is defined as segment operating income (loss) plus depreciation and amortization and the amortization of cable distribution investments and eliminates the variable effect across all business segments of depreciation and amortization. Depreciation and amortization expense includes the depreciation of property and equipment, as well as amortization of finite-lived intangible assets. Amortization of cable distribution investments represents a reduction against revenues over the term of a carriage arrangement and, as such, it is excluded from segment operating income (loss) before depreciation and amortization.

Total segment operating income and segment operating income (loss) before depreciation and amortization are non-GAAP measures and should be considered in addition to, not as a substitute for, net income (loss), cash flow and other measures of financial performance reported in accordance with GAAP. In addition, these measures do not reflect cash available to fund requirements. These measures exclude items, such as impairment and restructuring charges, which are significant components in assessing the Company s financial performance. Segment operating income (loss) before depreciation and amortization also excludes depreciation and amortization which are also significant components in assessing the Company s financial performance.

Management believes that total segment operating income and segment operating income (loss) before depreciation and amortization are appropriate measures for evaluating the operating performance of the Company s business. Total segment operating income and segment operating income (loss) before depreciation and amortization provide management, investors and equity analysts measures to analyze operating performance of the Company s business and its enterprise value against historical data and competitors data, although historical results, including total segment operating income and segment operating income (loss) before depreciation and amortization, may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

	For the three months ended March 31, 2013	For the three months ended March 31, 2012	For the nine months ended March 31, 2013	For the nine months ended March 31, 2012
	(in millions)			
Revenues:				
Cable Network Programming	$ 2,782	$ 2,375	$ 7,790	$ 6,656
Filmed Entertainment	2,014	1,722	5,826	5,563
Television	1,225	1,208	3,716	3,651
Direct Broadcast Satellite Television	1,300	923	3,007	2,792
Publishing	1,938	2,025	6,105	6,224
Other	279	149	655	450
Total revenues	$ 9,538	$ 8,402	$ 27,099	$ 25,336
Segment operating income (loss):				
Cable Network Programming	$ 993	$ 846	$ 2,891	$ 2,503
Filmed Entertainment	289	272	1,072	1,012
Television	196	171	576	493
Direct Broadcast Satellite Television	(11)	40	(8)	165
Publishing	85	130	376	458
Other	(190)	(147)	(587)	(437)
Total segment operating income	1,362	1,312	4,320	4,194
Impairment and restructuring charges	(56)	(27)	(273)	(154)
Equity earnings of affiliates	157	204	521	467
Interest expense, net	(276)	(258)	(809)	(773)
Interest income	32	26	100	91
Other, net	2,431	27	5,206	22
Income before income tax expense	3,650	1,284	9,065	3,847
Income tax expense	(741)	(281)	(1,402)	(931)
Net income	2,909	1,003	7,663	2,916
Less: Net income attributable to noncontrolling interests	(55)	(66)	(195)	(184)
Net income attributable to News Corporation stockholders	$ 2,854	$ 937	$ 7,468	$ 2,732

Intersegment revenues, generated primarily by the Filmed Entertainment segment, of approximately $330 million and $291 million for the three months ended March 31, 2013 and 2012, respectively, and of approximately $779 million and $824 million for the nine months ended March 31, 2013 and 2012, respectively, have been eliminated within the Filmed Entertainment segment. Intersegment operating profit generated primarily by the Filmed Entertainment segment of approximately $13 million and $17 million for the three months ended March 31, 2013 and 2012, respectively, and of approximately $21 million and $64 million for the nine months ended March 31, 2013 and 2012, respectively, have been eliminated within the Filmed Entertainment segment.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

	For the three months ended March 31, 2013			
	Segment operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments	Segment operating income (loss) before depreciation and amortization
	(in millions)			
Cable Network Programming	$ 993	$ 53	$ 23	$ 1,069
Filmed Entertainment	289	32		321
Television	196	23		219
Direct Broadcast Satellite Television	(11)	101		90
Publishing	85	118		203
Other	(190)	30		(160)
Total	$ 1,362	$ 357	$ 23	$ 1,742

	For the three months ended March 31, 2012			
	Segment operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments	Segment operating income (loss) before depreciation and amortization
	(in millions)			
Cable Network Programming	$ 846	$ 42	$ 22	$ 910
Filmed Entertainment	272	33		305
Television	171	21		192
Direct Broadcast Satellite Television	40	76		116
Publishing	130	106		236
Other	(147)	16		(131)
Total	$ 1,312	$ 294	$ 22	$ 1,628

	For the nine months ended March 31, 2013			
	Segment operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments	Segment operating income (loss) before depreciation and amortization
	(in millions)			
Cable Network Programming	$ 2,891	$ 140	$ 67	$ 3,098
Filmed Entertainment	1,072	98		1,170
Television	576	66		642
Direct Broadcast Satellite Television	(8)	249		241
Publishing	376	348		724
Other	(587)	66		(521)
Total	$ 4,320	$ 967	$ 67	$ 5,354

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

	For the nine months ended March 31, 2012			
	Segment operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments	Segment operating income (loss) before depreciation and amortization
	(in millions)			
Cable Network Programming	$ 2,503	$ 117	$ 69	$ 2,689
Filmed Entertainment	1,012	95		1,107
Television	493	63		556
Direct Broadcast Satellite Television	165	228		393
Publishing	458	319		777
Other	(437)	47		(390)
Total	$ 4,194	$ 869	$ 69	$ 5,132

	As of March 31, 2013	As of June 30, 2012
	(in millions)	
Total assets:		
Cable Network Programming	$ 17,656	$ 14,896
Filmed Entertainment	8,642	8,102
Television	6,341	6,110
Direct Broadcast Satellite Television	8,622	2,455
Publishing	11,277	10,913
Other	9,330	9,219
Investments	6,622	4,968
Total assets	$ 68,490	$ 56,663
Goodwill and Intangible assets, net:		
Cable Network Programming	$ 9,188	$ 7,626
Filmed Entertainment	2,455	2,531
Television	4,222	4,317
Direct Broadcast Satellite Television	5,965	554
Publishing	4,739	4,586
Other	1,901	693
Total goodwill and intangible assets, net	$ 28,470	$ 20,307

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16. ADDITIONAL FINANCIAL INFORMATION

Supplemental Cash Flows Information

	For the nine months ended March 31,	
	2013	2012
	(in millions)	
Supplemental cash flows information:		
Cash paid for income taxes	$ (980)	$ (957)
Cash paid for interest	(816)	(782)
Return of capital from equity method investments	272	190
Payments for equity method investments	(890)	(204)
Sale of other investments	2	5
Purchase of other investments	(65)	(203)
Supplemental information on businesses acquired:		
Fair value of assets acquired	7,658	862
Cash acquired	775	21
Liabilities assumed	(2,293)	(72)
Noncontrolling interest (increase) decrease	(2,619)	15
Cash paid	(3,521)	(553)
Fair value of equity instruments issued to third parties		273
Issuance of subsidiary common units		(273)
Fair value of equity instruments consideration	$	$

Other, net

The following table sets forth the components of Other, net included in the unaudited consolidated statements of operations:

	For the three months ended March 31,		For the nine months ended March 31,	
	2013	2012	2013	2012
	(in millions)			
Gain on Sky Deutschland transaction[a], [b]	$ 2,069	$	$ 2,069	$
Gain on sale of investment in SKY Network Television Ltd.[a]	321		321	
Gain on Phoenix Satellite Television transaction[a]	81		81	
Gain on CMH transaction[b]			1,245	
Gain on sale of investment in NDS[a]			1,446	
Gain on Fox Sports Asia transaction[b]			174	
Change in fair value of Sky Deutschland convertible securities[a]		7	58	(82)
Gain on FPAS transaction[b]				158
Gain on Hathway Cable transaction[a]		23		23
BSkyB termination fee[a]				(63)
Other	(40)	(3)	(188)	(14)

Total Other, net	$ 2,431	$ 27	$ 5,206	$ 22

(a) See Note 6 Investments
(b) See Note 2 Acquisitions, Disposals and Other Transactions

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17. SUPPLEMENTAL GUARANTOR INFORMATION

In May 2012, NAI, a 100% owned subsidiary of the Company as defined in Rule 3-10(h) of Regulation S-X, entered into a credit agreement (the Credit Agreement), among NAI as Borrower, the Company as Parent Guarantor, the lenders named therein, the initial issuing banks named therein, JPMorgan Chase Bank, N.A. (JPMorgan Chase) and Citibank, N.A. as Co-Administrative Agents, JPMorgan Chase as Designated Agent and Bank of America, N.A. as Syndication Agent. The Credit Agreement provides a $2 billion unsecured revolving credit facility with a sub-limit of $400 million (or its equivalent in Euros) available for the issuance of letters of credit and a maturity date of May 2017. Under the Credit Agreement, the Company may request an increase in the amount of the credit facility up to a maximum amount of $2.5 billion and the Company may request that the maturity date be extended for up to two additional one-year periods. Borrowings are issuable in U.S. dollars only, while letters of credit are issuable in U.S. dollars or Euros. The significant terms of the agreement include the requirement that the Company maintain specific leverage ratios and limitations on secured indebtedness. Fees under the Credit Agreement will be based on the Company s long-term senior unsecured non-credit enhanced debt ratings. Given the current debt ratings, NAI pays a facility fee of 0.125% and an initial drawn cost of LIBOR plus 1.125%.

The Parent Guarantor presently guarantees the senior public indebtedness of NAI and the guarantee is full and unconditional. The supplemental condensed consolidating financial information of the Parent Guarantor should be read in conjunction with these consolidated financial statements.

In accordance with rules and regulations of the SEC, the Company uses the equity method to account for the results of all of the non-guarantor subsidiaries, representing substantially all of the Company s consolidated results of operations, excluding certain intercompany eliminations.

The following condensed consolidating financial statements present the results of operations, financial position and cash flows of NAI, the Company and the subsidiaries of the Company and the eliminations and reclassifications necessary to arrive at the information for the Company on a consolidated basis.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Operations

For the three months ended March 31, 2013

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Revenues	$ 1	$	$ 9,537	$	$ 9,538
Expenses	(132)		(8,100)		(8,232)
Equity earnings (losses) of affiliates	1		156		157
Interest expense, net	(380)	(120)	(18)	242	(276)
Interest income		1	273	(242)	32
Earnings (losses) from subsidiary entities	2,397	2,971		(5,368)	
Other, net	(16)	2	2,445		2,431
Income (loss) before income tax expense	1,871	2,854	4,293	(5,368)	3,650
Income tax (expense) benefit	(309)		(881)	449	(741)
Net income (loss)	1,562	2,854	3,412	(4,919)	2,909
Less: Net income attributable to noncontrolling interests			(55)		(55)
Net income (loss) attributable to News Corporation stockholders	$ 1,562	$ 2,854	$ 3,357	$ (4,919)	$ 2,854
Comprehensive income (loss) attributable to News Corporation stockholders	$ 1,485	$ 2,407	$ 3,263	$ (4,748)	$ 2,407

See notes to supplemental guarantor information

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Operations

For the three months ended March 31, 2012

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Revenues	$ 1	$	$ 8,401	$	$ 8,402
Expenses	(104)		(7,013)		(7,117)
Equity earnings (losses) of affiliates	(1)		205		204
Interest expense, net	(375)	373	(3)	(253)	(258)
Interest income	1	1	(229)	253	26
Earnings (losses) from subsidiary entities	128	563		(691)	
Other, net	15		12		27
Income (loss) before income tax expense	(335)	937	1,373	(691)	1,284
Income tax (expense) benefit	73		(284)	(70)	(281)
Net income (loss)	(262)	937	1,089	(761)	1,003
Less: Net income attributable to noncontrolling interests			(66)		(66)
Net income (loss) attributable to News Corporation stockholders	$ (262)	$ 937	$ 1,023	$ (761)	$ 937
Comprehensive income (loss) attributable to News Corporation stockholders	$ (239)	$ 1,351	$ 1,219	$ (980)	$ 1,351

See notes to supplemental guarantor information

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Operations

For the nine months ended March 31, 2013

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Revenues	$ 1	$	$ 27,098	$	$ 27,099
Expenses	(388)		(22,664)		(23,052)
Equity earnings (losses) of affiliates	(1)		522		521
Interest expense, net	(1,143)	(354)	(29)	717	(809)
Interest income	1	5	811	(717)	100
Earnings (losses) from subsidiary entities	4,011	7,811		(11,822)	
Other, net	(8)	6	5,208		5,206
Income (loss) before income tax expense	2,473	7,468	10,946	(11,822)	9,065
Income tax (expense) benefit	(382)		(1,693)	673	(1,402)
Net income (loss)	2,091	7,468	9,253	(11,149)	7,663
Less: Net income attributable to noncontrolling interests			(195)		(195)
Net income (loss) attributable to News Corporation stockholders	$ 2,091	$ 7,468	$ 9,058	$ (11,149)	$ 7,468
Comprehensive income (loss) attributable to News Corporation stockholders	$ 1,995	$ 7,330	$ 8,883	$ (10,878)	$ 7,330

See notes to supplemental guarantor information

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Operations

For the nine months ended March 31, 2012

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Revenues	$ 1	$	$ 25,335	$	$ 25,336
Expenses	(309)		(20,987)		(21,296)
Equity earnings (losses) of affiliates	(5)		472		467
Interest expense, net	(1,121)	(299)	(10)	657	(773)
Interest income	3	5	740	(657)	91
Earnings (losses) from subsidiary entities	290	3,090		(3,380)	
Other, net	24	(64)	62		22
Income (loss) before income tax expense	(1,117)	2,732	5,612	(3,380)	3,847
Income tax (expense) benefit	271		(1,359)	157	(931)
Net income (loss)	(846)	2,732	4,253	(3,223)	2,916
Less: Net income attributable to noncontrolling interests			(184)		(184)
Net income (loss) attributable to News Corporation stockholders	$ (846)	$ 2,732	$ 4,069	$ (3,223)	$ 2,732
Comprehensive income (loss) attributable to News Corporation stockholders	$ (724)	$ 2,065	$ 3,604	$ (2,880)	$ 2,065

See notes to supplemental guarantor information

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Balance Sheet

At March 31, 2013

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 384	$ 5,034	$ 3,906	$	$ 9,324
Receivables, net	7		7,129		7,136
Inventories, net			3,476		3,476
Other	26	6	825		857
Total current assets	417	5,040	15,336		20,793
Non-current assets:					
Receivables	19		412		431
Inventories, net			5,002		5,002
Property, plant and equipment, net	127		5,857		5,984
Intangible assets, net			8,331		8,331
Goodwill			20,139		20,139
Other	363		825		1,188
Investments:					
Investments in associated companies and other investments	84	54	6,484		6,622
Intragroup investments	54,556	59,535		(114,091)	
Total investments	54,640	59,589	6,484	(114,091)	6,622
TOTAL ASSETS	$ 55,566	$ 64,629	$ 62,386	$ (114,091)	$ 68,490
LIABILITIES AND EQUITY					
Current liabilities:					
Borrowings	$ 157	$	$	$	$ 157
Other current liabilities	528	197	10,171		10,896
Total current liabilities	685	197	10,171		11,053
Non-current liabilities:					
Borrowings	16,029		288		16,317
Other non-current liabilities	875		6,351		7,226
Intercompany	28,332	34,368	(62,700)		

Redeemable noncontrolling interests						645				645
Total equity		9,645		30,064		107,631		(114,091)		33,249
TOTAL LIABILITIES AND EQUITY	$	55,566	$	64,629	$	62,386	$	(114,091)	$	68,490

See notes to supplemental guarantor information

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NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Balance Sheet

At June 30, 2012

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 561	$ 6,005	$ 3,060	$	$ 9,626
Receivables, net	1	9	6,598		6,608
Inventories, net			2,595		2,595
Other	17	14	588		619
Total current assets	579	6,028	12,841		19,448
Non-current assets:					
Receivables	19		368		387
Inventories, net			4,596		4,596
Property, plant and equipment, net	119		5,695		5,814
Intangible assets, net			7,133		7,133
Goodwill			13,174		13,174
Other	334	2	807		1,143
Investments:					
Investments in associated companies and other investments	95	39	4,834		4,968
Intragroup investments	49,266	49,953		(99,219)	
Total investments	49,361	49,992	4,834	(99,219)	4,968
TOTAL ASSETS	$ 50,412	$ 56,022	$ 49,448	$ (99,219)	$ 56,663
LIABILITIES AND EQUITY					
Current liabilities:					
Borrowings	$ 273	$	$	$	$ 273
Other current liabilities	510		8,834		9,344
Total current liabilities	783		8,834		9,617
Non-current liabilities:					
Borrowings	15,182				15,182
Other non-current liabilities	384		5,654		6,038
Intercompany	27,470	31,338	(58,808)		

