NEWS CORP
Form 10-K
August 13, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended June 30, 2015

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 001-35769

NEWS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	**46-2950970**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer 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) 416-3400

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Class A Common Stock, par value $0.01 per share	The NASDAQ Global Select Market
Class B Common Stock, par value $0.01 per share	The NASDAQ Global Select Market
Class A Preferred Stock Purchase Rights	The NASDAQ Global Select Market
Class B Preferred Stock Purchase Rights	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes ¨ No x

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 (§232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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 Securities Exchange Act of 1934). Yes ¨ No x

As of December 26, 2014, the last business day of the registrant s most recently completed second fiscal quarter, the aggregate market value of the registrant s Class A Common Stock, par value $0.01 per share, held by non-affiliates was approximately $5,897,409,741, based upon the closing price of $15.57 per share as quoted on The NASDAQ Stock Market on that date, and the aggregate market value of the registrant s Class B Common Stock, par value $0.01 per share, held by non-affiliates was approximately $1,818,393,769, based upon the closing price of $15.04 per share as quoted on The NASDAQ Stock Market on that date.

As of August 6, 2015, 380,998,902 shares of Class A Common Stock and 199,630,240 shares of Class B Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required for Part III of this Annual Report on Form 10-K is incorporated by reference to the News Corporation definitive Proxy Statement for its 2015 Annual Meeting of Stockholders, which shall be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, within 120 days of News Corporation s fiscal year end.

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PART I

ITEM 1. BUSINESS
BACKGROUND

The Separation

News Corporation, a Delaware corporation, was originally formed on December 11, 2012 as New Newscorp LLC to hold certain businesses of its former parent company, Twenty-First Century Fox, Inc. (formerly named News Corporation) (21st Century Fox), consisting of newspapers, information services and integrated marketing services, digital real estate services, book publishing, digital education and sports programming and pay-TV distribution in Australia. Unless otherwise indicated, references in this Annual Report on Form 10-K for the fiscal year ended June 30, 2015 (the Annual Report) to the Company, News Corp, we, us, or our means News Corporation and its subsidiaries. The Compa subsequently converted to New Newscorp Inc, a Delaware corporation, on June 11, 2013. On June 28, 2013 (the Distribution Date), the Company completed the separation of its businesses (the Separation) from 21st Century Fox. As of the effective time of the Separation, all of the outstanding shares of the Company were distributed to 21st Century Fox stockholders based on a distribution ratio of one share of Company Class A or Class B Common Stock for every four shares of 21st Century Fox Class A or Class B Common Stock, respectively, held of record as of June 21, 2013. Following the Separation, the Company s Class A and Class B Common Stock began trading independently on The NASDAQ Global Select Market (NASDAQ) under the trading symbols NWSA and NWS, respectively. CHESS Depositary Interests (CDIs) representing the Company s Class A and Class B Common Stock also trade on the Australian Securities Exchange (ASX) under the trading symbols NWSLV and NWS, respectively. In connection with the Separation, the Company assumed the name News Corporation.

The Company

News Corp is a global diversified media and information services company focused on creating and distributing authoritative and engaging content to consumers and businesses throughout the world. The Company comprises businesses across a range of media, including: news and information services, book publishing, digital real estate services, cable network programming in Australia, digital education and pay-TV distribution in Australia, that are distributed under some of the world s most recognizable and respected brands, including *The Wall Street Journal*, Dow Jones, *The Australian*, *Herald Sun*, *The Sun*, *The Times,* HarperCollins Publishers, FOX SPORTS Australia, realestate.com.au, realtor.com®, Foxtel and many others. The Company s commitment to premium content makes its properties a trusted source of news and information and a premier destination for consumers across various media. Many of these properties deliver broad reach and high audience engagement levels in their respective markets, making them attractive advertising vehicles for the Company s advertising customers.

The Company delivers its premium content to consumers across numerous distribution platforms consisting not only of traditional print and television, but also through an array of digital platforms including websites, applications for mobile devices and tablets and electronic readers. The Company is focused on pursuing integrated strategies across its businesses to continue to capitalize on the transition from print to digital consumption of high-quality content. The Company believes that the increasing availability of high-speed Internet access, connected mobile devices, tablets and electronic readers will allow it to continue to deliver its content in a more engaging, timely and personalized manner, provide opportunities to more effectively monetize its content via strong customer relationships and more compelling and engaging advertising solutions and reduce its physical production and distribution costs as it continues to shift to digital platforms.

The Company s diversified revenue base consists of advertising sales, recurring subscriptions, circulation copies, licensing fees, affiliate fees, direct sales and sponsorship sales. The Company manages its businesses to take advantage of opportunities to share technologies and practices across geographies and businesses and bundle selected offerings to provide greater value to consumers and advertising partners. Headquartered in New York,

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the Company operates primarily in the United States, Australia and the U.K., and its content is distributed and consumed worldwide. The Company s operations are organized into six reporting segments: (i) News and Information Services; (ii) Book Publishing; (iii) Digital Real Estate Services; (iv) Cable Network Programming; (v) Digital Education; and (vi) Other, which includes the Company s general corporate overhead expenses, corporate Strategy and Creative Group and costs related to the U.K. Newspaper Matters, as defined in Item 1A. Risk Factors. The Company also owns a 50% stake in Foxtel, the largest pay-TV provider in Australia, which is accounted for as an equity investment.

The Company maintains a 52-53 week fiscal year ending on the Sunday nearest to June 30 in each year. All references to June 30, 2015, June 30, 2014 and June 30, 2013 relate to the 12-month periods ended June 28, 2015, June 29, 2014 and June 30, 2013, respectively. For convenience purposes, the Company continues to date its financial statements as of June 30. The Company s principal executive offices are located at 1211 Avenue of the Americas, New York, New York 10036, and its telephone number is (212) 416-3400. More information regarding the Company is available on its website at *www.newscorp.com*, including the Company s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), which are available, free of charge, as soon as reasonably practicable after the material is electronically filed with or furnished to the Securities and Exchange Commission (SEC).

Special Note Regarding Forward-Looking Statements

This document and any documents incorporated by reference into this Annual Report, including Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations, contain statements that constitute forward-looking statements within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended. All statements that are not statements of historical fact are forward-looking statements. The words expect, estimate, anticipate, predict, believe and similar expressions and variations thereof a 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 the Company, its directors or its officers with respect to, among other things, trends affecting the Company s financial condition or results of operations and the outcome of contingencies such as litigation and investigations. Readers 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 important factors that could cause actual results to differ materially from those in the forward-looking statements is set forth under the heading Item 1A. Risk Factors in this Annual Report. The Company 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 the Company with the SEC. This section should be read together with the Consolidated Financial Statements of News Corporation (the Financial Statements) and related notes set forth elsewhere in this Annual Report. The Company believes that the assumptions underlying the Financial Statements are reasonable. However, the Financial Statements for the fiscal year ended June 30, 2013 included herein may not necessarily reflect what the Company s results of operations, financial position and cash flows would have been had the Company been a separate, stand-alone company during the periods presented.

BUSINESS OVERVIEW

The Company s six reporting segments are described below. In addition, the Company owns a 50% stake in Foxtel, which is accounted for as an equity investment. For financial information regarding the Company s segments and operations in geographic areas, see Note 18 to the Financial Statements.

For the fiscal year ended June 30, 2015

	Revenues	Segment EBITDA
	(in millions)	
News and Information Services	$ 5,731	$ 603
Book Publishing	1,667	221
Digital Real Estate Services	625	201
Cable Network Programming	500	135
Digital Education	109	(93)
Other	1	(215)
Total	$ 8,633	$ 852

News and Information Services

The Company s News and Information Services segment consists of Dow Jones, News Corp Australia (which includes News Limited and its subsidiaries), News UK (formerly known as News International), the *New York Post* and News America Marketing. This segment also includes Storyful Limited (Storyful), a social media news agency acquired by the Company in December 2013 that complements the existing video capabilities in this segment. The News and Information Services segment generates revenue primarily through print and digital advertising sales and through circulation and subscriptions to its print and digital products. Advertising revenues at the News and Information Services segment are subject to seasonality, with revenues typically being highest in the Company s second fiscal quarter due to the end-of-year holiday season in its main operating geographies.

Dow Jones

Dow Jones is a global provider of news and business information, which distributes its content and data through a variety of media channels including newspapers, newswires, websites, applications for mobile devices, tablets and electronic readers, newsletters, magazines, proprietary databases, conferences and video. Dow Jones s products, which target individual consumer and enterprise customers, include *The Wall Street Journal*, Factiva, Dow Jones Risk & Compliance, Dow Jones Newswires, *Barron s*, MarketWatch, Dow Jones Private Markets and DJX. Dow Jones s revenue is diversified across business-to-consumer and business-to-business subscriptions, circulation, advertising and licensing fees for its print and digital products.