Redeemable noncontrolling interests						641				641
Total equity		6,593		24,684		93,127		(99,219)		25,185
TOTAL LIABILITIES AND EQUITY	$	50,412	$	56,022	$	49,448	$	(99,219)	$	56,663

See notes to supplemental guarantor information

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NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Cash Flows

For the nine months ended March 31, 2013

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Operating activities:					
Net cash provided by (used in) operating activities	$ (869)	$ 909	$ 2,723	$	$ 2,763
Investing activities:					
Property, plant and equipment, net of acquisitions	(16)		(611)		(627)
Investments	(6)	(15)	(3,406)		(3,427)
Proceeds from dispositions			2,670		2,670
Net cash provided by (used in) investing activities	(22)	(15)	(1,347)		(1,384)
Financing activities:					
Borrowings	987		290		1,277
Repayment of borrowings	(273)		(716)		(989)
Issuance of shares		170			170
Repurchase of shares		(1,834)			(1,834)
Dividends paid		(201)	(183)		(384)
Other, net			70		70
Purchase of subsidiary shares from noncontrolling interests			(9)		(9)
Net cash provided by (used in) financing activities	714	(1,865)	(548)		(1,699)
Net increase (decrease) in cash and cash equivalents	(177)	(971)	828		(320)
Cash and cash equivalents, beginning of period	561	6,005	3,060		9,626
Exchange movement on opening cash balance			18		18
Cash and cash equivalents, end of period	$ 384	$ 5,034	$ 3,906	$	$ 9,324

See notes to supplemental guarantor information

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NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Cash Flows

For the nine months ended March 31, 2012

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Operating activities:					
Net cash provided by (used in) operating activities	$ 413	$ 2,469	$ (161)	$	$ 2,721
Investing activities:					
Property, plant and equipment, net of acquisitions	(13)		(638)		(651)
Investments	(12)		(732)		(744)
Proceeds from dispositions	7	11	390		408
Net cash (used in) provided by investing activities	(18)	11	(980)		(987)
Financing activities:					
Repayment of borrowings			(32)		(32)
Issuance of shares		87			87
Repurchase of shares		(3,294)			(3,294)
Dividends paid		(245)	(78)		(323)
Net cash (used in) provided by financing activities		(3,452)	(110)		(3,562)
Net (decrease) increase in cash and cash equivalents	395	(972)	(1,251)		(1,828)
Cash and cash equivalents, beginning of period	360	7,816	4,504		12,680
Exchange movement on opening cash balance			(166)		(166)
Cash and cash equivalents, end of period	$ 755	$ 6,844	$ 3,087	$	$ 10,686

See notes to supplemental guarantor information

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NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Notes to Supplemental Guarantor Information

(1) Investments in the Company s subsidiaries, for purposes of the supplemental consolidating presentation, are accounted for by their parent companies under the equity method of accounting whereby earnings of subsidiaries are reflected in the respective parent company s investment account and earnings.

(2) The guarantees of NAI s senior public indebtedness constitute senior indebtedness of the Company, and rank pari passu with all present and future senior indebtedness of the Company. Because the factual basis underlying the obligations created pursuant to the various facilities and other obligations constituting senior indebtedness of the Company differ, it is not possible to predict how a court in bankruptcy would accord priorities among the obligations of the Company.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This document contains statements that constitute forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. The words expect, estimate, anticipate, predict, believe and similar expressions and variations thereof are intended to identify forward-looking statements. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of News Corporation, its directors or its officers with respect to, among other things, trends affecting News Corporation s financial condition or results of operations. The readers of this document are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties. More information regarding these risks, uncertainties and other factors is set forth under the heading Part II Other Information, Item 1A Risk Factors in this report. News Corporation does not ordinarily make projections of its future operating results and undertakes no obligation (and expressly disclaims any obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers should carefully review this document and the other documents filed by News Corporation with the Securities and Exchange Commission (SEC). This section should be read together with the unaudited consolidated financial statements of News Corporation and related notes set forth elsewhere herein and News Corporation s Annual Report on Form 10-K for the fiscal year ended June 30, 2012 as filed with the SEC on August 14, 2012 and as amended on October 1, 2012 (the 2012 Form 10-K).

INTRODUCTION

Management s discussion and analysis of financial condition and results of operations is intended to help provide an understanding of News Corporation and its subsidiaries (together, News Corporation or the Company) financial condition, changes in financial condition and results of operations. This discussion is organized as follows:

- ***Overview of the Company s Business*** This section provides a general description of the Company s businesses, as well as developments that have occurred to date during fiscal 2013 that the Company believes are important in understanding its results of operations and financial condition or to disclose known trends.

- ***Results of Operations*** This section provides an analysis of the Company s results of operations for the three and nine months ended March 31, 2013 and 2012. This analysis is presented on both a consolidated and a segment basis. In addition, a brief description is provided of significant transactions and events that have an impact on the comparability of the results being analyzed.

- ***Liquidity and Capital Resources*** This section provides an analysis of the Company s cash flows for the nine months ended March 31, 2013 and 2012. Included in the discussion of outstanding debt is a discussion of the amount of financial capacity available to fund the Company s future commitments and obligations, as well as a discussion of other financing arrangements.

OVERVIEW OF THE COMPANY S BUSINESS

The Company is a diversified global media company, which manages and reports its businesses in the following six segments:

- **Cable Network Programming**, which principally consists of the production and licensing of programming distributed through cable television systems and direct broadcast satellite operators primarily in the United States, Latin America, Europe and Asia.

- **Filmed Entertainment**, which principally consists of the production and acquisition of live-action and animated motion pictures for distribution and licensing in all formats in all entertainment media worldwide, and the production and licensing of television programming worldwide.

- **Television**, which principally consists of the broadcasting of network programming in the United States and the operation of 27 full power broadcast television stations, including 9 duopolies, in the United States (of these stations, 17 are affiliated with the FOX Broadcasting Company (FOX) and 10 are affiliated with Master Distribution Service, Inc. (MyNetworkTV)).

Direct Broadcast Satellite Television, which consists of the distribution of basic and premium programming services via satellite and cable directly to subscribers in Italy, Germany and Austria.

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Publishing, which principally consists of the Company s newspapers and information services, book publishing and integrated marketing services businesses. The newspapers and information services business principally consists of the publication of national newspapers in the United Kingdom, the publication of approximately 140 newspapers in Australia, the publication of a metropolitan newspaper and a national newspaper (with international editions) in the United States and the provision of information services. The book publishing business consists of the publication of English language books throughout the world and the integrated marketing services business consists of the publication of free-standing inserts and the provision of in-store marketing products and services in the United States and Canada.

Other, which principally consists of FOX SPORTS Australia, the leading sports programming provider in Australia, the Company s digital media properties and Amplify, the Company s education technology businesses.

Television and Cable Network Programming

The Company s television operations primarily consist of FOX, MyNetworkTV and the 27 television stations owned by the Company. In April 2013, the Company increased its television station ownership to 29 full power stations, resulting in ownership and operation of duopolies in 10 designated market areas.

The television operations derive revenues primarily from the sale of advertising and to a lesser extent retransmission consent revenue. Adverse changes in general market conditions for advertising may affect revenues. The U.S. television broadcast environment is highly competitive and the primary methods of competition are the development and acquisition of popular programming. Program success is measured by ratings, which are an indication of market acceptance, with the top rated programs commanding the highest advertising prices. FOX is a broadcast network and MyNetworkTV is a programming distribution service, airing original and off-network programming. FOX and MyNetworkTV compete with broadcast networks, such as ABC, CBS, NBC and The CW Television Network, independent television stations, cable and Direct Broadcast Satellite Television program services, as well as other media, including DVDs, Blu-rays, video games, print and the Internet for audiences, programming and, in the case of FOX, advertising revenues. In addition, FOX and MyNetworkTV compete with the other broadcast networks and other programming distribution services to secure affiliations with independently owned television stations in markets across the United States. ABC, NBC and CBS each broadcasts a significantly greater number of hours of programming than FOX and, accordingly, may be able to designate or change time periods in which programming is to be broadcast with greater flexibility than FOX. In addition, future technological developments may affect competition within the television marketplace.

U.S. law governing retransmission consent provides a mechanism for the television stations owned by the Company to seek and obtain payment from multi-channel video programming distributors who carry the Company s broadcast signals. Retransmission consent revenue consists of per subscriber-based compensatory fees paid to the Company by cable and satellite distribution systems that distribute the Company s television stations affiliated with FOX and MyNetworkTV. The Company also receives compensation from independently-owned television stations that are affiliated with FOX and MyNetworkTV.

The television stations owned and operated by the Company compete for programming, audiences and advertising revenues with other television stations and cable networks in their respective coverage areas and, in some cases, with respect to programming, with other station groups, and in the case of advertising revenues, with other local and national media. The competitive position of the television stations owned by the Company is largely influenced by the quality and strength of FOX and MyNetworkTV programming, and, in particular, the prime-time viewership of the respective network.

The Company s U.S. cable network operations primarily consist of the Fox News Channel (FOX News), FX Networks, LLC (FX), Regional Sports Networks (RSNs), the National Geographic Channels, SPEED and the Big Ten Network. The Company s international cable networks consist of the Fox International Channels (FIC) and STAR. FIC produces and distributes entertainment, factual, sports, and movie channels through distribution channels in Europe, Africa, Asia and Latin America using several brands, including Fox, Fox Crime, Fox Life and National Geographic Channel. STAR s owned and affiliated channels are distributed in the following countries and regions: India; Greater China; Indonesia; the rest of South East Asia; Pakistan; the Middle East and Africa; the United Kingdom and Europe; and North America.

Generally, the Company s cable networks, which target various demographics, derive a majority of their revenues from monthly affiliate fees received from cable television systems and direct broadcast satellite operators based on the number of their subscribers. Affiliate fee revenues are net of the amortization of cable distribution investments (capitalized fees paid to multi-channel video programming distributors to typically facilitate the carriage of a cable network). The Company defers the cable distribution investments and amortizes the amounts on a straight-line basis over the contract period. Cable television and direct broadcast satellite are currently the predominant means of distribution of the Company s program services in the United States. Internationally, distribution technology varies region by region.

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The Company s cable networks compete for carriage on cable television systems, direct broadcast satellite systems and other distribution systems with other program services. A primary focus of competition is for distribution of the Company s cable network channels that are not already distributed by particular cable television or direct broadcast satellite systems. For such program services, distributors make decisions on the use of bandwidth based on various considerations, including amounts paid by programmers for launches, subscription fees payable by distributors and appeal to the distributors subscribers.

The most significant operating expenses of the Television segment and the Cable Network Programming segment are the acquisition and production expenses related to programming and the expenses related to operating the technical facilities of the broadcaster or cable network. Other expenses include promotional expenses related to improving the market visibility and awareness of the broadcaster or cable network and its programming. Additional expenses include sales commissions paid to the in-house advertising sales force, as well as salaries, employee benefits, rent and other routine overhead expenses.

The Company has several multi-year sports rights agreements, including contracts with the National Football League (NFL) through fiscal 2023, contracts with the National Association of Stock Car Auto Racing (NASCAR) for certain races and exclusive rights for certain ancillary content through calendar year 2022, a contract with Major League Baseball (MLB) through calendar year 2021 and other sports rights contracts. These contracts provide the Company with the broadcast rights to certain U.S. national sporting events during their respective terms. The costs of these sports contracts are charged to expense based on the ratio of each period s operating profit to estimated total operating profit for the remaining term of the contract.

The profitability of these long-term U.S. national sports contracts is based on the Company s best estimates as of March 31, 2013 of attributable revenues and costs; such estimates may change in the future and such changes may be significant. Should revenues decline from estimates applied as of March 31, 2013, additional amortization of rights may be recorded. Should revenues improve as compared to estimated revenues, the Company may have an improved operating profit related to the contract, which may be recognized over the remaining contract term.

While the Company seeks to ensure compliance with federal indecency laws and related Federal Communications Commission (FCC) regulations, the definition of indecency is subject to interpretation and there can be no assurance that the Company will not broadcast programming that is ultimately determined by the FCC to violate the prohibition against indecency. Such programming could subject the Company to regulatory review or investigation, fines, adverse publicity or other sanctions, including the loss of station licenses.

Filmed Entertainment

The Filmed Entertainment segment derives revenue from the production and distribution of live-action and animated motion pictures and television series. In general, motion pictures produced or acquired for distribution by the Company are exhibited in U.S. and foreign theaters, followed by home entertainment, including sale and rental of DVDs and Blu-rays, video-on-demand and pay-per-view television, on-line and mobile distribution, premium subscription television, network television and basic cable and syndicated television exploitation. Television series initially produced for the networks and first-run syndication are generally licensed to domestic and international markets concurrently and subsequently released in seasonal DVD and Blu-ray box sets and made available via digital distribution platforms. More successful series are later syndicated in domestic markets. The length of the revenue cycle for television series will vary depending on the number of seasons a series remains in active production and, therefore, may cause fluctuations in operating results. License fees received for television exhibition (including international and U.S. premium television and basic cable television) are recorded as revenue in the period that licensed films or programs are available for such exhibition, which may cause substantial fluctuations in operating results.

The revenues and operating results of the Filmed Entertainment segment are significantly affected by the timing of the Company s theatrical and home entertainment releases, the number of its original and returning television series that are aired by television networks and the number of its television series in off-network syndication. Theatrical and home entertainment release dates are determined by several factors, including timing of vacation and holiday periods and competition in the marketplace. The distribution windows for the release of motion pictures theatrically and in various home entertainment products and services (including subscription rentals, rental kiosks and Internet streaming services), have been compressing and may continue to change in the future. A further reduction in timing between theatrical and home entertainment releases could adversely affect the revenues and operating results of this segment.

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The Company enters into arrangements with third parties to co-produce many of its theatrical productions. These arrangements, which are referred to as co-financing arrangements, take various forms. The parties to these arrangements include studio and non-studio entities, both domestic and foreign. In several of these agreements, other parties control certain distribution rights. The Filmed Entertainment segment records the amounts received for the sale of an economic interest as a reduction of the cost of the film, as the investor assumes full risk for that portion of the film asset acquired in these transactions. The substance of these arrangements is that the third-party investors own an interest in the film and, therefore, receive a participation based on the respective third-party investor s interest in the profits or losses incurred on the film. Consistent with the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 926 Entertainment Films (ASC 926), the estimate of a third-party investor s interest in profits or losses incurred on the film is determined by reference to the ratio of actual revenue earned to date in relation to total estimated ultimate revenues.

Operating costs incurred by the Filmed Entertainment segment include: exploitation costs, primarily theatrical prints and advertising and home entertainment marketing and manufacturing costs; amortization of capitalized production, overhead and interest costs; and participations and talent residuals. Selling, general and administrative expenses include salaries, employee benefits, rent and other routine overhead.

The Company competes with other film studios, such as Disney, Paramount, Sony, Universal, Warner Bros. and other independent film producers in the production and distribution of motion pictures, DVDs and Blu-rays. As a producer and distributor of television programming, the Company competes with studios, television production groups and independent producers and syndicators, such as Disney, Sony, NBC Universal, Warner Bros. and Paramount Television, to sell programming both domestically and internationally. The Company also competes to obtain creative talent and story properties, which are essential to the success of the Company s filmed entertainment businesses.

Direct Broadcast Satellite Television

The Direct Broadcast Satellite Television (DBS) segment s operations consist of SKY Italia and Sky Deutschland, which provide basic and premium programming services via satellite and cable directly to subscribers in Italy, Germany and Austria. The DBS segment derives revenues principally from subscriber fees. The Company believes that the quality and variety of programming, audio and interactive programming including personal video recorders, quality of picture including high definition channels, access to service, customer service and price are the key elements for gaining and maintaining market share. The DBS segment s competition includes companies that offer video, audio, interactive programming, telephony, data and other information and entertainment services, including broadband Internet providers, digital terrestrial transmission (DTT) services, wireless companies and companies that are developing new media technologies.

The DBS segment s most significant operating expenses are those related to the acquisition of entertainment, movie and sports programming and subscribers and the expenses related to operating the technical facilities. Operating expenses related to sports programming are generally recognized over the course of the related sport season, which may cause fluctuations in the operating results of this segment.

The continued challenging economic environment in Europe has contributed to a reduction in consumer spending and has posed challenges for subscriber retention and growth. If this trend continues, it could have a material effect on the operating results of the DBS segment.

Publishing

The Company s Publishing segment consists of the Company s newspapers and information services, book publishing and integrated marketing services businesses and the related digital formats.

Revenue is derived from the sale of advertising space, newspapers, books and subscriptions, as well as licensing. Adverse changes in general market conditions for advertising may affect revenues. Circulation and subscription revenues can be greatly affected by changes in the prices of the Company s and/or competitors products, as well as by promotional activities.