Through its premier brands and authoritative journalism, Dow Jones s products targeting individual consumers provide insights, research and understanding that enable customers to stay informed and make educated financial decisions. With a focus on the financial markets, investing and other professional services, many of these products offer advertisers an attractive customer demographic. Products targeting consumers include the following:

The Wall Street Journal (WSJ). WSJ, Dow Jones s flagship product, is available in print, online and across multiple mobile, tablet and electronic reader devices. WSJ covers national and international news and provides analysis, commentary and opinions on a wide range of topics, including business developments and trends, economics, financial markets, investing, science and technology, lifestyle, culture and sports. WSJ had average print and digital issue sales of approximately 2,197,000, including average print and digital subscriptions of approximately 1,897,000, for the three months ended March 29, 2015 based on internal data, with independent assurance provided by PricewaterhouseCoopers LLP UK. The Company

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believes the new methodology used to calculate issue sales and subscriptions more accurately reflects sales of its digital publications. WSJ is printed at plants located around the U.S., including eight owned by the Company. WSJ sells regional advertising in three major U.S. regional editions (Eastern, Central and Western) and 21 smaller sub-regional editions. WSJ.com, which offers both free and premium content, averaged more than 72 million visits per month for the 12 months ended June 30, 2015 according to Adobe Analytics, and includes local language content in multiple languages. Print and digital products under the WSJ brand include:

Print: *The Wall Street Journal* (including its Asia and Europe editions) and *WSJ.Magazine.*

Digital: WSJ.com (includes *Risk & Compliance Journal*, *CIO Journal, CFO Journal*, *CMO Today*, WSJ.D (WSJ s home for technology news, analysis, commentary, daily buzz and consumer product reviews), WSJ+ (a complimentary membership for WSJ subscribers that provides premium offers such as exclusive event invitations) and WSJ.com international sites such as WSJ.com/Asia and WSJ.com/Europe.

Mobile: WSJ offers a range of mobile products, including a responsive-design website, iOS and Android applications and an Apple Watch application.

WSJ Video: WSJ video provides live and on-demand news online through WSJ.com and other platforms, including YouTube, Internet-connected TV and set-top boxes.

Barron s. *Barron s,* which is available in print, online and on multiple mobile, tablet and electronic reader devices, delivers news, analysis, investigative reporting, company profiles and insightful statistics for investors and others interested in the investment world. *Barron s* had average print and digital issue sales of approximately 424,000, including average print and digital subscriptions of approximately 405,000, for the three months ended March 29, 2015 based on internal data, with independent assurance provided by PricewaterhouseCoopers LLP UK.

Marketwatch. Marketwatch is an investing and financial news website targeting active investors. It also provides real-time commentary and investment tools and data. Products include mobile and tablet applications, a mobile site and MarketWatch Premium Newsletter (paid newsletter on a variety of investing topics). Marketwatch averaged more than 46 million visits per month for the 12 months ended June 30, 2015 according to Adobe Analytics.

The Wall Street Journal Digital Network (WSJDN). WSJDN offers advertisers the opportunity to reach Dow Jones s audience across a number of brands and digital platforms, including the WSJ.com, Barrons.com and Marketwatch websites and mobile applications and related services. During the year ended June 30, 2015,WSJDN averaged nearly 135 million visits per month, with an average of more than 441 million page views per month, according to Adobe Analytics.

Dow Jones s professional information products, which target enterprise customers, combine news and information with technology and tools that inform decisions and aid awareness, research and understanding. These products are designed to be integral to the success of Dow Jones s enterprise customers, and Dow Jones expects to sustain strong retention rates by providing high levels of service and continued innovation through news, data and tools that meet its customers specific needs. These products include the following:

Factiva. Factiva is a leading provider of global business content, built on an archive of important, original publishing sources. This combination of business news and information, plus sophisticated tools, helps professionals find, monitor, interpret and share essential information. As of June 30, 2015, there were approximately 1.1 million activated Factiva users, including both institutional and individual accounts. Many of the institutional accounts have multiple individual users. Factiva offers content from over 32,000 global news and information sources from nearly 200 countries and in 28 languages. Thousands of Factiva s sources are not available for free on the Internet and more than 4,000 sources make information available via Factiva on or before the date of publication by the source. Factiva leverages complex metadata extraction and text-mining to help its customers build precise searches and alerts to access and monitor this data.

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Risk & Compliance. Dow Jones Risk & Compliance products provide data solutions for customers focused on anti-corruption, anti-money laundering, monitoring embargo and sanction lists and other compliance requirements. Dow Jones s solutions allow customers to filter their business transactions against its data to identify regulatory, corporate and reputational risk, and request follow-up due diligence reports. Products include online risk data and negative news searching tools such as Risk Database Search/Research/Premium and the Risk & Compliance Portal for batch screening. Feed services include Dow Jones Watchlist, Dow Jones Anti-Corruption, Dow Jones Sanction Alert and Adverse Media Entities. In addition, Dow Jones produces customized Due Diligence Reports to assist its clients with regulatory compliance.

Dow Jones Newswires. Dow Jones Newswires distributes real-time business news, information, analysis, commentary and statistical data to financial professionals and investors worldwide. It publishes, on average, over 16,000 news items each day, which are distributed via terminals, trading platforms and websites reaching hundreds of thousands of financial professionals. This content also reaches millions of individual investors via customer portals and the intranets of brokerage and trading firms, as well as digital media publishers.

Private Markets. Dow Jones Private Markets products provide news and deal data on venture capital and private equity-backed private companies and their investors to help venture capital and private equity professionals, financial services professionals and other service providers identify deal and partnership opportunities, perform due diligence and examine trends in venture capital and private equity investment, fund-raising and liquidity. Products include VentureSource, LP Source, VentureWire, Private Equity Analyst, LBO Wire, Private Equity News, Daily Bankruptcy Review (DBR), DBR Small Cap and DBR High Yield.

DJX. DJX is comprised of a bundle of underlying products, including Factiva, Dow Jones Newswires, certain Private Markets products, including Venture Source and LP Source, certain Risk & Compliance products, WSJ.com and Barrons.com.

News Corp Australia

News Corp Australia is one of the leading news and information providers in Australia by readership and circulation, owning over 120 newspapers covering a national, regional and suburban footprint. As of March 31, 2015, its daily, Sunday, weekly and bi-weekly newspapers accounted for more than 62% of the total circulation of newspapers in Australia, and during the year ended March 31, 2015, its Sunday newspaper network was read by approximately 4.3 million Australians on average every week. In addition, its digital mastheads and other websites are among the leading digital news properties in Australia based on monthly unique audience data. News Corp Australia s news portfolio includes:

The Australian and *The Weekend Australian* (National). *The Australian* is published Monday through Friday, and *The Weekend Australian* is published on Saturday. Based on Audit Bureau of Circulations (ABC) data, average daily paid print circulation for the year ended March 31, 2015 was approximately 106,000 for *The Australian* and 230,000 for *The Weekend Australian* and average daily paid digital circulation for each was approximately 66,000. In addition, *The Australian* and *The Weekend Australian* had a total unduplicated print and digital audience of almost 3.0 million for the month of March 2015 based on average monthly Enhanced Media Metrics Australia (EMMA) combined print, mobile and tablet audience data for the year ended March 31, 2015 and total unique website audience in March 2015 according to Nielsen monthly total audience ratings. EMMA data incorporates more frequent sampling and combines both online and print usage into a single metric.

The Daily Telegraph and *The Sunday Telegraph* (Sydney). *The Daily Telegraph* is published Monday through Saturday. Based on ABC data, average daily paid print circulation for the year ended March 31, 2015 was approximately 270,000 for *The Daily Telegraph* and 480,000 for *The Sunday Telegraph*. In

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addition, *The Daily Telegraph* and *The Sunday Telegraph* had a total unduplicated print and digital audience of almost 4.5 million for the month of March 2015 based on average monthly EMMA combined print, mobile and tablet audience data for the year ended March 31, 2015 and total unique website audience in March 2015 according to Nielsen monthly total audience ratings.

Herald Sun and *Sunday Herald Sun* (Melbourne). *Herald Sun* is published Monday through Saturday. Based on ABC data, average daily paid print circulation for the year ended March 31, 2015 was approximately 362,000 for *Herald Sun* and 423,000 for *Sunday Herald Sun*. In addition, *Herald Sun* and *Sunday Herald Sun* had a total unduplicated print and digital audience of almost 4.2 million for the month of March 2015 based on average monthly EMMA combined print, mobile and tablet audience data for the year ended March 31, 2015 and total unique website audience in March 2015 according to Nielsen monthly total audience ratings.