Operating expenses include costs related to paper, production, distribution, editorial, commissions and royalties. Selling, general and administrative expenses include promotional expenses, salaries, employee benefits, rent and other routine overhead.

The Publishing segment s advertising volume, circulation, and the price of paper are the key variables whose fluctuations can have a material effect on the Company s operating results and cash flow. The Company has to anticipate the level of advertising volume, circulation and paper prices in managing its businesses to maximize operating profit during expanding and contracting economic

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cycles. The Company continues to be exposed to risks associated with paper used for printing. Paper is a basic commodity and its price is sensitive to the balance of supply and demand. The Company s expenses are affected by the cyclical increases and decreases in the price of paper. The Publishing segment s products compete for readership and advertising with local and national competitors and also compete with other media alternatives in their respective markets. Competition for circulation and subscriptions is based on the content of the products provided, service, pricing and, from time to time, various promotions. The success of these products depends upon advertisers judgments as to the most effective use of their advertising budgets. Competition for advertising is based upon the reach of the products, advertising rates and advertiser results. Such judgments are based on factors such as cost, availability of alternative media, distribution and quality of readership demographics.

Like other newspaper publishing groups, the Company faces challenges to its traditional print business model from new media formats and shifting consumer preferences. The Company is also exposed to the impact of long-term structural movements in advertising spending in particular, the move in classified advertising from print to digital. These new media formats could impact the Company s performance, positively or negatively.

As a multi-platform news provider, the Company recognizes the importance of maximizing revenues from new media, both in terms of paid-for content and in new advertising models, and continues to invest in its digital products. The development of technologies such as smartphones, tablets and similar devices and their related applications provides opportunities for the Company to make available its journalism to a new audience of readers, introduce new or different pricing schemes, develop its products to continue to attract advertisers and/or affect the relationship between publisher and consumer. The Company continues to develop and implement strategies to exploit its content in new media channels, including the introduction of paywalls around its newspaper websites.

Other

The Other segment consists primarily of:

FOX SPORTS Australia

FOX SPORTS Australia is Australia s leading sports programmer based on total subscribers. FOX SPORTS Australia is focused on live national and international sports events and is distributed via long-term carriage agreements with various pay-TV providers (mainly Foxtel) in Australia. FOX SPORTS Australia provides featured original and licensed premium sports content tailored to the Australian market. FOX SPORTS Australia s channels provide premium compelling live broadcasts, including almost every game of the highly popular Australian Football League.

Prior to November 2012, the Company owned a 50% interest in FOX SPORTS Australia, which the Company accounted for as an equity investment. In November 2012, the Company acquired Consolidated Media Holdings Limited (CMH), a media investment company that owned the remaining 50% interest in FOX SPORTS Australia. As a result of the CMH acquisition, the Company s ownership interest in FOX SPORTS Australia increased to 100% and, accordingly, the results of FOX SPORTS Australia are included in the Company s combined results of operations beginning in November 2012.

Digital Media Group

The Company sells advertising, sponsorships and subscription services on the Company s various digital media properties, including REA Group Limited (REA), the Australian online real estate advertising service. Significant expenses associated with the Company s digital media properties include development costs, advertising and promotional expenses, salaries, employee benefits and other routine overhead.

Education Group

Amplify, the Company s digital education business focused on the K-12 learning market, has three businesses: analytics and assessment, digital content and curriculum and mobile distribution systems designed for education. Significant expenses associated with the Company s digital education business include salaries, employee benefits and other routine overhead.

Other Business Developments

In July 2011, the Company announced that it would close its publication, *The News of the World*, after allegations of phone hacking and payments to public officials. As a result of management s approval of the shutdown of *The News of the World*, the Company has reorganized portions of the U.K. newspaper business and has recorded restructuring charges in fiscal 2013 and 2012 primarily for

termination benefits and certain organizational restructuring at the U.K. newspapers. (See Note 4 Restructuring Programs) The Company is subject to several ongoing investigations by U.K. and U.S. regulators and governmental authorities relating to phone hacking, illegal data access and inappropriate payments to officials at *The News of the World* and *The Sun* and related matters (the U.K. Newspaper Matters). The Company is cooperating with these investigations. In addition, the Company has admitted liability in many civil cases related to the phone hacking allegations and has settled many cases. The Company created an independently-chaired Management & Standards Committee (the MSC), which operates independently from NI Group Limited (News International) and has full authority to ensure cooperation with all relevant investigations and inquiries into the U.K. Newspaper Matters and all other related issues. The MSC conducts its own internal investigation where appropriate. The MSC has an independent Chairman, Lord Grabiner QC, and reports directly to Gerson Zweifach, Senior Executive Vice President and Group General Counsel of the Company. Mr. Zweifach reports to the independent members of the Board of Directors (the Board) through their representative Viet Dinh, an independent director and Chairman of the Company s Nominating and Corporate Governance Committee. The independent directors of the Board have retained independent outside counsel and are actively engaged in these matters. The MSC conducted an internal investigation of the three other titles at NI Group Limited (News International) and engaged independent outside counsel to advise it on these investigations and all other matters it handles. As a result of these matters, News International has instituted governance reforms and issued certain enhanced policies to its employees.

On June 28, 2012, the Company announced its intent to pursue the separation of its business into two separate independent public companies, one of which will hold the Company s global media and entertainment businesses and the other, New Newscorp LLC (New News Corporation), which will hold the businesses comprising the Company s newspapers, information services and integrated marketing services, digital real estate services, book publishing, digital education and sports programming and pay-TV distribution in Australia. The Company has announced that it intends to change its name to Twenty-First Century Fox, Inc. (21st Century Fox) after the separation, subject to stockholder approval and other conditions to the separation. On December 4, 2012, the Company s board of directors authorized management to proceed with the proposed distribution, subject to the satisfaction or waiver of certain conditions and the board of directors ongoing consideration of the transaction and its final approval, which may not be granted.

To effect the distribution, the Company will first undertake an internal reorganization. Following the internal reorganization, the Company will distribute all of the shares of New News Corporation s common stock to its stockholders on a pro rata basis. After the distribution, the Company will not own any equity interest in New News Corporation, and New News Corporation will operate independently from the Company.

In connection with the separation, on December 21, 2012, New News Corporation filed with the SEC an initial Form 10 registration statement, which has been amended, and, on April 30, 2013, the Company filed with the SEC a definitive proxy statement on Schedule 14A. The Company s stockholders will not be required to vote to approve the distribution. However, in order to effectuate the distribution in the manner discussed in the Form 10 registration statement, the Company will be required to amend its Restated Certificate of Incorporation, and the Company will hold a Special Meeting on June 11, 2013 in connection therewith. The Company has also applied for certain regulatory approvals and tax rulings required to enable the separation to be completed as described. There can be no assurances given that the separation of the Company s businesses as described will occur.

In July 2012, the Company acquired Thomas Nelson, Inc. (Thomas Nelson), one of the leading Christian book publishers in the U.S., for approximately $200 million in cash.

In July 2012, the Company sold its 49% investment in NDS Group Limited (NDS) to Cisco Systems Inc. for approximately $1.9 billion in total consideration.

In November 2012, the Company acquired a controlling 51% ownership stake in Eredivisie Media & Marketing CV (EMM) for approximately $350 million, of which $325 million was cash and $25 million was contingent consideration. EMM is a media company that holds the collective media and sponsorship rights of the Dutch Premier League. The remaining 49% of EMM is owned by the Dutch Premier League and the global TV production company Endemol.

In November 2012, the Company acquired the remaining 50% interest in Fox Sports Asia (formerly ESPN STAR Sports) that it did not already own for approximately $220 million, net of cash acquired. Fox Sports Asia is a leading sports broadcaster in Asia and the Company now, through its wholly owned subsidiaries, owns 100% of Fox Sports Asia.

In November 2012, the Company acquired Consolidated Media Holdings Ltd. (CMH), a media investment company that operates in Australia, for approximately $2 billion in cash and assumed debt of approximately $235 million. CMH owned a 25% interest in Foxtel through its 50% interest in FOX SPORTS Australia. The remaining 50% of Foxtel is owned by Telstra

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Corporation Limited, one of Australia s leading telecommunications companies. The acquisition doubled the Company s stakes in FOX SPORTS Australia and Foxtel to 100% and 50%, respectively. Accordingly, the results of FOX SPORTS Australia are included in the Company s unaudited consolidated results of operations beginning in November 2012. Prior to November 2012, the Company accounted for its investment in FOX SPORTS Australia under the equity method of accounting. The Company s investment in Foxtel is accounted for under the equity method of accounting.

In December 2012, the Company acquired a 49% equity interest in the Yankees Entertainment and Sports Network (YES), a RSN, for approximately $584 million and simultaneous with the closing of this transaction the Company paid approximately $250 million of upfront costs on behalf of YES. Under the purchase agreement, the Company may acquire an additional stake in YES that could bring its ownership to 80%.

In December 2012, the Company acquired SportsTime Ohio, a RSN serving the Cleveland, Ohio market, for an estimated total purchase price of approximately $285 million, of which $135 million was in cash. The balance of the purchase price represents the fair value of deferred payments and payments that are contingent upon achievement of certain performance objectives.

During the three months ended March 31, 2013, the Company acquired, through a combination of a private placement and a rights offering, approximately 92 million additional shares of Sky Deutschland increasing its ownership to approximately 55%. The aggregate cost of the shares acquired by the Company was approximately 410 million (approximately $550 million). As a result of these transactions, the results of Sky Deutschland are included in the Company s unaudited consolidated results of operations beginning in January 2013.

In March 2013, the Company sold its 44% equity interest in SKY Network Television Ltd. for approximately $675 million.

RESULTS OF OPERATIONS

Results of Operations For the three and nine months ended March 31, 2013 versus the three and nine months ended March 31, 2012

The following table sets forth the Company s operating results for the three and nine months ended March 31, 2013 as compared to the three and nine months ended March 31, 2012.

	For the three months ended March 31, 2013	For the three months ended March 31, 2012	% Change	For the nine months ended March 31, 2013	For the nine months ended March 31, 2012	% Change
	(in millions, except %)					
Revenues	$ 9,538	$ 8,402	14%	$ 27,099	$ 25,336	7%
Operating expenses	(6,114)	(5,216)	17%	(16,831)	(15,552)	8%
Selling, general and administrative	(1,705)	(1,580)	8%	(4,981)	(4,721)	6%
Depreciation and amortization	(357)	(294)	21%	(967)	(869)	11%
Impairment and restructuring charges	(56)	(27)	**	(273)	(154)	77%
Equity earnings of affiliates	157	204	(23)%	521	467	12%
Interest expense, net	(276)	(258)	7%	(809)	(773)	5%
Interest income	32	26	23%	100	91	10%
Other, net	2,431	27	**	5,206	22	**
Income before income tax expense	**3,650**	**1,284**	**	**9,065**	**3,847**	**
Income tax expense	(741)	(281)	**	(1,402)	(931)	51%
Net income	2,909	1,003	**	7,663	2,916	**
Less: Net income attributable to noncontrolling interests	(55)	(66)	(17)%	(195)	(184)	6%
Net income attributable to News Corporation stockholders	**$ 2,854**	**$ 937**	**	**$ 7,468**	**$ 2,732**	**

** not meaningful

Overview The Company s revenues increased 14% and 7% for the three and nine months ended March 31, 2013, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to higher net affiliate and advertising revenues at the Cable Network Programming segment, higher worldwide theatrical revenues at the Filmed Entertainment segment and higher revenues at the Direct Broadcast Satellite Television segment resulting from the consolidation of Sky Deutschland.

Operating expenses increased 17% and 8% for the three and nine months ended March 31, 2013, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to the inclusion of expenses resulting from the consolidations of FOX SPORTS Australia, Fox Sports Asia and Sky Deutschland and the acquisitions of Thomas Nelson and EMM (the Acquisitions). Also contributing to the increase was higher sports and entertainment programming costs and marketing costs at the Cable Network Programming segment and higher film production, participation and releasing costs at the Filmed Entertainment segment. The increase in operating expenses for the nine months ended March 31, 2013 also reflects the inclusion of expenses resulting from the consolidation of Fox Pan American Sports (FPAS) at the Cable Network Programming segment and higher sports programming costs at the DBS segment.

Selling, general and administrative expenses increased 8% and 6% for the three and nine months ended March 31, 2013, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to the Acquisitions, costs related to the proposed separation of the Company s publishing and media and entertainment businesses into two distinct publicly traded companies (Separation costs) of $25 million and $53 million, respectively, and higher product development costs at Amplify. The increases for the three months ended March 31, 2013 were partially offset by a decrease of approximately $21 million in legal and professional fees related to *The News of the World* investigations and litigation and costs for related civil settlements as compared to the corresponding period of fiscal 2012.

Depreciation and amortization increased 21% and 11% for the three and nine months ended March 31, 2013, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to the Acquisitions and higher expenses at the Publishing segment.

Impairment and restructuring charges At the end of fiscal 2012, the Company identified certain businesses as held for sale. During the nine months ended March 31, 2013, the Company recorded a non-cash impairment charge of $35 million related to its assets held for sale to reduce the carrying value of these assets to estimated fair value less cost to sell.

During the three and nine months ended March 31, 2013, the Company recorded restructuring charges of approximately $56 million and $238 million, respectively, of which $52 million and $227 million, respectively, related to the newspaper businesses. The restructuring charges primarily relate to the reorganization of the Australian newspaper businesses which was announced at the end of fiscal 2012 and the continued reorganization of the U.K. newspaper business. The restructuring charges recorded are primarily for termination benefits in Australia and contract termination payments in the U.K.

During the three and nine months ended March 31, 2012, the Company recorded restructuring charges of approximately $17 million and $144 million, respectively, of which $12 million and $132 million, respectively, related to the newspaper businesses. The Company reorganized portions of the newspaper businesses and recorded restructuring charges primarily for termination benefits as a result of the shutdown of *The News of the World,* certain organizational restructurings at other newspapers and the shutdown of a regional newspaper. As a result of the shutdown of the regional newspaper, the Company has written-off associated intangible assets of approximately $10 million in the three and nine months ended March 31, 2012.

Equity earnings of affiliates Equity earnings of affiliates decreased $47 million for the three months ended March 31, 2013, as compared to the corresponding period of fiscal 2012, primarily due to lower gains on the sale of a portion of the Company s British Sky Broadcasting Group plc (BSkyB) investment in accordance with its share repurchase program. This decrease was partially offset by the absence of equity losses due to the consolidation of Sky Deutschland. Gains from the BSkyB sales totaled $11 million in the three months ended March 31, 2013 as compared to $111 million in the corresponding period of fiscal 2012.

Equity earnings of affiliates increased $54 million for the nine months ended March 31, 2013, as compared to the corresponding period of fiscal 2012, primarily due to higher gains on the sale of a portion of the Company s BSkyB investment, improved results from BSkyB and a reduction in equity losses resulting from the consolidation of Sky Deutschland. Gains from the BSkyB sales totaled $217 million in the nine months ended March 31, 2013 as compared to $155 million in the corresponding period of fiscal 2012. These increases in equity earnings of affiliates were partially offset by lower contributions from Hulu LLC (Hulu), resulting from the redemption of Providence Equity Partners equity interest in October 2012 and by the sale of the Company s investment in NDS in July 2012.

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	For the three months ended March 31, 2013	2012	% Change	For the nine months ended March 31, 2013	2012	% Change
			(in millions, except %)			
DBS equity affiliates	$ 185	$ 229	(19)%	$ 664	$ 484	37%
Cable channel equity affiliates	(13)	(3)	**	(31)	(4)	**
Other equity affiliates	(15)	(22)	(32)%	(112)	(13)	**
Total Equity earnings of affiliates	$ 157	$ 204	(23)%	$ 521	$ 467	12%

** not meaningful

Interest expense, net Interest expense, net increased $18 million and $36 million for the three and nine months ended March 31, 2013, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to the issuance of $1.0 billion of 3.00% Senior Notes due 2022 in September 2012 and increased interest expense related to the consolidation of Sky Deutschland debt.

Other, net

	For the three months ended March 31, 2013	2012	For the nine months ended March 31, 2013	2012
	(in millions)			
Gain on Sky Deutschland transaction[(a), (b)]	$ 2,069	$	$ 2,069	$
Gain on sale of investment in SKY Network Television Ltd.[(a)]	321		321	
Gain on Phoenix Satellite Television transaction[(a)]	81		81	
Gain on CMH transaction[(b)]			1,245	
Gain on sale of investment in NDS[(a)]			1,446	
Gain on Fox Sports Asia transaction[(b)]			174	
Change in fair value of Sky Deutschland convertible securities[(a)]		7	58	(82)
Gain on FPAS transaction[(b)]				158
Gain on Hathway Cable transaction[(a)]		23		23
BSkyB termination fee[(a)]				(63)
Other	(40)	(3)	(188)	(14)
Total Other, net	$ 2,431	$ 27	$ 5,206	$ 22

(a) See Note 6 Investments to the accompanying unaudited consolidated financial statements.