The Courier Mail and *The Sunday Mail* (Brisbane). *The Courier Mail* is published Monday through Saturday. Based on ABC data, average daily paid print circulation for the year ended March 31, 2015 was approximately 168,000 for *The Courier Mail* and 371,000 for *The Sunday Mail*. In addition, *The Courier Mail* and *The Sunday Mail* had a total unduplicated print and digital audience of almost 3.2 million for the month of March 2015 based on average monthly EMMA combined print, mobile and tablet audience data for the year ended March 31, 2015 and total unique website audience in March 2015 according to Nielsen monthly total audience ratings.

The Advertiser and *Sunday Mail* (Adelaide). *The Advertiser* is published Monday through Saturday. Based on ABC data, average daily paid print circulation for the year ended March 31, 2015 was approximately 144,000 for *The Advertiser* and 217,000 for *Sunday Mail*. In addition, *The Advertiser* and *Sunday Mail* had a total unduplicated print and digital audience of almost 1.7 million for the month of March 2015 based on average monthly EMMA combined print, mobile and tablet audience data for the year ended March 31, 2015 and total unique website audience in March 2015 according to Nielsen monthly total audience ratings.

A large number of community newspapers in all major capital cities, as well as leading regional publications in Cairns, Gold Coast, Townsville and Geelong and in the other capital cities of Perth, Hobart and Darwin.

News Corp Australia has paid-for digital platforms for *The Australian*, *The Weekend Australian*, *Herald Sun*, *Sunday Herald Sun*, *The Daily Telegraph*, *The Sunday Telegraph*, *The Courier Mail*, *The Sunday Mail*, *The Advertiser* and *Sunday Mail*.

News Corp Australia s broad portfolio of digital properties also includes news.com.au, the leading general interest site in Australia that provides breaking news, finance, entertainment, lifestyle, technology and sports news and delivers an average monthly unique audience of approximately 3.7 million based on Nielsen monthly total audience ratings for the year ended June 30, 2015. In addition, News Corp Australia owns other premier properties such as taste.com.au, a leading food and recipe site, and kidspot.com.au, a leading parenting website, as well as various other digital media assets, including an 89.5% stake in FOX SPORTS Pulse (which supplies a scheduling tool for sports organizations) and 100% of *Business Spectator* and *Eureka Report* (online business and investment news and commentary services). As of June 30, 2015, News Corp Australia s other assets included a 14.99% interest in APN News and Media Limited, which operates a portfolio of Australian and New Zealand radio and outdoor media assets and small regional print interests, and a 12.9% interest in SEEKAsia Limited, which operates leading online employment marketplaces throughout Southeast Asia.

News UK

News UK publishes *The Sun*, *The Sun on Sunday*, *The Times* and *The Sunday Times,* which are leading newspapers in the U.K. As of June 30, 2015, sales of these four titles accounted for approximately one-third of all national newspaper sales in the U.K. News UK s newspapers (except some Saturday and Sunday supplements) are printed at News UK s world-class printing facilities in England, Scotland and Ireland. In

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addition to revenue from the sale of advertising, circulation and subscriptions to its print and digital products, News UK generates revenue by providing third party printing services through these facilities and is one of the largest contract printers in the U.K. News UK also distributes content through its digital platforms, including its websites, thesun.co.uk, thetimes.co.uk and thesundaytimes.co.uk, as well as mobile and tablet applications. News UK s online and mobile offerings include the rights to show English Premier League Football, English Premiership Rugby Union, English Cricket, Gaelic Athletic Association games and UEFA Champions League and Europa League match clips across its digital platforms. News UK s portfolio includes:

The Sun. Published Monday through Sunday. Based on National Readership Survey data for the six months ended March 31, 2015, *The Sun* is the most read national newspaper in the U.K., with an average issue readership of approximately 4,966,000 Monday through Saturday for *The Sun* and 4,074,000 for *The Sun on Sunday*. Average daily paid print circulation for the six months ended June 30, 2015 based on ABC data was approximately 1,856,000 for *The Sun* and 1,492,000 for *The Sun on Sunday.* As of June 30, 2015, *The Sun* had approximately 214,000 paid digital subscribers based on internal sources, of which 41,000 accessed the product after purchasing codes printed in *The Sun*.

The Sun s digital bundle delivers exclusive digital entertainment, including Barclay s Premier League match clips and Sun+ perks, a collection of perks, downloads, offers and competitions.

The Times. Published Monday through Saturday with an average issue readership of approximately 1,011,000 for the six months ended March 31, 2015 based on National Readership Survey data. Average daily paid print circulation for the six months ended June 30, 2015 based on ABC data was approximately 392,000. As of June 30, 2015, *The Times* had approximately 165,000 paid print subscribers and 147,000 paid digital subscribers based on internal sources. News UK also publishes *The Times Literary Supplement*, a weekly literary review.

The Sunday Times. Leading broadsheet Sunday newspaper in the U.K. with an average issue readership of approximately 2,038,000 for the six months ended March 31, 2015 based on National Readership Survey data. Average daily paid print circulation for the six months ended June 30, 2015 based on ABC data was approximately 789,000. As of June 30, 2015, *The Sunday Times* had approximately 211,000 paid print subscribers and 158,000 paid digital subscribers based on internal sources.

In addition, News UK has also assembled a portfolio of complementary ancillary product offerings, including Sun Bingo, Sun Play, an online free and paid-for gaming platform, Sunmotors.co.uk and Driving.co.uk, digital classified offerings, and The Handpicked Collection, a luxury shopping website.

New York Post

The *New York Post* (the *Post*) is the oldest continuously published daily newspaper in the U.S., with a focus on coverage of the New York metropolitan area. The print version of the *Post* is primarily distributed in New York and throughout the Northeast, as well as Florida and California. The *Post* provides a variety of general interest content ranging from breaking news to business analysis, and is known in particular for its comprehensive sports coverage, famous headlines and its iconic Page Six section, an authority on celebrity news. The *Post* s digital platforms feature all the sections of the print version as well as continually updated breaking news and other content and extend the reach of the *Post* to a national audience. For the three months ended June 30, 2015, average weekday circulation based on AAM data, including digital editions, was 422,163. The *Post* is printed in a printing facility in the Bronx, New York and uses third party printers in its other markets in the U.S.

News America Marketing

News America Marketing (NAM) is a leading provider of coupon promotions, advertising programs, special offers and other direct consumer marketing solutions through a network of more than 1,900 publications, 56,000 retail stores and 300 partner sites, including SmartSource.com. NAM offers direct consumer marketing

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solutions for companies that include consumer packaged goods manufacturers, financial services, pharmaceutical manufacturers, quick-service and casual restaurants, retailers and other marketers in the U.S. and Canada. NAM has developed broad, long-standing relationships with many well-known retailers and brands, including Procter & Gamble, General Mills, Kraft, Johnson & Johnson, Walmart, Kroger, Target and Loblaws.

NAM s marketing solutions are available via multiple distribution channels, including publications, in stores and online, primarily under the SmartSource brand name. NAM provides customers with one-stop shopping for their direct-to-consumer marketing needs through its three primary business areas:

Free-Standing Inserts: Free-standing inserts are multiple-page marketing booklets containing coupons, rebates and other consumer offers, which are distributed to consumers through insertion primarily into local Sunday publications. NAM is one of the two largest publishers of free-standing inserts in the U.S. Advertisers, primarily packaged goods companies, pay NAM to produce free-standing inserts where their offers are featured, often on an exclusive basis within their product category. NAM contracts with and pays publishers as well as printers, among others, to produce and/or distribute free-standing inserts in their papers. NAM s free-standing insert products, which are distributed under the SmartSource Magazine® brand, have a circulation of more than 73 million based on internal sources and are distributed 43 times a year.

In-Store Advertising and Merchandising: NAM is a leading provider of in-store marketing products and services, primarily to consumer packaged goods manufacturers. NAM s marketing products include: at-shelf advertising such as coupon, information and sample-dispensing machines, as well as floor and shopping cart advertising, among others, and are found in more than 56,000 supermarkets, drug stores, dollar stores, office supply stores, mass merchandisers and specialty stores across North America. NAM also provides in-store merchandising services, including production and installation of instant-redeemable coupons, on-pack stickers, shipper assembly, display set-up and refilling, shelf management and new product cut-ins.