(b) See Note 2 Acquisitions, Disposals and Other Transactions to the accompanying unaudited consolidated financial statements.

Income tax expense The effective income tax rates for the three and nine months ended March 31, 2013 were 20% and 15%, respectively, which were lower than the statutory rate of 35%, primarily due to the net tax impact of the gain related to the consolidation of Sky Deutschland and the non-taxable gain on the sale of SKY Network Television Ltd. Also contributing to the difference for the nine months ended March 31, 2013 was the utilization of foreign tax credits in connection with the NDS sale, the non-taxable gains related to the consolidation of FOX SPORTS Australia and Fox Sports Asia and permanent differences.

The effective income tax rates for the three and nine months ended March 31, 2012 were 22% and 24%, respectively, which were lower than the statutory rate of 35%, primarily due to permanent differences and the recognition of tax assets. In addition, for the nine months ended March 31, 2012, the rate was also impacted by the nontaxable gain related to the consolidation of FPAS and the recognition of tax benefits from the disposition of certain businesses.

Net income Net income increased for the three and nine months ended March 31, 2013 as compared to the corresponding periods of fiscal 2012, primarily due to the gain on the Sky Deutschland transaction. The increase in net income for the nine months ended March 31, 2013 was also due to the gains on the sale of the Company s investment in NDS and on the CMH transaction.

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Net income attributable to noncontrolling interests Net income attributable to noncontrolling interests decreased for the three months ended March 31, 2013 as compared to the corresponding period of fiscal 2012, primarily due to the noncontrolling interests share of Sky Deutschland s net losses. Net income attributable to noncontrolling interests increased for the nine months ended March 31, 2013 as compared to the corresponding period of fiscal 2012, primarily due to the issuances of additional noncontrolling interests at the Company s cable businesses, partially offset by the noncontrolling interests share of Sky Deutschland s net losses.

Segment Analysis

The following table sets forth the Company s revenues and segment operating income (loss) for the three and nine months ended March 31, 2013 as compared to the three and nine months ended March 31, 2012.

	For the three months ended March 31,			For the nine months ended March 31,		
	2013	2012	% Change	2013	2012	% Change
	(in millions, except %)					
Revenues:						
Cable Network Programming	$ 2,782	$ 2,375	17%	$ 7,790	$ 6,656	17%
Filmed Entertainment	2,014	1,722	17%	5,826	5,563	5%
Television	1,225	1,208	1%	3,716	3,651	2%
Direct Broadcast Satellite Television	1,300	923	41%	3,007	2,792	8%
Publishing	1,938	2,025	(4)%	6,105	6,224	(2)%
Other	279	149	87%	655	450	46%
Total Revenues	**$ 9,538**	**$ 8,402**	**14%**	**$ 27,099**	**$ 25,336**	**7%**
Segment operating income (loss):						
Cable Network Programming	$ 993	$ 846	17%	$ 2,891	$ 2,503	16%
Filmed Entertainment	289	272	6%	1,072	1,012	6%
Television	196	171	15%	576	493	17%
Direct Broadcast Satellite Television	(11)	40	**	(8)	165	**
Publishing	85	130	(35)%	376	458	(18)%
Other	(190)	(147)	29%	(587)	(437)	34%
Total Segment operating income	**$ 1,362**	**$ 1,312**	**4%**	**$ 4,320**	**$ 4,194**	**3%**

** not meaningful

Management believes that total segment operating income is an appropriate measure for evaluating the operating performance of the Company s business segments because it is the primary measure used by the Company s chief operating decision maker to evaluate the performance and allocate resources within the Company s businesses. Total segment operating income provides management, investors and equity analysts a measure to analyze operating performance of each of the Company s business segments and its enterprise value against historical data and competitors data, although historical results may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences). The following table reconciles total segment operating income to income before income tax expense.

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	For the three months ended March 31,		For the nine months ended March 31,	
	2013	2012	2013	2012
	(in millions)			
Total segment operating income	$ 1,362	$ 1,312	$ 4,320	$ 4,194
Impairment and restructuring charges	(56)	(27)	(273)	(154)
Equity earnings of affiliates	157	204	521	467
Interest expense, net	(276)	(258)	(809)	(773)
Interest income	32	26	100	91
Other, net	2,431	27	5,206	22
Income from continuing operations before income tax expense	$ 3,650	$ 1,284	$ 9,065	$ 3,847

Cable Network Programming (29% and 26% of the Company s consolidated revenues in the first nine months of fiscal 2013 and 2012, respectively)

For the three and nine months ended March 31, 2013, revenues at the Cable Network Programming segment increased $407 million, or 17%, and $1,134 million, or 17%, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to higher net affiliate and advertising revenues, partially offset by unfavorable foreign exchange fluctuations at FIC and STAR. The strengthening of the U.S. dollar against local currencies resulted in revenue decreases of approximately $47 million and $142 million for the three and nine months ended March 31, 2013, respectively, as compared to the corresponding periods of fiscal 2012.

Domestic net affiliate revenues increased 11% and 14% for the three and nine months ended March 31, 2013, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to higher average rates per subscriber across most channels, additional subscribers due to the acquisition of an RSN in Ohio and the launch of Fox Sports San Diego. Domestic advertising revenue increased 2% and 6%, respectively, for the three and nine months ended March 31, 2013 as compared to the corresponding periods of fiscal 2012 primarily due to higher pricing and ratings at FX and the National Geographic Channels. The increases in advertising revenues for the three months ended March 31, 2013 were partially offset by decreased advertising revenues at Fox News due to lower volume and pricing due to the absence of the 2012 presidential primaries and lower advertising revenues at the RSNs due to fewer NBA games broadcast. The increase in advertising revenues for the nine months ended March 31, 2013 was due to higher pricing and ratings at FX and the National Geographic Channels and higher NBA and MLB advertising revenues at the RSNs. Advertising revenues lost due to the NHL lockout were more than offset by additional NBA broadcasts in the current period as the prior year period included the negative impact of the NBA lockout.

International net affiliate revenues increased 42% and 37%, respectively, for the three and nine months ended March 31, 2013, as compared to the corresponding periods of fiscal 2012, primarily due to the consolidation of Fox Sports Asia, the acquisition of EMM and subscriber growth in Latin America. Also contributing to the nine months ended March 31, 2013 was the consolidation of FPAS. For the three and nine months ended March 31, 2013, international advertising revenue increased 30% and 20%, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to the consolidation of Fox Sports Asia and acquisition of EMM and growth in Asia and Latin America. Also contributing to increase in international advertising revenues for the nine months ended March 31, 2013 was the consolidation of FPAS. The higher advertising revenues in Asia was due to new contracts to broadcast cricket matches in India and the increase in Latin America was primarily due to higher pricing.

For the three and nine months ended March 31, 2013, operating income at the Cable Network Programming segment increased $147 million, or 17%, and $388 million, or 16%, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to the revenue increases noted above, partially offset by expense increases of $260 million and $746 million, respectively, due to higher sports programming costs, the inclusion of expenses from Fox Sports Asia and EMM and higher entertainment programming and marketing costs at FX and the National Geographic Channels. Also contributing to increase in expenses for the nine months ended March 31, 2013 was the inclusion of expenses from the consolidation of FPAS. The increases in sports programming costs for the three and nine months ended March 31, 2013 were primarily due to the new cricket contracts in India partially offset by fewer NBA games broadcast. The decrease in NBA games was due to the expiration of the programming rights agreements for two teams and the impact of the NBA lockout during the prior year. The sports programming cost increase for the nine months ended March 31, 2013 also reflects mixed martial arts matches, U.S. college football games and higher NBA costs due to the NBA lockout in the prior year period, partially offset by reduced NHL costs resulting from the NHL lockout in the current period. The strengthening of the U.S. dollar against local currencies resulted in operating profit decreases of approximately $25 million and $66 million for the three and nine months ended March 31, 2013, respectively, as compared to the corresponding periods of fiscal 2012.

Filmed Entertainment (21% and 22% of the Company s consolidated revenues in the first nine months of fiscal 2013 and 2012, respectively)

For the three and nine months ended March 31, 2013, revenues at the Filmed Entertainment segment increased $292 million, or 17%, and $263 million, or 5%, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to higher worldwide theatrical revenues. Also contributing to the revenue increase for the nine months ended March 31, 2013 was higher digital distribution revenues from the licensing of the Company s television content. The increases in revenues for the nine months ended March 31, 2013 were partially offset by decreased home entertainment revenues, lower television production revenues due to a decrease in the number of shows delivered internationally and lower licensing revenues from *Avatar.* The three and nine months ended March 31, 2013 included the worldwide theatrical and domestic home entertainment success of *Life of Pi* as compared to the corresponding fiscal 2012 periods which included the worldwide theatrical and home entertainment success of *Alvin and the Chipmunks: Chipwrecked.* The nine months ended March 31, 2013 also included the worldwide theatrical and home entertainment success of *Ice Age: Continental Drift* and *Taken 2* as compared to the corresponding fiscal 2012 period which included the worldwide theatrical and home entertainment success of *Rise of the Planet of the Apes* and the home entertainment success of *Rio* and *X-Men: First Class.*

For the three and nine months ended March 31, 2013, the Filmed Entertainment segment s operating income increased $17 million, or 6%, and $60 million, or 6%, respectively, primarily due to the revenue increases noted above and lower television production costs, partially offset by higher releasing costs, as well as higher amortization of film production and participation costs.

Television (14% of the Company s consolidated revenues in the first nine months of fiscal 2013 and 2012)

For the three and nine months ended March 31, 2013, revenues at the Television segment increased $17 million and $65 million, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to higher retransmission consent revenues partially offset by decreased advertising revenues resulting from lower primetime ratings. The decrease in advertising revenues for the nine months ended March 31, 2013 also reflected lower MLB revenues due to the broadcast of three fewer World Series games in the fall of 2012, the absence of the Emmy® Awards, which was broadcast on FOX in fiscal 2012, and the broadcast of the 2012 Summer Olympics on a different network. The advertising revenue decreases for the nine months ended March 31, 2013 were partially offset by higher political advertising revenues at the Company s television stations due to the 2012 U.S. election.

For the three and nine months ended March 31, 2013, operating income at the Television Segment increased $25 million, or 15%, and $83 million, or 17%, respectively, as compared to the corresponding period of fiscal 2012, primarily due to the revenue increases noted above and lower programming costs.

Direct Broadcast Satellite Television (11% of the Company s consolidated revenues in the first nine months of fiscal 2013 and 2012)

For the three and nine months ended March 31, 2013, revenues at the Direct Broadcast Satellite Television segment increased $377 million, or 41%, and $215 million, or 8%, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to the inclusion of $410 million in revenues resulting from the consolidation of Sky Deutschland, partially offset by lower revenues at SKY Italia. During the three months ended March 31, 2013, the weakening of the U.S. dollar against the Euro resulted in an increase in revenues of approximately $6 million. During the nine months ended March 31, 2013, the strengthening of the U.S. dollar against the Euro resulted in a decrease in revenues of approximately $136 million.

During the third quarter of fiscal 2013, SKY Italia had a net decrease of approximately 51,000 subscribers, which reduced SKY Italia s total subscriber base to 4.8 million at March 31, 2013, reflecting the continued challenging economic environment in Italy. The total churn for the three months ended March 31, 2013 was approximately 200,000 subscribers on an average subscriber base of 4.8 million, as compared to churn of approximately 200,000 subscribers on an average subscriber base of 5 million in the corresponding period of fiscal 2012. During the third quarter of fiscal 2013, Sky Deutschland had a net increase of approximately 42,000 subscribers, which increased Sky Deutschland s subscriber base to 3.4 million at March 31, 2013. The total churn for the three months ended March 31, 2013 was approximately 95,000 on an average subscriber base of 3.4 million, as compared to churn of approximately 82,000 subscribers on an average subscriber base of 3 million in the corresponding period of fiscal 2012. Subscriber churn for the period represents the number of subscribers whose service was disconnected during the period.

SKY Italia s average revenue per subscriber (ARPU) of approximately 42 in the three months ended March 31, 2013 was consistent with the corresponding period of fiscal 2012. Sky Deutschland s ARPU of approximately 33 in the three months ended March 31, 2013 increased from approximately 32 in the corresponding period of fiscal 2012. ARPU is calculated by dividing total

subscriber-related revenues, such as subscription and pay-per-view revenues, for the period by the average subscribers for the period and dividing that amount by the number of months in the period. Average subscribers are calculated for the respective periods by adding the beginning and ending subscribers for the period and dividing by two.

SKY Italia s subscriber acquisition costs per subscriber (SAC) of approximately 280 in the third quarter of fiscal 2013 decreased from approximately 410 in the corresponding period of fiscal 2012 primarily due to lower marketing costs on a per subscriber basis. SAC is calculated by dividing total subscriber acquisition costs for a period by the number of gross subscribers added during the period. Subscriber acquisition costs include the cost of the commissions paid to retailers and other distributors, the cost of equipment sold directly to subscribers and the costs related to installation and acquisition advertising net of any upfront activation fee. SAC excludes the value of equipment capitalized under equipment lease programs, as well as payments and the value of returned equipment related to disconnected lease program subscribers from subscriber acquisition costs.

For the three and nine months ended March 31, 2013, operating results at the Direct Broadcast Satellite Television segment decreased $51 million and $173 million, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to the consolidation of Sky Deutschland s operating losses of approximately $25 million and the decrease in SKY Italia s revenues noted above. During the three and nine months ended March 31, 2013, the change in foreign exchange rates between the U.S. dollar and the Euro did not have a material impact on operating results.

Publishing (23% and 25% of the Company s consolidated revenues in the first nine months of fiscal 2013 and 2012, respectively)

For the three and nine months ended March 31, 2013, revenues at the Publishing segment decreased $87 million and $119 million, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to lower newspaper advertising revenues principally reflecting the continued challenging economic environment in Australia. Also contributing to the revenue decline for the three months ended March 31, 2013 was lower advertising revenues at the integrated marketing services business resulting from lower rates from the in-store marketing products. The decreases in revenues were partially offset by higher revenues at the U.K. newspapers primarily due to the launch of the Sunday edition of *The Sun* in February 2012 and higher third party printing contract revenue and increased revenues at the book publishing business resulting from the inclusion of revenues from the acquisition of Thomas Nelson in July 2012. The strengthening of the U.S. dollar against local currencies resulted in revenue decreases of approximately $14 million and $5 million for the three and nine months ended March 31, 2013, respectively, as compared to the corresponding periods of fiscal 2012.

For the three and nine months ended March 31, 2013, operating income at the Publishing segment decreased $45 million, or 35%, and $82 million, or 18%, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to the revenue decreases noted above, the inclusion of expenses from the acquisition of Thomas Nelson, increased production and commission costs at the integrated marketing services business and higher depreciation and amortization expense. The decreases in operating income were partially offset by cost saving initiatives.

Other (2% of the Company s consolidated revenues in the first nine months of fiscal 2013 and 2012)

For the three and nine months ended March 31, 2013, revenues at the Other segment increased $130 million, or 87%, and $205 million, or 46%, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to the consolidation of FOX SPORTS Australia and higher online advertising revenues at REA. Also contributing to the increase for the nine months ended March 31, 2013 were higher revenues at Amplify, partially offset by the absence of revenues from News Outdoor which was sold in fiscal 2012.

For the three and nine months ended March 31, 2013, operating losses at the Other segment increased $43 million, or 29%, and $150 million, or 34%, respectively, as compared to the corresponding periods of fiscal 2012, primarily due to the Separation costs and higher product development costs at Amplify partially offset by the revenue increases noted above. Also partially offsetting the increase in operating losses for the three months ended March 31, 2013 was lower legal and professional fees related to *The News of the World* investigations and litigation and costs for related civil settlements as compared to the corresponding period of fiscal 2012.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company s principal source of liquidity is internally generated funds. The Company also has a five-year unused $2 billion revolving credit facility, which expires in May 2017, and has access to various film co-production alternatives to supplement its cash

flows. In addition, the Company has access to the worldwide capital markets, subject to market conditions. As of March 31, 2013, the Company was in compliance with all of the covenants under the revolving credit facility, and it does not anticipate any violation of such covenants. The Company s internally generated funds are highly dependent upon the state of the advertising markets and public acceptance of its film and television products.