SmartSource Digital: SmartSource Digital, which includes all of NAM s digital offerings in the U.S. and Canada, encompasses secure printable couponing, load-to-card couponing, targeted email campaigns and programmatic digital display.

NAM believes its programs have key advantages when compared to other marketing options available to packaged goods companies, retailers and other marketers. NAM offers cost-effective programs that reach a national audience of engaged consumers who are actively seeking coupons or discounts and who are at a critical moment in their purchase decision. By delivering an immediate incentive or brand message to shoppers as they are making brand decisions, NAM believes free-standing inserts and in-store advertising have an advantage over competing forms of mass media such as radio or television.

The Company s News and Information Services products compete with a wide range of media businesses, including print publications, digital media and information services.

The Company s newspapers, magazines and digital publications compete for readership and advertising with local and national newspapers, web and application-based media, social media sources and other traditional media such as television, magazines, outdoor displays and radio. Competition for print and digital subscriptions and circulation is based on the news and editorial content, subscription pricing, cover price and, from time to time, various promotions. Competition for advertising is based upon advertisers judgments as to the most effective media for their advertising budgets, which is in turn based upon various factors including circulation volume, readership levels, audience demographics, advertising rates and advertising effectiveness results. As a result of rapidly changing and evolving technologies, distribution platforms and business models, the consumer-focused businesses within the Company s News and Information Services segment, including its newspaper businesses, continue to face increasing competition for both circulation and advertising revenue from a variety of alternative news and information sources. These include both paid and free websites, digital applications, news aggregators, blogs, search engines, social media platforms, digital advertising networks and exchanges, bidding and other programmatic advertising buying channels, as well as other emerging media and distribution platforms. Shifts in consumer behavior, including the rapid adoption of mobile phones, tablets, electronic readers and other portable devices as platforms through which news and information is consumed, require the Company to continually innovate and improve upon its own products, services and platforms in order to remain competitive. The Company believes that these changes will continue to pose opportunities and challenges, and that it is well positioned to leverage its global reach, brand recognition and proprietary technology to take advantage of the opportunities presented by these changes.

Dow Jones professional information products that target enterprise customers compete with various information service providers, compliance data providers and global financial newswires, including Thomson Reuters, Bloomberg L.P., LexisNexis, as well as many other providers of news, information and compliance data.

NAM competes against other providers of advertising, marketing and merchandising products and services, including those that provide promotional or advertising inserts, direct mailers of promotional or advertising materials, providers of point-of-purchase and other in-store programs and providers of savings and/or grocery-focused digital applications, as well as other media platforms such as television, magazines, outdoor displays and radio. Competition is based on, among other things, rates, availability of markets, quality of products and services provided and their effectiveness, rate of coupon redemption, store coverage and other factors. The Company believes that based on the circulation of its free-standing inserts, the reach of its in-store marketing products and the audience for its online programs, NAM provides broader consumer access than many of its competitors.

Book Publishing

The Company s Book Publishing segment consists of HarperCollins Publishers (together with its subsidiaries and affiliates, HarperCollins), the second largest consumer book publisher in the world based on global revenue, with operations in 18 countries. HarperCollins publishes and distributes consumer books globally through print, digital and audio formats. Its digital formats include electronic books, also referred to as e-books, for devices such as tablets and electronic readers, as well as audio downloads for smartphones and MP3 players. HarperCollins owns over 120 branded imprints, including Avon, Harper, HarperCollins Children s Books, William Morrow and Christian publishers Zondervan and Thomas Nelson. In addition, in August 2014, HarperCollins acquired Harlequin Enterprises Limited, a leading publisher of women s fiction, extending its global platform, particularly in Europe and Asia Pacific.

HarperCollins publishes works by well-known authors such as Harper Lee, Mitch Albom, Veronica Roth, Rick Warren and Agatha Christie and popular titles such as *The Hobbit*, *Goodnight Moon*, *To Kill a Mockingbird* and the *Divergent* series. Its print and digital global catalog includes more than 200,000 publications in different formats and in over 30 languages. HarperCollins publishes fiction and nonfiction, with a focus on general, children s and religious content. Additionally, in the U.K., HarperCollins publishes titles for the equivalent of the K-12 educational market.