The principal uses of cash that affect the Company s liquidity position include the following: investments in the production and distribution of new feature films and television programs; the acquisition of and payments under programming rights for entertainment and sports programming; paper purchases; operational expenditures including employee costs; capital expenditures; interest expenses; income tax payments; investments in associated entities; dividends; acquisitions; debt repayments; and stock repurchases. In connection with the capitalization of New News Corporation, the Company is expected to make a cash contribution to New News Corporation resulting in New News Corporation having approximately $2.6 billion of cash on hand.

In addition to the acquisitions, sales and possible acquisitions disclosed elsewhere, the Company has evaluated, and expects to continue to evaluate, possible acquisitions and dispositions of certain businesses. Such transactions may be material and may involve cash, the Company s securities or the assumption of additional indebtedness.

Sources and Uses of Cash

Net cash provided by operating activities for the nine months ended March 31, 2013 and 2012 was as follows (in millions):

For the nine months ended March 31,	**2013**	**2012**
Net cash provided by operating activities	$ 2,763	$ 2,721

The increase in net cash provided by operating activities during the nine months ended March 31, 2013 as compared to the corresponding period of fiscal 2012 primarily reflects higher receipts at the Cable Network Programming segment due to higher affiliate receipts and higher advertising receipts at the Television segment. These increases were partially offset by lower advertising receipts at the Publishing segment and higher production spending at the Filmed Entertainment segment.

Net cash used in investing activities for the nine months ended March 31, 2013 and 2012 was as follows (in millions):

For the nine months ended March 31,	**2013**	**2012**
Net cash used in investing activities	$ (1,384)	$ (987)

The increase in net cash used in investing activities during the nine months ended March 31, 2013 as compared to the corresponding period of fiscal 2012 was primarily due to additional cash utilized for the Acquisitions and net equity investments.

Net cash used in financing activities for the nine months ended March 31, 2013 and 2012 was as follows (in millions):

For the nine months ended March 31,	**2013**	**2012**
Net cash used in financing activities	$ (1,699)	$ (3,562)

The decrease in net cash used in financing activities during the nine months ended March 31, 2013 as compared to the corresponding period of fiscal 2012 was primarily due to lower share repurchases in the current period and higher net borrowings.

The Company currently has approximately $3.6 billion remaining of the $10.0 billion stock repurchase program. The Company may repurchase shares within the remaining amount under the stock repurchase program within the next twelve months and expects to fund this through a combination of cash generated by operations and cash on hand.

Debt Instruments

The following table summarizes borrowings and repayment of borrowings for the nine months ended March 31, 2013 and 2012.

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	For the nine months ended March 31,	
	2013	2012
	(in millions)	
Borrowings:		
Notes due September 2022[a]	987	
New revolving credit facility[b]	290	
Total borrowings	$ 1,277	$
Repayment of borrowings:		
Notes due February 2013[a]	(273)	(32)
All other[c]	(716)	
Total repayment of borrowings	$ (989)	$ (32)

[a] See Note 9 Borrowings to the accompanying unaudited consolidated financial statements for further discussion.

[b] In January 2013, Sky Deutschland, a majority owned subsidiary of the Company, entered into a credit agreement, with major financial institutions, that NAI and the Company have both guaranteed. The credit agreement provides a 300 million unsecured credit facility with a sub-limit of 75 million revolving credit facility available for cash drawdowns or the issuance of letters of credit and a maturity date of January 2018. Sky Deutschland may request that the maturity date be extended for one year. The significant terms of the agreement include limitations on liens and indebtedness. Fees under the credit agreement are based on the Company s long-term senior unsecured non-credit enhanced debt ratings. Given the current debt ratings of the Company, Sky Deutschland pays a facility fee of 0.125% and interest of Eurocurrency Rate plus 1.125%. As of March 31, 2013, 225 million (approximately $290 million) was outstanding under this credit agreement and 75 million available for either additional financing or letters of credit. The proceeds were used to pay off existing Sky Deutschland debt.

[c] Debt acquired in the CMH and Sky Deutschland transactions. See Note 2 Acquisitions, Disposals and Other Transactions to the accompanying unaudited consolidated financial statements for further discussion.

Ratings of the Public Debt

The table below summarizes the Company s credit ratings as of March 31, 2013.

Rating Agency	Senior Debt	Outlook
Moody s	Baa1	Stable
S&P	BBB+	Stable

Revolving Credit Agreement

In May 2012, NAI entered into a credit agreement (the Credit Agreement), among NAI as Borrower, the Company as Parent Guarantor, the lenders named therein, the initial issuing banks named therein, JPMorgan Chase Bank, N.A. (JPMorgan Chase) and Citibank, N.A. as Co-Administrative Agents, JPMorgan Chase as Designated Agent and Bank of America, N.A. as Syndication Agent. The Credit Agreement provides a $2 billion unsecured revolving credit facility with a sub-limit of $400 million (or its equivalent in Euros) available for the issuance of letters of credit and a maturity date of May 2017. Under the Credit Agreement, the Company may request an increase in the amount of the credit facility up to a maximum amount of $2.5 billion and the Company may request that the maturity date be extended for up to two additional one-year periods. Borrowings are issuable in U.S. dollars only, while letters of credit are issuable in U.S. dollars or Euros. The significant terms of the agreement include the requirement that the Company maintain specific leverage ratios and limitations on secured indebtedness. Fees under the Credit Agreement will be based on the Company s long-term senior unsecured non-credit enhanced debt ratings. Given the current debt ratings, NAI pays a facility fee of 0.125% and an initial drawn cost of LIBOR plus 1.125%.

Commitments

The Company has commitments under certain firm contractual arrangements (firm commitments) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The total firm commitments and future debt payments as of March 31, 2013 and June 30, 2012 were $82,946 million and $63,644 million,

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respectively. The increase from June 30, 2012 was primarily due to the businesses acquired or consolidated during the nine months ended March 31, 2013, the renewal of rights for MLB and NASCAR and the issuance of 3.00% Senior Notes due 2022.

Guarantees

The Company also has certain contractual arrangements in relation to certain investees that would require the Company to make payments or provide funding if certain circumstances occur (contingent guarantees). The Company does not expect that these contingent guarantees will result in any material amounts being paid by the Company in the foreseeable future. The total contingent guarantees decreased 6% as of March 31, 2013 as compared to June 30, 2012 due to the acquisition of 50% of Fox Sports Asia that the Company did not own, partially offset by an additional guarantee issued to Hulu as noted below.

In October 2012, Hulu redeemed Providence Equity Partners equity interest for $200 million. In connection with the transaction, Hulu incurred a charge primarily related to employee equity-based compensation. Accordingly, the Company recorded approximately $60 million to reflect its share of the charge in the second quarter of fiscal 2013. The Company has guaranteed $115 million of Hulu s $338 million five-year term loan which was used by Hulu, in part, to finance the transaction. The fair value of this guarantee was calculated using level 3 inputs and is included in the consolidated balance sheet in other liabilities. As of March 31, 2013 the Company owns 34% of Hulu and continues to account for its interest in Hulu as an equity method investment.

In April 2013, the Company sold its 10% investment in its joint venture formed with CME Group Inc. (CME). As a result of the transaction, the Company was released from its agreement to indemnify CME with respect to any payment of principal, premium and interest CME makes under its guarantee of the third-party debt issued by the joint venture.

Contingencies

Other than as disclosed in the notes to the accompanying unaudited consolidated financial statements, the Company is party to several other purchase and sale arrangements which become exercisable over the next ten years by the Company or the counter-party to the agreement. None of these arrangements that become or are exercisable in the next twelve months are material. Purchase arrangements that are exercisable by the counter-party to the agreement, and that are outside the sole control of the Company, are accounted for in accordance with ASC 480-10-S99-3A, Distinguishing Liabilities from Equity. Accordingly, the fair values of such purchase arrangements are classified in redeemable noncontrolling interests.

As disclosed in the notes to the accompanying unaudited consolidated financial statements, U.K. and U.S. regulators and governmental authorities are conducting investigations relating to the U.K. Newspaper Matters. The Company is cooperating with these investigations.

The Company has admitted liability in many civil cases related to the phone hacking allegations and has settled many cases. The Company also announced a private compensation scheme under which parties could pursue claims against the Company. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

The Company is not able to predict the ultimate outcome or cost of the civil claims or criminal matters. At March 31, 2013, the Company has provided for its best estimate of the liability for the claims that have been filed. It is not possible to estimate the liability for any additional claims that may be filed given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision for such matters.

In connection with the proposed separation, the Company and New News Corporation will agree in a separation and distribution agreement that the Company will indemnify New News Corporation for payments made after the distribution date arising out of civil claims and investigations relating to the U.K. Newspaper Matters as well as legal and professional fees and expenses paid in connection with the criminal matters, other than fees, expenses and costs relating to employees who are not (i) directors, officers or certain designated employees or (ii) with respect to civil matters, co-defendants with New News Corporation. In addition, violations of law may result in criminal fines or penalties for which New News Corporation will not be indemnified by the Company. It is possible that these proceedings and any adverse resolution thereof, including any fines or other penalties associated with any plea, judgment or similar result could damage the Company s reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

The Company s operations are subject to tax in various domestic and international jurisdictions and as a matter of course, the Company is regularly audited by federal, state and foreign tax authorities. The Company believes it has appropriately accrued for the

expected outcome of all pending tax matters and does not currently anticipate that the ultimate resolution of pending tax matters will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity.

Intangible Assets

The Company has a significant amount of intangible assets, including goodwill, FCC licenses, and other copyright products and trademarks. Intangible assets acquired in business combinations are recorded at their estimated fair value at the date of acquisition. Goodwill is recorded as the difference between the cost of acquiring an entity and the estimated fair values assigned to its tangible and identifiable intangible net assets and is assigned to one or more reporting units for purposes of testing for impairment. The judgments made in determining the estimated fair value assigned to each class of intangible assets acquired, their reporting unit, as well as their useful lives can significantly impact net income.

The Company accounts for its business acquisitions under the purchase method of accounting. The total cost of acquisitions is allocated to the underlying net assets, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the tangible net assets acquired is recorded as intangibles. Amounts recorded as goodwill are assigned to one or more reporting units. Determining the fair value of assets acquired and liabilities assumed requires management s judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items. Identifying reporting units and assigning goodwill to them requires judgment involving the aggregation of business units with similar economic characteristics and the identification of existing business units that benefit from the acquired goodwill. The Company allocates goodwill to disposed businesses using the relative fair value method.

Carrying values of goodwill and intangible assets with indefinite lives are reviewed at least annually for possible impairment in accordance with ASC 350, Intangibles Goodwill and Other. The Company s impairment review is based on, among other methods, a discounted cash flow approach that requires significant management judgments. The Company uses its judgment in assessing whether assets may have become impaired between annual valuations. Indicators such as unexpected adverse economic factors, unanticipated technological change or competitive activities, loss of key personnel and acts by governments and courts, may signal that an asset has become impaired.

The Company uses direct valuation methods to value identifiable intangibles for purchase accounting and impairment testing. The direct valuation method used for FCC licenses requires, among other inputs, the use of published industry data that are based on subjective judgments about future advertising revenues in the markets where the Company owns television stations. This method also involves the use of management s judgment in estimating an appropriate discount rate reflecting the risk of a market participant in the U.S. broadcast industry. The resulting fair values for FCC licenses are sensitive to these long-term assumptions and any variations to such assumptions could result in an impairment to existing carrying values in future periods and such impairment could be material.

The Company s goodwill impairment reviews are determined using a two-step process. The first step of the process is to compare the fair value of a reporting unit with its carrying amount, including goodwill. In performing the first step, the Company determines the fair value of a reporting unit by primarily using a discounted cash flow analysis and market-based valuation approach methodologies. Determining fair value requires the exercise of significant judgments, including judgments about appropriate discount rates, long-term growth rates, relevant comparable company earnings multiples and the amount and timing of expected future cash flows. The cash flows employed in the analyses are based on the Company s estimated outlook and various growth rates have been assumed for years beyond the long-term business plan period. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of the respective reporting units. In assessing the reasonableness of its determined fair values, the Company evaluates its results against other value indicators, such as comparable public company trading values. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment review is not necessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment review is required to be performed to estimate the implied fair value of the reporting unit s goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the estimated fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the estimated fair value of the reporting unit was the purchase price paid. The implied fair value of the reporting unit s goodwill is compared with the carrying amount of that goodwill. If the carrying amount of the reporting unit s goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

As a result of the fiscal 2012 annual impairment review performed, the Company recorded non-cash impairment charges of approximately $2.8 billion ($2.4 billion, net of tax) during the fiscal year ended June 30, 2012. The charges consisted of a write-down of goodwill of $1.5 billion and a write-down of indefinite-lived intangible assets of $1.3 billion. The Publishing and Other segments have reporting units with goodwill and intangible assets that continue to be at risk for future impairment. As of June 30, 2012, $3.7

billion of goodwill and intangible assets at these reporting units is at risk for future impairment because the fair values of the reporting units or indefinite-lived intangible assets exceeded their carrying values by less than 10%. The Company will continue to monitor its goodwill and intangible assets for possible future impairment.

Recent Accounting Pronouncements

See Note 1 Basis of Presentation to the accompanying unaudited consolidated financial statements for discussion of recent accounting pronouncements.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has exposure to several types of market risk: changes in foreign currency exchange rates, interest rates and stock prices. The Company neither holds nor issues financial instruments for trading purposes.

The following sections provide quantitative information on the Company s exposure to foreign currency exchange rate risk, interest rate risk and stock price risk. The Company makes use of sensitivity analyses that are inherently limited in estimating actual losses in fair value that can occur from changes in market conditions.

Foreign Currency Exchange Rates

The Company conducts operations in four principal currencies: the U.S. dollar; the British pound sterling; the Euro; and the Australian dollar. These currencies operate as the functional currency for the Company s U.S., U.K., European and Australian operations, respectively. Cash is managed centrally within each of the four regions with net earnings reinvested locally and working capital requirements met from existing liquid funds. To the extent such funds are not sufficient to meet working capital requirements, draw downs in the appropriate local currency are available from intercompany borrowings. Since earnings of the Company s Australian, U.K. and European operations are expected to be reinvested in those businesses indefinitely, the Company does not hedge its investment in the net assets of those foreign operations.

At March 31, 2013, the Company s outstanding financial instruments with foreign currency exchange rate risk consist of foreign currency forward contracts with a notional amount of approximately $1 billion and foreign denominated debt of $445 million. The aggregate fair value of the foreign denominated debt and foreign currency forward contracts at March 31, 2013 was $453 million. The potential change in the fair values of these instruments resulting from a 10% adverse change in quoted foreign currency exchange rates would be approximately $145 million at March 31, 2013.

Interest Rates

The Company s current financing arrangements and facilities include approximately $16,474 million of outstanding fixed-rate debt and the Credit Agreement, which carries variable interest. Fixed and variable rate debts are impacted differently by changes in interest rates. A change in the interest rate or yield of fixed rate debt will only impact the fair market value of such debt, while a change in the interest rate of variable debt will impact interest expense, as well as the amount of cash required to service such debt. As of March 31, 2013, substantially all of the Company s financial instruments with exposure to interest rate risk were denominated in U.S. dollars and had an aggregate fair value of approximately $19,939 million. The potential change in fair market value for these financial instruments from an adverse 10% change in quoted interest rates across all maturities, often referred to as a parallel shift in the yield curve, would be approximately $846 million at March 31, 2013.

Stock Prices

The Company has common stock investments in several publicly traded companies that are subject to market price volatility. These investments principally represent the Company s equity method affiliates and had an aggregate fair value of approximately $8,853 million as of March 31, 2013. A hypothetical decrease in the market price of these investments of 10% would result in a fair value of approximately $7,968 million. Such a hypothetical decrease would result in a before tax decrease in comprehensive income of approximately $31 million, as any changes in fair value of the Company s equity method affiliates are not recognized unless deemed other-than-temporary.

Credit Risk

Cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and, therefore, bear minimal credit risk.

The Company s receivables did not represent significant concentrations of credit risk at March 31, 2013 or June 30, 2012 due to the wide variety of customers, markets and geographic areas to which the Company s products and services are sold.

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. At March 31, 2013, the Company did not anticipate nonperformance by any of the counterparties.

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ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The Company s management, with the participation of the Company s Chairman and Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this quarterly report. Based on such evaluation, the Company s Chairman and Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company s disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and were effective in ensuring that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to the Company s management, including the Company s Chairman and Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Internal Control Over Financial Reporting

There has been no change in the Company s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) during the Company s third quarter of fiscal 2013 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

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PART II

ITEM 1. LEGAL PROCEEDINGS

Shareholder Litigation

Delaware

On March 16, 2011, a complaint seeking to compel the inspection of the Company s books and records pursuant to 8 Del. C. § 220, captioned Central Laborers Pension Fund v. News Corporation, was filed in the Delaware Court of Chancery. The plaintiff requested the Company s books and records to investigate alleged possible breaches of fiduciary duty by the directors of the Company in connection with the Company s purchase of Shine (the Shine Transaction). The Company moved to dismiss the action. On November 30, 2011, the court issued an order granting the Company s motion and dismissing the complaint. The plaintiff filed a notice of appeal on December 13, 2011. The Delaware Supreme Court heard argument on the fully-briefed appeal on April 18, 2012 and issued a decision on May 29, 2012 in which it affirmed the Court of Chancery s dismissal of the complaint.

Also on March 16, 2011, two purported shareholders of the Company, one of which was Central Laborers Pension Fund, filed a derivative action in the Delaware Court of Chancery, captioned The Amalgamated Bank v. Murdoch, et al. (the Amalgamated Bank Litigation). The plaintiffs alleged that both the directors of the Company and Rupert Murdoch as a controlling shareholder breached their fiduciary duties in connection with the Shine Transaction. The suit named as defendants all directors of the Company, and named the Company as a nominal defendant. Similar claims against the same group of defendants were filed in the Delaware Court of Chancery by a purported shareholder of the Company, New Orleans Employees Retirement System, on March 25, 2011 (the New Orleans Employees Retirement Litigation). Both the Amalgamated Bank Litigation and the New Orleans Employees Retirement Litigation were consolidated on April 6, 2011 (the Consolidated Action), with The Amalgamated Bank s complaint serving as the operative complaint. The Consolidated Action was captioned In re News Corp. Shareholder Derivative Litigation. On April 9, 2011, the court entered a scheduling order governing the filing of an amended complaint and briefing on potential motions to dismiss.

Thereafter, the plaintiffs in the Consolidated Action filed a Verified Consolidated Shareholder Derivative and Class Action Complaint (the Consolidated Complaint) on May 13, 2011, seeking declaratory relief and damages. The Consolidated Complaint largely restated the claims in The Amalgamated Bank s initial complaint and also raised a direct claim on behalf of a purported class of Company shareholders relating to the possible addition of Elisabeth Murdoch to the Company s Board. The defendants filed opening briefs in support of motions to dismiss the Consolidated Complaint on June 10, 2011, as contemplated by the court s scheduling order. On July 8, 2011, the plaintiffs filed a Verified Amended Consolidated Shareholder Derivative and Class Action Complaint (the Amended Complaint). In addition to the claims that were previously raised in the Consolidated Complaint, the Amended Complaint brought claims relating to the alleged acts of voicemail interception at *The News of the World* (the NoW Matter). Specifically, the plaintiffs claimed in the Amended Complaint that the directors of the Company failed in their duty of oversight regarding the NoW Matter.

On July 15, 2011, another purported stockholder of the Company filed a derivative action captioned Massachusetts Laborers Pension & Annuity Funds v. Murdoch, et al., in the Delaware Court of Chancery (the Mass. Laborers Litigation). The complaint names as defendants the directors of the Company and the Company as a nominal defendant. The plaintiffs claims are substantially similar to those raised by the Amended Complaint in the Consolidated Action. Specifically, the plaintiff alleged that the directors of the Company have breached their fiduciary duties by, among other things, approving the Shine Transaction and for failing to exercise proper oversight in connection with the NoW Matter. The plaintiff also brought a breach of fiduciary duty claim against Rupert Murdoch as controlling shareholder, and a waste claim against the directors of the Company. The action seeks as relief damages, injunctive relief, fees and costs. On July 25, 2011, the plaintiffs in the Consolidated Action requested that the court consolidate the Mass. Laborers Litigation into the Consolidated Action. On August 24, 2011, the Mass. Laborers Litigation was consolidated with the Consolidated Action.

On September 29, 2011, the plaintiffs filed a Verified Second Amended Consolidated Shareholder Derivative and Class Action Complaint (Second Amended Complaint). In the Second Amended Complaint, the plaintiffs removed their claims involving the possible addition of Elisabeth Murdoch to the Company s Board, added some factual allegations to support their remaining claims and added a claim seeking to enjoin a buyback of Common B shares to the extent it would result in a change of control. The Second Amended Complaint seeks declaratory relief, an injunction preventing the buyback of Class B shares, damages, pre- and post-judgment interest, fees and costs.

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The defendants filed a motion to dismiss the Second Amended Complaint. The hearing on the defendants fully-briefed motion to dismiss was postponed to allow further briefing by plaintiffs after the Cohen Litigation, which is defined and described below, was consolidated with the Consolidated Action.

On March 2, 2012, another purported stockholder of the Company filed a derivative action captioned Belle M. Cohen v. Murdoch, et al., in the Delaware Court of Chancery (the Cohen Litigation). The complaint names as defendants the directors of the Company and the Company as a nominal defendant. The complaint s claims and allegations pertain to the NoW Matter and are substantially similar to the NoW Matter allegations raised in the Second Amended Complaint in the Consolidated Action. The complaint asserts causes of action against the defendants for alleged breach of fiduciary duty, gross mismanagement, contribution and indemnification, abuse of control, and waste of corporate assets. The action seeks as relief damages, fees and costs. On March 20, 2012, the Cohen Litigation was consolidated with the Consolidated Action.

On June 18, 2012, the plaintiffs in the Consolidated Action filed a Verified Third Amended Consolidated Shareholder Derivative Complaint (the Third Amended Complaint). The Third Amended Complaint alleges claims against director defendants for breach of fiduciary duty arising from the Shine Transaction; against Rupert Murdoch for breach of fiduciary duty as the purported controlling shareholder of the Company in connection with the Shine Transaction; against director defendants for breach of fiduciary duty arising from their purported failure to investigate illegal conduct in the NoW Matter and allegedly permitting the Company to engage in a cover up; against certain defendants for breach of fiduciary duty in their capacity as officers arising from a purported failure to investigate illegal conduct in the NoW Matter and allegedly permitting the Company to engage in a cover up; and against James Murdoch for breach of fiduciary duty for allegedly engaging in a cover up related to the NoW Matter. The class action claim asserted in the Second Amended Complaint pertaining to the buyback of Common B shares and the relief related to that claim were removed. The Third Amended Complaint seeks a declaration that the defendants violated their fiduciary duties, damages, pre- and post-judgment interest, fees and costs.

On July 18, 2012, the defendants renewed their postponed motion to dismiss in the Consolidated Action, and in support thereof, they filed supplemental briefing directed towards the allegations of the Third Amended Complaint. Plaintiffs response was filed on August 8, 2012. A hearing on the fully briefed motion was held in Chancery Court on September 19, 2012. The Court reserved decision.

On April 17, 2013, the parties reached an agreement in principle to settle the Consolidated Action. Pursuant to the terms of that settlement, which is subject to the approval of the Delaware Court of Chancery after notice to the stockholders and a hearing, the parties agreed that the director defendants in the Consolidated Action would cause to be paid on their behalf the amount of $139 million to the Company, minus any attorneys fees and expenses awarded by the Court to the plaintiffs counsel. Such amount is to be paid from an escrow account created for the benefit of the director defendants pursuant to an agreement reached between the defendants and their directors and officers liability insurers for the payment of insurance proceeds, subject to a claims release. In addition to the payment to the Company, the settlement contemplates that the Company will build on corporate governance and compliance enhancements which the Company has implemented in the past year. These shall remain in effect at least through December 31, 2016, and would be applicable to both 21st Century Fox and New News Corporation. The Memorandum of Understanding related to the settlement has been filed with the Court. On May 3, 2013, the Stipulation of Settlement was filed with the Court. On May 6, 2013, the Court entered a Scheduling Order, which, among other things, set the settlement hearing for June 26, 2013, and approved the form of Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing, and Right to Appear, which is being distributed to holders of the Company s common stock in accordance with the Scheduling Order. In addition to requiring the approval of the Delaware Court of Chancery, the settlement will not become effective unless the Shields Litigation, the Iron Workers Litigation and the Stricklin Litigation (each as described below under the heading Shareholder Litigation Southern District of New York) are also dismissed.

On May 30, 2012, a purported stockholder of the Company filed a class action lawsuit in the Delaware Court of Chancery on behalf of all non-U.S. stockholders of the Company s Class B shares, captioned Första Ap-Fonden v. News Corporation, et al. The plaintiff alleges that, by temporarily suspending 50% of the voting rights of the Class B shares held by non-U.S. stockholders to remain in compliance with U.S. governing broadcast licenses (the Suspension), the Company and the Board violated the Company s charter and the General Corporation Law of the State of Delaware (DGCL) and the directors breached their fiduciary duties, both in approving the Suspension and in failing to monitor the Company s ownership by non-U.S. stockholders. The complaint named as defendants the Company and all directors of the Company at the time of the Suspension. The complaint sought a declaration that the defendants violated the Company s charter and the DGCL, a declaration that the directors breached their fiduciary duties, a declaration that the Suspension is invalid and unenforceable, an injunction of the Suspension, damages, fees, and costs. On June 11, 2012, the defendants filed an opening brief in support of a motion to dismiss the complaint in its entirety. On August 2, 2012, the plaintiff filed a Verified Amended and Supplemented Class Action Complaint (the Amended and Supplemented Complaint). The Amended and Supplemented Complaint seeks a declaration that the defendants violated the Company s charter and the DGCL, a declaration that the directors breached their fiduciary duties, a declaration that the Suspension is invalid and unenforceable, an injunction of the

Suspension, a declaration that non-U.S. stockholders of the Company s Class B shares are entitled to vote all of their shares on the Proposed Separation Transaction, damages, fees, and costs. On August 28, 2012, the parties entered into a Memorandum of Understanding providing for an agreement in principle to settle the lawsuit. The Memorandum of Understanding, which was filed with the Court on September 5, 2012, provides in pertinent part: (i) within 5 business days after receiving Court approval, the Company will file a petition with the FCC requesting permission to comply with law governing broadcast licenses for any meeting of stockholders by (a) determining the number of shares held by foreign stockholders that are present at the meeting and that would be entitled to vote but for the Suspension, and (b) counting as votes cast all voted shares held by foreign stockholders, up to a total of 25% of the shares voted; (ii) the Company s Audit Committee will determine on at least an annual basis the total number of voting shares held by non-U.S. citizens and will have the power to modify or eliminate any then-existing suspension; the Company will disclose this information in its annual proxy materials and (iii) the Company will not consent to amend, modify or terminate the Murdoch Family Interests agreement without prior approval of the Audit Committee, which in the case of any vote related to the Proposed Separation Transaction, must be unanimous. The settlement is subject to Court approval after notice to the stockholders and a hearing. The Stipulation of Settlement was filed with the Court on November 30, 2012. On December 10, 2012, the Court entered a Scheduling Order, which, among other things, set the settlement hearing for April 26, 2013, and approved the form of Notice of Pendency of Class Action, Proposed Settlement of Class Action, Settlement Hearing, and Right to Appear, which has been distributed to holders of the Company s Class B Common Stock in accordance with the Scheduling Order. At a hearing held on April 26, 2013, the Court approved the settlement and dismissed the action with prejudice.

Southern District of New York

On July 18, 2011, a purported shareholder of the Company filed a derivative action captioned Shields v. Murdoch, et al. (Shields Litigation), in the United States District Court for the Southern District of New York. The plaintiff alleged violations of Section 14(a) of the Securities Exchange Act, as well as state law claims for breach of fiduciary duty, gross mismanagement, waste, abuse of control and contribution/indemnification arising from, and in connection with, the NoW Matter. The complaint names the directors of the Company as defendants and names the Company as a nominal defendant, and seeks damages and costs. On August 4, 2011, the plaintiff filed an amended complaint. The plaintiff seeks compensatory damages, an order declaring the October 15, 2010 shareholder vote on the election of the Company s directors void; an order setting an emergency shareholder vote date for election of new directors; an order requiring the Company to take certain specified corporate governance actions; and an order (i) putting forward a shareholder vote resolution for amendments to the Company s Article of Incorporation and (ii) taking such other action as may be necessary to place before shareholders for a vote on corporate governance policies that: (a) appoint a non-executive Chair of the Board who is not related to the Murdoch family or extended family; (b) appoint an independent Chair of the Board s Audit Committee; (c) appoint at least three independent directors to the Governance and Nominating Committees; (d) strengthen the Board s supervision of financial reporting processes and implement procedures for greater shareholder input into the policies and guidelines of the Board; and (e) appropriately test and strengthen the internal and audit control functions.

On July 19, 2011, a purported class action lawsuit captioned Wilder v. News Corp., et al. (Wilder Litigation), was filed on behalf of all purchasers of the Company s common stock between March 3, 2011 and July 11, 2011, in the United States District Court for the Southern District of New York. The plaintiff brought claims under Section 10(b) and Section 20(a) of the Securities Exchange Act, alleging that false and misleading statements were issued regarding the NoW Matter. The suit names as defendants the Company, Rupert Murdoch, James Murdoch and Rebekah Brooks, and seeks compensatory damages, rescission for damages sustained, and costs.

On July 22, 2011, a purported shareholder of the Company filed a derivative action captioned Stricklin v. Murdoch, et al. (Stricklin Litigation), in the United States District Court for the Southern District of New York. The plaintiff brought claims for breach of fiduciary duty, gross mismanagement, and waste of corporate assets in connection with, among other things, (i) the NoW Matter; (ii) News America s purported payments to settle allegations of anti-competitive behavior; and (iii) the Shine Transaction. The action names as defendants the Company, Les Hinton, Rebekah Brooks, Paul Carlucci and the directors of the Company. On August 3, 2011, the plaintiff served a motion for expedited discovery and to appoint a conservator over the Company, which defendants objected to. The motion has not been formally calendared and there is no briefing schedule yet. On August 16, 2011, the plaintiffs filed an amended complaint. The plaintiff seeks various forms of relief including compensatory damages, injunctive relief, disgorgement, the award of voting rights to Class A shareholders, the appointment of a conservator over the Company to oversee the Company s responses to investigations and litigation related to the NoW Matter, fees and costs.

On August 10, 2011, a purported shareholder of the Company filed a derivative action captioned Iron Workers Mid-South Pension Fund v. Murdoch, et al. (Iron Workers Litigation), in the United States District Court for the Southern District of New York. The plaintiff brought claims for breach of fiduciary duty, waste of corporate assets, unjust enrichment and alleged violations of Section 14(a) of the Securities Exchange Act in connection with the NoW Matter. The action names as defendants the Company, Les Hinton, Rebekah Brooks and the directors of the Company. The plaintiff seeks various forms of relief including compensatory damages, voiding the election of the director defendants, an order requiring the Company to take certain specified corporate governance actions, injunctive relief, restitution, fees and costs.

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The Wilder Litigation, the Stricklin Litigation and the Iron Workers Litigation are all now before the judge in the Shields Litigation. On November 21, 2011, the court issued an order setting a briefing schedule for the defendants motion to stay the Stricklin Litigation, the Iron Workers Litigation and the Shields Litigation pending the outcome of the consolidated action pending in the Delaware Court of Chancery. On September 18, 2012, the Court denied the motion as to two of the cases and dismissed the third with leave to replead, which plaintiff has done. Specifically, on October 4, 2012, Stricklin filed a Second Amended Complaint that added a claim under Section 14(a) of the Securities Exchange Act challenging the disclosures in the Company s definitive proxy statements issued during the years of 2005 through 2012. The plaintiff seeks, among other things, to void the election of the director defendants at the Company s 2012 annual meeting. The plaintiffs in Shields, Stricklin and Iron Workers have requested a pre-motion conference to address the potential consolidation of these derivative actions and a briefing schedule regarding the potential leadership structure for the plaintiffs. The pre-motion conference has not yet been scheduled. In the Wilder Litigation, on June 5, 2012, the court issued an order appointing the Avon Pension Fund (Avon) as lead plaintiff and Robbins Geller Rudman & Dowd as lead counsel. Thereafter, on July 3, 2012, the court issued an order providing that an amended consolidated complaint shall be filed by July 31, 2012. Avon filed an amended consolidated complaint on July 31, 2012, which among other things, added as defendants NI Group Limited and Les Hinton, and expanded the class period to include February 15, 2011 to July 18, 2011. Defendants filed their motion to dismiss on September 25, 2012, plaintiffs opposition was filed November 6, 2012 and defendants reply was filed November 30, 2012. The motion is pending.

The Company s management believes these shareholder claims are entirely without merit, and intends to vigorously defend these actions. The settlement of the Consolidated Action (described above under the heading Shareholder Litigation Delaware) will not become effective unless the Shields Litigation, the Iron Workers Litigation and the Stricklin Litigation are also dismissed.

The News of the World Investigations and Litigation

U.K. and U.S. regulators and governmental authorities continue to conduct investigations initiated in 2011 with respect to the U.K. Newspaper Matters. The Company is cooperating with these investigations.

The Company has admitted liability in many civil cases related to the phone hacking allegations and has settled many cases. The Company also announced a private compensation scheme under which parties could pursue claims against the Company. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

The Company is not able to predict the ultimate outcome or cost of the civil claims or criminal matters. The Company has incurred legal and professional fees related to the U.K. Newspaper Matters and costs for civil settlements totaling approximately $42 million and $63 million during the three months ended March 31, 2013 and 2012, respectively, and $165 million and $167 million during the nine months ended March 31, 2013 and 2012, respectively. These costs are included in Selling, general and administrative expenses in the Company s unaudited consolidated statements of operations. As of March 31, 2013, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred and has accrued approximately $60 million. It is not possible to estimate the liability for any additional claims that may be filed given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision for such matters.

In connection with the proposed separation, the Company and New News Corporation will agree in a separation and distribution agreement that the Company will indemnify New News Corporation for payments made after the distribution date arising out of civil claims and investigations relating to the U.K. Newspaper Matters as well as legal and professional fees and expenses paid in connection with the criminal matters, other than fees, expenses and costs relating to employees who are not (i) directors, officers or certain designated employees or (ii) with respect to civil matters, co-defendants with New News Corporation. In addition, violations of law may result in criminal fines or penalties for which New News Corporation will not be indemnified by the Company. It is possible that these proceedings and any adverse resolution thereof, including any fines or other penalties associated with any plea, judgment or similar result could damage the Company s reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

HarperCollins

Commencing on August 9, 2011, twenty-nine purported consumer class actions have been filed in the U.S. District Courts for the Southern District of New York and for the Northern District of California, which relate to the decisions by certain publishers, including HarperCollins Publishers L.L.C. (HarperCollins), to begin selling their eBooks pursuant to an agency relationship. The cases all involve allegations that certain named defendants in the book publishing and distribution industry, including HarperCollins, violated the antitrust and unfair competition laws by virtue of the switch to the agency model for eBooks. The actions seek as relief treble damages, injunctive relief and attorneys fees. The Judicial Panel on Multidistrict Litigation has transferred the various class actions to the Honorable Denise L. Cote in the Southern District of New York. On January 20, 2012, plaintiffs filed a consolidated amended complaint, again alleging that certain named defendants, including HarperCollins, violated the antitrust and unfair competition laws by virtue of the switch to the agency model for eBooks. Defendants filed a motion to dismiss on March 2, 2012. On May 15, 2012, Judge Cote denied defendants motion to dismiss. On June 22, 2012, Judge Cote held a status conference to address discovery and scheduling issues. On June 25, 2012, Judge Cote issued a scheduling order for the multi-district litigation going forward. Additional information about In re MDL Electronic Books Antitrust Litigation, Civil Action No. 11-md-02293 (DLC), can be found on Public Access to Court Electronic Records (PACER). While it is not possible to predict with any degree of certainty the ultimate outcome of these class actions, HarperCollins believes it was compliant with applicable antitrust and competition laws.

Following an investigation, on April 11, 2012, the Department of Justice (the DOJ) filed an action in the U.S. District Court for the Southern District of New York against certain publishers, including HarperCollins, and Apple, Inc. The DOJ s complaint alleges antitrust violations relating to defendants decisions to begin selling eBooks pursuant to an agency relationship. This case was assigned to Judge Cote. Simultaneously, the DOJ announced that it had reached a proposed settlement with three publishers, including HarperCollins, and filed a Proposed Final Judgment and related materials detailing that agreement. Among other things, the Proposed Final Judgment requires that HarperCollins terminate its agreements with certain eBook retailers and places certain restrictions on any agreements subsequently entered into with such retailers. Pursuant to the Antitrust Procedures and Penalties Act, the Proposed Final Judgment could not be entered by Judge Cote for at least sixty days while the DOJ received public comments. The public comment period ended on June 25, 2012. Pursuant to Judge Cote s June 25, 2012 scheduling order, the DOJ s motion for entry of the Proposed Final Judgment was fully briefed by August 22, 2012, and on September 5, 2012, Judge Cote granted the DOJ s motion and entered the Final Judgment. A third party has filed a motion to intervene in the case for the purpose of appealing Judge Cote s decision entering the Final Judgment to the United States Court of Appeals for the Second Circuit. On March 26, 2013, the United States Court of Appeals for the Second Circuit dismissed his appeal. Additional information about the Final Judgment can be found on the DOJ s website.

Following an investigation, on April 11, 2012, 16 state Attorneys General led by Texas and Connecticut (the AGs) filed a similar action against certain publishers and Apple, Inc. in the Western District of Texas. On April 26, 2012, the AGs action was transferred to Judge Cote. On May 17, 2012, 33 AGs filed a second amended complaint. As a result of a memorandum of understanding agreed upon with the AGs for Texas and Connecticut, HarperCollins was not named as a defendant in this action. Pursuant to the terms of the memorandum of understanding, HarperCollins entered into a settlement agreement with the AGs for Texas, Connecticut and Ohio on June 11, 2012. By August 28, 2012, forty-nine states (all but Minnesota) and five U.S. territories had signed on to that settlement agreement. On August 29, 2012, the AGs simultaneously filed a complaint against HarperCollins and two other publishers, a motion for preliminary approval of that settlement agreement and a proposed distribution plan. On September 14, 2012, Judge Cote granted the AGs motion for preliminary approval of the settlement agreement and approved the AGs proposed distribution plan. Notice was subsequently sent to potential class members, and a fairness hearing was held on February 8, 2013, where Judge Cote granted final approval of the settlement. The settlement now is effective and the final judgment will bar consumers from states and territories covered by the settlement from participating in the class action.

On October 12, 2012, HarperCollins received a Civil Investigative Demand from the Attorney General from the State of Minnesota. HarperCollins complied with the Demand on November 16, 2012 and is cooperating with that investigation. While it is not possible to predict with any degree of certainty the ultimate outcome of the inquiry, HarperCollins believes it was compliant with applicable antitrust laws.

The European Commission conducted an investigation into whether certain companies in the book publishing and distribution industry, including HarperCollins, violated the antitrust laws by virtue of the switch to the agency model for eBooks. Following discussions with the European Commission, the Office of Fair Trading closed its investigation in favor of the European Commission s investigation on December 6, 2011. HarperCollins settled the matter with the European Commission on terms substantially similar to the settlement with the DOJ. On December 13, 2012, the European Commission formally adopted the settlement.

Commencing on February 24, 2012, five purported consumer class actions were filed in the Canadian provinces of British Columbia, Quebec and Ontario, which relate to the decisions by certain publishers, including HarperCollins, to begin selling their eBooks in Canada pursuant to an agency relationship. The actions seek as relief special, general and punitive damages, injunctive relief and the costs of the litigations. While it is not possible to predict with any degree of certainty the ultimate outcome of these class actions, especially given their early stages, HarperCollins believes it was compliant with applicable antitrust and competition laws and intends to defend itself vigorously.

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In July 2012, HarperCollins Canada, a wholly-owned subsidiary of HarperCollins, learned that the Canadian Competition Bureau (CCB) had commenced an inquiry regarding the sale of eBooks in Canada. HarperCollins currently is cooperating with the CCB with respect to its inquiry. While it is not possible to predict with any degree of certainty the ultimate outcome of the inquiry, HarperCollins believes it was compliant with applicable antitrust and competition laws.

Other

The Company s operations are subject to tax in various domestic and international jurisdictions and as a matter of course, the Company is regularly audited by federal, state and foreign tax authorities. The Company believes it has appropriately accrued for the expected outcome of all pending tax matters and does not currently anticipate that the ultimate resolution of pending tax matters will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity.

The Company establishes an accrued liability for legal claims when the Company determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Legal fees associated with litigation and similar proceedings that are not expected to provide a benefit in future periods are expensed as incurred. Any fees, expenses, fines, penalties, judgments or settlements which might be incurred by the Company in connection with the various proceedings could affect the Company s results of operations and financial condition. For the contingencies disclosed above for which there is at least a reasonable possibility that a loss may be incurred, other than the accrual provided, the Company was unable to estimate the amount of loss or range of loss.

ITEM 1A. RISK FACTORS

Prospective investors should consider carefully the risk factors set forth below before making an investment in the Company s securities.

A Decline in Advertising Expenditures Could Cause the Company s Revenues and Operating Results to Decline Significantly in any Given Period or in Specific Markets.

The Company derives substantial revenues from the sale of advertising on or in its television stations, broadcast and cable networks, newspapers, integrated marketing services, digital media properties and direct broadcast satellite services. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, as well as budgeting and buying patterns. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers spending priorities. Demand for the Company s products is also a factor in determining advertising rates. For example, ratings points for the Company s television stations, broadcast and cable networks and circulation levels for the Company s newspapers are factors that are weighed when determining advertising rates, and with respect to the Company s television stations and broadcast and television networks, when determining the affiliate rates received by the Company. In addition, newer technologies, including new video formats, streaming and downloading capabilities via the Internet, video-on-demand, personal video recorders, digital distribution models for books and other devices and technologies are increasing the number of media and entertainment choices available to audiences. Some of these devices and technologies allow users to view television or motion pictures from a remote location or on a time-delayed basis and provide users the ability to fast-forward, rewind, pause and skip programming and advertisements. These technological developments are increasing the number of media and entertainment choices available to audiences and may cause changes in consumer behavior that could affect the attractiveness of the Company s offerings to viewers, advertisers and/or distributors. A decrease in advertising expenditures or reduced demand for the Company s offerings can lead to a reduction in pricing and advertising spending, which could have an adverse effect on the Company s businesses and assets.

Global Economic Conditions May Have a Continuing Adverse Effect on the Company s Business.

The United States and global economies have undergone a period of economic uncertainty, which caused, among other things, a general tightening in the credit markets, limited access to the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, lower consumer and business spending and lower consumer net worth. The resulting pressure on the labor and retail markets and the downturn in consumer confidence weakened the economic climate in certain markets in which the Company does business and has had and may continue to have an adverse effect on the Company s business, results of operations, financial condition and liquidity. A continued decline in these economic conditions could further impact the Company s business, reduce the Company s

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advertising and other revenues and negatively impact the performance of its motion pictures and home entertainment releases, television operations, newspapers, books and other consumer products. In addition, these conditions could also impair the ability of those with whom the Company does business to satisfy their obligations to the Company. As a result, the Company s results of operations may be adversely affected. Although the Company believes that its operating cash flow and current access to capital and credit markets, including the Company s existing credit facility, will give it the ability to meet its financial needs for the foreseeable future, there can be no assurance that continued or increased volatility and disruption in the global capital and credit markets will not impair the Company s liquidity or increase its cost of borrowing.

Acceptance of the Company s Film and Television Programming by the Public is Difficult to Predict, Which Could Lead to Fluctuations in Revenues.

Feature film and television production and distribution are speculative businesses since the revenues derived from the production and distribution of a feature film or television series depend primarily upon its acceptance by the public, which is difficult to predict. The commercial success of a feature film or television series also depends upon the quality and acceptance of other competing films and television series released into the marketplace at or near the same time, the availability of a growing number of alternative forms of entertainment and leisure time activities, general economic conditions and their effects on consumer spending and other tangible and intangible factors, all of which can change and cannot be predicted with certainty. Further, the theatrical success of a feature film and the audience ratings for a television series are generally key factors in generating revenues from other distribution channels, such as home entertainment and premium pay television, with respect to feature films, and syndication, with respect to television series.

The Company Could Suffer Losses Due to Asset Impairment Charges for Goodwill, Intangible Assets and Programming.

In accordance with applicable generally accepted accounting principles, the Company performs an annual impairment assessment of its recorded goodwill and indefinite-lived intangible assets, including FCC licenses and mastheads, during the fourth quarter of each fiscal year. The Company also continually evaluates whether current factors or indicators, such as the prevailing conditions in the capital markets, require the performance of an interim impairment assessment of those assets, as well as other investments and other long-lived assets. Any significant shortfall, now or in the future, in advertising revenue and/or the expected popularity of the programming for which the Company has acquired rights could lead to a downward revision in the fair value of certain reporting units, particularly those in the Publishing, Television and Cable Network Programming segments. A downward revision in the fair value of a reporting unit, indefinite-lived intangible assets, investments or long-lived assets could result in an impairment and a non-cash charge would be required. Any such charge could be material to the Company s reported net earnings.

Fluctuations in Foreign Exchange Rates Could Have an Adverse Effect on the Company s Results of Operations.

The Company has significant operations in a number of foreign jurisdictions and certain of the Company operations are conducted in foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. As a result, the Company is exposed to exchange rate fluctuations, which could have an adverse effect on its results of operations in a given period or in specific markets.

The Loss of Carriage Agreements Could Cause the Company s Revenue and Operating Results to Decline Significantly in any Given Period or in Specific Markets.

The Company is dependent upon the maintenance of affiliation agreements with third party owned television stations and there can be no assurance that these affiliation agreements will be renewed in the future on terms acceptable to the Company. The loss of a significant number of these affiliation arrangements could reduce the distribution of FOX and MyNetworkTV and adversely affect the Company s ability to sell national advertising time. Similarly, the Company s broadcast stations and cable networks maintain affiliation and carriage arrangements that enable them to reach a large percentage of cable and direct broadcast satellite households across the United States. The loss of a significant number of these arrangements or the loss of carriage on basic programming tiers could reduce the distribution of the Company s broadcast stations and cable networks, which may adversely affect those networks revenues from subscriber fees and their ability to sell national and local advertising time.

The Inability to Renew Sports Programming Rights Could Cause the Company s Advertising Revenue to Decline Significantly in any Given Period or in Specific Markets.

The sports rights contracts between the Company, on the one hand, and various professional sports leagues and teams, on the other, have varying duration and renewal terms. As these contracts expire, renewals on favorable terms may be sought; however, third parties may outbid the current rights holders for the rights contracts. In addition, professional sports leagues or teams may create their own networks or the renewal costs could substantially exceed the original contract cost. The loss of rights could impact the extent of the sports coverage offered by the Company and its affiliates, as it relates to FOX, and could adversely affect the Company s advertising and affiliate revenues. Upon renewal, the Company s results could be adversely affected if escalations in sports programming rights costs are unmatched by increases in advertising rates and, in the case of cable networks, subscriber fees.

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The Company Relies on Network and Information Systems and Other Technology That May Be Subject to Disruption or Misuse, Which Could Result in Improper Disclosure of Personal Data or Confidential Information as well as Increased Costs or Loss of Revenue.

Network and information systems and other technologies, including those related to our network management, are important to our business activities. Network and information systems-related events, such as computer hackings, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, malicious social engineering or other malicious activities, or any combination of the foregoing, could result in a disruption of our services or improper disclosure of personal data or confidential information. Improper disclosure of such information could harm our reputation, require us to expend resources to remedy such a security breach or subject us to liability under laws that protect personal data, resulting in increased costs or loss of revenue.

Technological Developments May Increase the Threat of Content Piracy and Signal Theft and Limit the Company s Ability to Protect Its Intellectual Property Rights.

The Company seeks to limit the threat of content piracy and direct broadcast satellite programming signal theft; however, policing unauthorized use of the Company s products and services and related intellectual property is often difficult and the steps taken by the Company may not in every case prevent the infringement by unauthorized third parties. Developments in technology, including digital copying, file compressing and the growing penetration of high-bandwidth Internet connections, increase the threat of content piracy by making it easier to duplicate and widely distribute pirated material. In addition, developments in software or devices that circumvent encryption technology increase the threat of unauthorized use and distribution of direct broadcast satellite programming signals and the proliferation of user-generated content sites and live and stored video streaming sites, which deliver unauthorized copies of copyrighted content, including those emanating from other countries in various languages, may adversely impact the Company s businesses. The Company has taken, and will continue to take, a variety of actions to combat piracy and signal theft, both individually and, in some instances, together with industry associations. However, protection of the Company s intellectual property rights is dependent on the scope and duration of the Company s rights as defined by applicable laws in the United States and abroad and the manner in which those laws are construed. If those laws are drafted or interpreted in ways that limit the extent or duration of the Company s rights, or if existing laws are changed, the Company s ability to generate revenue from intellectual property may decrease, or the cost of obtaining and maintaining rights may increase. There can be no assurance that the Company s efforts to enforce its rights and protect its products, services and intellectual property will be successful in preventing content piracy or signal theft. Content piracy and signal theft present a threat to the Company s revenues from products and services, including, but not limited to, films, television shows, cable and other programming and books.

The Company Must Respond to Changes in Consumer Behavior as a Result of New Technologies in Order to Remain Competitive.

Technology, particularly digital technology used in the entertainment industry, continues to evolve rapidly, leading to alternative methods for the delivery and storage of digital content. These technological advancements have driven changes in consumer behavior and have empowered consumers to seek more control over when, where and how they consume digital content. Content owners are increasingly delivering their content directly to consumers over the Internet, often without charge, and innovations in distribution platforms have enabled consumers to view such Internet-delivered content on televisions and portable devices. There is a risk that the Company s responses to these changes and strategies to remain competitive, including distribution of its content on a pay basis, may not be adopted by consumers. In addition, enhanced Internet capabilities and other new media may reduce television viewership, the demand for DVDs and Blu-rays, the desire to see motion pictures in theaters and the demand for newspapers, which could negatively affect the Company s revenues. In publishing, the trending toward digital media may drive down the price consumers are willing to spend on our products disproportionately to the costs associated with generating literary content. The Company s failure to protect and exploit the value of its content, while responding to and developing new technology and business models to take advantage of advancements in technology and the latest consumer preferences, could have a significant adverse effect on the Company s businesses, asset values and results of operations.

Labor Disputes May Have an Adverse Effect on the Company s Business.

In a variety of the Company s businesses, the Company and its partners engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements, including employees of the Company s film and television studio operations and newspapers. If the Company or its partners are unable to renew expiring collective bargaining agreements, it is possible that the affected unions could take action in the form of strikes or work stoppages. Such actions, as well as higher costs in connection with these collective bargaining agreements or a significant labor dispute, could have an adverse effect on the Company s business by causing delays in production or by reducing profit margins.

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Changes in U.S. or Foreign Regulations May Have an Adverse Effect on the Company s Business.

The Company is subject to a variety of U.S. and foreign regulations in the jurisdictions in which its businesses operate. In general, the television broadcasting and multichannel video programming and distribution industries in the United States are highly regulated by federal laws and regulations issued and administered by various federal agencies, including the FCC. The FCC generally regulates, among other things, the ownership of media, broadcast and multichannel video programming and technical operations of broadcast licensees. Our program services and online properties are subject to a variety of laws and regulations, including those relating to issues such as content regulation, user privacy and data protection, and consumer protection, among others. Further, the United States Congress, the FCC and state legislatures currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters, including technological changes and measures relating to privacy and data security, which could, directly or indirectly, affect the operations and ownership of the Company s U.S. media properties. Similarly, changes in regulations imposed by governments in other jurisdictions in which the Company, or entities in which the Company has an interest, operate could adversely affect its business and results of operations.

In addition, changes in tax laws, regulations or the interpretations thereof in the U.S. and other jurisdictions in which the Company has operations could affect the Company s results of operations.

U.S. Citizenship Requirements May Limit Common Stock Ownership and Voting Rights.

The Company owns broadcast station licensees in connection with its ownership and operation of U.S. television stations. Under U.S. law, no broadcast station licensee may be owned by a corporation if more than 25% of its stock is owned or voted by non-U.S. persons, their representatives, or by any other corporation organized under the laws of a foreign country. The Company s Restated Certificate of Incorporation authorizes the Board of Directors to prevent, cure or mitigate the effect of stock ownership above the applicable foreign ownership threshold by taking any action including: refusing to permit any transfer of common stock to or ownership of common stock by a non-U.S. stockholder; voiding a transfer of common stock to a non-U.S. stockholder; suspending rights of stock ownership if held by a non-U.S. stockholder; or redeeming common stock held by a non-U.S. stockholder. In order to maintain compliance with U.S. law, as of April 2013, the suspension of voting rights of the Class B Common Stock held by non-U.S. stockholders was 40%. This suspension will remain in place for as long as the Company deems it necessary to maintain compliance with applicable U.S. law, and may be adjusted by the Audit Committee as it deems appropriate. The Company is not able to predict whether it will need to adjust the suspension or whether additional action pursuant to its Restated Certificate of Incorporation may be necessary. The FCC could review the Company s compliance with applicable U.S. law in connection with its consideration of the Company s renewal applications for licenses to operate the broadcast stations the Company owns.

We Face Investigations Regarding Allegations of Phone Hacking, Illegal Data Access, Inappropriate Payments to Public Officials and Other Related Matters and Related Civil Lawsuits.

U.K. and U.S. regulators and governmental authorities are conducting investigations relating to the U.K. Newspaper Matters . The Company is cooperating with these investigations.

The Company has admitted liability in many civil cases related to the phone hacking allegations and has settled many cases. The Company also announced a private compensation scheme under which parties could pursue claims against the Company. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

The Company is not able to predict the ultimate outcome or cost of the civil claims or criminal matters. In connection with the proposed separation, the Company and New News Corporation will agree in a separation and distribution agreement that the Company will indemnify New News Corporation for payments made after the distribution date arising out of civil claims and investigations relating to the U.K. Newspaper Matters as well as legal and professional fees and expenses paid in connection with the criminal matters, other than fees, expenses and costs relating to employees who are not (i) directors, officers or certain designated employees or (ii) with respect to civil matters, co-defendants with New News Corporation. In addition, violations of law may result in criminal fines or penalties for which New News Corporation will not be indemnified by the Company. It is possible that these proceedings and any adverse resolution thereof, including any fines or other penalties associated with any plea, judgment or similar result could damage the Company s reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

The Proposed Separation of the Company s Publishing and Media and Entertainment Businesses into Two Distinct Publicly Traded Companies May Not Be Completed on the Terms or Timeline Currently Contemplated, If At All.

In June 2012, the Company announced its intention to pursue the separation of its publishing and its media and entertainment businesses into two distinct publicly traded companies (the Proposed Separation Transaction). Unanticipated developments could delay or negatively impact the

Proposed Separation Transaction, including those related to obtaining various regulatory approvals, opinions from tax counsel and favorable rulings from certain tax jurisdictions regarding the tax-free nature of the transaction to the Company and its stockholders, completing further due diligence as appropriate, the filing and effectiveness of appropriate filings with the SEC, the execution of certain agreements relating to the distribution, and changes in market conditions, among other things. In addition, consummation of the Proposed Separation Transaction will require final approval from the Company s Board of Directors and stockholder approval of certain amendments to the Company s Restated Certificate of Incorporation. Therefore, we cannot assure that we will be able to complete the Proposed Separation Transaction on the terms or on the timeline that we announced, if at all.

We are actively engaged in planning for the Proposed Separation Transaction. We expect to incur expenses in connection with the Proposed Separation Transaction and any delays in the anticipated completion of the Proposed Separation Transaction may increase these expenses. In addition, completion of the Proposed Separation Transaction will require significant amounts of our management s time and effort which may divert management s attention from our businesses. The Proposed Separation Transaction may result in the division of key employees into the two separate public companies which may create a knowledge and skill gap.

Further, shares of our common stock will represent an investment in two smaller separate public companies. These changes may not meet some stockholders investment strategies, which could cause investors to sell their shares of our common stock in either company. Excessive selling could cause the relative market price of common stock in either or both companies to decrease following completion of the Proposed Separation Transaction.

Risk factors of 21st Century Fox in connection with the Separation

If the Distribution, Together with Certain Related Transactions, Were Ultimately Determined to be Taxable Transactions for U.S. Federal Income Tax Purposes, then 21st Century Fox Could Be Subject to Significant Tax Liability.

The distribution is conditioned upon a private letter ruling from the IRS substantially to the effect that, among other things, the distribution of Class A Common Stock and Class B Common Stock of New News Corporation qualifies as tax-free under Sections 368 and 355 of the Internal Revenue Code of 1986, as amended (the Code) except for cash received in lieu of fractional shares of New News Corporation stock, as well as upon the Company receiving an opinion from the law firm of Hogan Lovells US LLP confirming the tax-free status of the distribution for U.S. federal income tax purposes, including confirming the satisfaction of the requirements under Section 368 and 355 of the Code not specifically addressed in the IRS private letter ruling. The opinion of Hogan Lovells US LLP will not be binding on the IRS or the courts, and there is no assurance that the IRS or a court will not take a contrary position.

The private letter ruling and the opinion will rely on certain facts and assumptions, and certain representations from us and New News Corporation regarding the past and future conduct of our respective businesses and other matters. Notwithstanding the receipt of the private letter ruling and the opinion, the IRS could determine on audit that the distribution or the internal transactions should be treated as taxable transactions if it determines that any of these facts, assumptions, representations or undertakings is not correct or has been violated, or that the distribution or the internal transactions should be taxable for other reasons, including as a result of a significant change in stock or asset ownership after the distribution. If the distribution ultimately is determined to be taxable, the distribution could be treated as a taxable dividend or capital gain for U.S. federal income tax purposes, and U.S. stockholders and certain non-U.S. stockholders could incur significant U.S. federal income tax liabilities. In addition, if the internal reorganization and/or the distribution is ultimately determined to be taxable, 21st Century Fox would recognize gains on the internal reorganization and/or recognize gain in an amount equal to the excess of the fair market value of shares of the New News Corporation common stock distributed to our stockholders on the distribution date over our tax basis in such shares of our common stock.

21st Century Fox Could Be Liable for Income Taxes Owed by New News Corporation.

Each member of our consolidated group, which includes New News Corporation and each of our other subsidiaries, is jointly and severally liable for the U.S. federal income tax liability of each other member of the consolidated group. Consequently, 21st Century Fox or New News Corporation could be liable in the event any such liability is incurred, and not discharged, by any other member of our consolidated group. Under the terms of the tax sharing and indemnification agreement that we intend to enter into in connection with the distribution 21st Century Fox will be required to indemnify New News Corporation for any such liability. Disputes or assessments could arise during future audits by the IRS in amounts that we cannot quantify.

21st Century Fox Might Not Be Able to Engage in Desirable Strategic Transactions and Equity Issuances Following the Distribution Because of Certain Restrictions Relating to Requirements for Tax-Free Distributions for U.S. Federal Income Tax Purposes.

21st Century Fox s ability to engage in significant strategic transactions and equity issuances may be limited or restricted after the distribution in order to preserve, for U.S. federal income tax purposes, the tax-free nature of the distribution. Even if the distribution

otherwise qualifies for tax-free treatment under Section 355 of the Code, it may result in corporate level taxable gain to us under Section 355(e) of the Code if 50% or more, by vote or value, of shares of our stock or New News Corporation s stock are acquired or issued as part of a plan or series of related transactions that includes the distribution.

To preserve the tax-free treatment of the distribution and the internal transactions in connection with the distribution for U.S. federal income tax purposes, under the tax sharing and indemnification agreement that we will enter into with New News Corporation, 21st Century Fox will be prohibited from taking or failing to take certain actions that may prevent the distribution and related transactions from being tax-free for U.S. federal income tax purposes. Further, for the two-year period following the distribution, 21st Century Fox may be prohibited from:

- approving or allowing any transaction that results in a change in ownership of more than a specified percentage of our common stock,
- a merger,
- a redemption of equity securities exceeding 20% of its outstanding capital stock,
- a sale or other disposition of certain businesses or a specified percentage of our assets, or
- an acquisition of a business or assets with equity securities to the extent one or more persons would acquire in excess of a specified percentage of our common stock

These restrictions may limit 21st Century Fox s ability to pursue strategic transactions or engage in new business or other transactions that may maximize the value of our business.

The Separation and Distribution Agreement May Restrict 21st Century Fox From Acquiring or Owning Certain Types of Assets in the U.S.

The FCC has promulgated certain rules and regulations that limit the ownership of radio and television broadcast stations, television broadcast networks and newspapers (the Broadcast Ownership Rules). Under the FCC s rules for determining ownership of the media assets described above, the Murdoch Family Trust s ownership interest in both New News Corporation and 21st Century Fox following the distribution would generally result in each company s businesses and assets being attributable to the Murdoch Family Trust for purposes of determining compliance with the Broadcast Ownership Rules. Consequently, 21st Century Fox s future conduct, including the acquisition of any broadcast networks or stations, or any newspapers, in the same local markets in which New News Corporation owns or operates newspapers or has acquired television stations may affect New News Corporation s ability to own and operate its newspapers or any television stations it acquires or otherwise comply with the Broadcast Ownership Rules. Therefore, we and New News Corporation will agree in the separation and distribution agreement that if 21st Century Fox acquires, after the separation, newspapers, radio or television broadcast stations or television broadcast networks in the U.S. and such acquisition would impede or be reasonably likely to impede New News Corporation s business, then 21st Century Fox will be required to take certain actions, including divesting assets, in order to permit New News Corporation to hold its media interests and to comply with such rules. This agreement will effectively limit the activities or strategic business alternatives available to 21st Century Fox if such activities or strategic business alternatives implicate the Broadcast Ownership Rules and would impede or be reasonably likely to impede New News Corporation s business.

The Indemnification Arrangements We Enter Into With New News Corporation in Connection With the Distribution May Require 21st Century Fox to Divert Cash to Satisfy Indemnification Obligations to New News Corporation.

Pursuant to the separation and distribution agreement and certain other related agreements, 21st Century Fox will agree to indemnify New News Corporation for certain liabilities and New News Corporation will agree to indemnify 21st Century Fox for certain liabilities. As a result, 21st Century Fox could be required, under certain circumstances, to indemnify New News Corporation against certain liabilities to the extent such liabilities result from an action we or our affiliates take or from any breach of our or our affiliates representations, covenants or obligations under the separation and distribution agreement, tax sharing and indemnification agreement or any other agreement we enter into in connection with the distribution.

After the Distribution, Certain of 21st Century Fox s Directors and Officers May Have Actual or Potential Conflicts of Interest Because of Their Equity Ownership in New News Corporation, and Certain of New News Corporation s Officers and Directors May Have Actual or Potential Conflicts of Interest Because They Also Serve as Officers and/or on the Board of Directors of 21st Century Fox.

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Following the distribution, certain of 21st Century Fox s directors and executive officers may own shares of New News Corporation s common stock, and the individual holdings may be significant for some of these individuals compared to their total assets. In addition, following the distribution, certain of 21st Century Fox s officers and directors will also serve as officers and/or as directors of New News Corporation, including K. Rupert Murdoch, who will serve as New News Corporation Executive Chairman and the Chairman and Chief Executive Officer of 21st Century Fox, and Gerson Zweifach, who will serve as New News Corporation s General Counsel and as Senior Executive Vice President and Group General Counsel of 21st Century Fox. This ownership or service to both companies may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for 21st Century Fox and New News Corporation.

For example, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between New News Corporation and 21st Century Fox regarding the terms of the agreements governing the internal reorganization, the distribution and the relationship thereafter between the companies, including with respect to the indemnification of certain matters. In addition to any other arrangements that 21st Century Fox and New News Corporation may agree to implement, 21st Century Fox and New News Corporation will agree that officers and directors who serve at both companies will recuse themselves from decisions where conflicts arise due to their positions at both companies.

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ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Board had previously authorized a total stock repurchase program of $6 billion with a remaining authorized amount under the program of approximately $1.8 billion, excluding commissions, as of June 30, 2011. In July 2011, the Company announced that the Board had authorized increasing the total amount of the stock repurchase program remaining by approximately $3.2 billion to $5 billion. In May 2012, the Company announced that the Board approved a $5 billion increase to the Company s stock repurchase program for the repurchase of Class A Common Stock.

The remaining authorized amount under the Company s stock repurchase program at March 31, 2013, excluding commissions, was approximately $3.6 billion.

The program may be extended, modified, suspended or discontinued at any time.

Below is a summary of the Company s purchases of its Class A Common Stock during the three months ended March 31, 2013:

	Total Number of Shares Purchased	Average Price per Share	Total Cost of Purchase
		(in millions)	
January	6,100,000	$ 26.07	$ 159
February	5,500,000	28.00	154
March	2,900,000	30.00	87
Total	14,500,000		$ 400

The Company did not purchase any of its Class B Common Stock during the three months ended March 31, 2013.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

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ITEM 6. EXHIBITS

(a) Exhibits.

10.1	Amendment No. 2 to the News Corporation 2005 Long-Term Incentive Plan.*
12.1	Ratio of Earnings to Fixed Charges.*
31.1	Chairman and Chief Executive Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
31.2	Chief Financial Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Chairman and Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes Oxley Act of 2002.**
101	The following financial information from the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 formatted in eXtensible Business Reporting Language: (i) Unaudited Consolidated Statements of Operations for the three and nine months ended March 31, 2013 and 2012; (ii) Unaudited Consolidated Statements of Comprehensive Income for the three and nine months ended March 31, 2013 and 2012; (iii) Consolidated Balance Sheets at March 31, 2013 (unaudited) and June 30, 2012 (audited); (iv) Unaudited Consolidated Statements of Cash Flows for the nine months ended March 31, 2013 and 2012; and (v) Notes to the Unaudited Consolidated Financial Statements.*

* Filed herewith.
** Furnished herewith.

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SIGNATURE

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 thereunto duly authorized.

NEWS CORPORATION

(Registrant)

By: /s/ David F. DeVoe
David F. DeVoe
Senior Executive Vice President and
Chief Financial Officer

Date: May 10, 2013