As of June 30, 2015, HarperCollins offered approximately 100,000 publications in digital formats, and nearly all of HarperCollins new titles, as well as the majority of its entire catalog, are available as e-books. Digital sales, comprising revenues generated through the sale of e-books as well as digital audio books, represented approximately 22% of global consumer revenues for the fiscal year ended June 30, 2015. With the widespread adoption of electronic formats by consumers, HarperCollins is publishing a number of titles in digital formats before, or instead of, publishing a print edition. For example, through its popular romance imprint, Avon, HarperCollins launched a digital-first series which releases at least one new title per week in the romance category. HarperCollins digital-first series have collectively generated 15 *New York Times* electronic bestsellers since launch.

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During fiscal 2015, HarperCollins U.S. had 214 titles on the *New York Times* print and digital bestseller lists, with 15 titles hitting number one, including *Divergent* (series) by Veronica Roth, *Heaven is For Real* by Todd Burpo with Lynn Vincent, *Yes Please* by Amy Poehler, *The Heist* by Daniel Silva, *American Sniper* by Chris Kyle with Scott McEwen & Jim De Felice and *The Promise* by Robyn Carr.

HarperCollins derives its revenue from the sale of print and digital books to a customer base that includes global technology companies, traditional brick and mortar booksellers, wholesale clubs and discount stores, including Amazon, Apple, Barnes & Noble and Tesco. Revenues at the Book Publishing segment are significantly affected by the timing of releases and the number of HarperCollins books in the marketplace, and are typically highest during the Company s second fiscal quarter due to increased demand during the end-of-year holiday season in its main operating geographies.

The book publishing business operates in a highly competitive market that is quickly changing and continues to see technological innovations, including tablets and electronic readers sold by Amazon, Apple, Google and Barnes & Noble. HarperCollins competes with other large publishers, such as Penguin Random House, Simon & Schuster and Hachette Livre, as well as with numerous smaller publishers, for the rights to works by well-known authors and public personalities; competition could also come from new entrants as barriers to entry in book publishing are low. In addition, HarperCollins competes for readership with other media formats and sources. The Company believes HarperCollins is well positioned in the evolving book publishing market with significant size and brand recognition across multiple categories and geographies. Furthermore, HarperCollins is a leader in children s and religious books, categories which have been less impacted by the transition to digital consumption.

Digital Real Estate Services

The Company s Digital Real Estate Services segment consists of its 61.6% interest in REA Group Limited (REA Group), a publicly-traded company on ASX (ASX: REA), and its 80% interest in Move, Inc. (Move). The remaining 20% interest in Move is held by REA Group.

REA Group

REA Group is a multinational digital advertising business specializing in property. REA Group operates Australia s leading residential and commercial property websites, realestate.com.au and realcommercial.com.au, as well as European property sites and Chinese property site myfun.com.

REA Group s Australian operations include realestate.com.au and realcommercial.com.au, as well as its media and property related services business, serving the display media market and markets adjacent to property. Realestate.com.au and realcommercial.com.au together have approximately 26.1 million main site visits and 11.6 million mobile site visits on average each month, based on Nielsen monthly total traffic ratings for the year ended June 30, 2015. Realestate.com.au and realcommercial.com.au also record approximately 10.6 million average monthly mobile application visits based on Adobe Omniture SiteCatalyst monthly site visits for the same period. Realestate.com.au derives the majority of its revenue from its core property advertising listing products and monthly advertising subscriptions from real estate offices. Realestate.com.au offers a product hierarchy which enables real estate agents to upgrade listing advertisements to increase their prominence on the site, as well as a variety of targeted products, including media display advertising products for real estate agents, commercial developers and other advertisers such as financial institutions. Realcommercial.com.au generates revenue through three main sources: agent subscriptions, agent branding and listing products. The media business offers unique advertising opportunities on both realestate.com.au and realcommercial.com.au, as well as via mobile advertisement placements. Revenue from this business is generated primarily from agents, commercial developers and financial institutions, which benefit from being able to target REA Group s substantial audience base.

REA Group s international operations include property sites in Europe and Asia. Its Italian property site, casa.it, has approximately 9.6 million visits on average each month based on Adobe Omniture SiteCatalyst monthly site visits for the year ended June 30, 2015. REA Group also operates sites in Luxembourg and regions of France, including atHome.lu, atOffice.lu and immoRegion.fr. These sites have approximately 1.0 million visits combined on average each month based on Adobe Omniture SiteCatalyst monthly site visits for the year ended June 30, 2015. In Asia, REA Group operates a Chinese site, myfun.com, which showcases Australian property listings to Chinese property seekers. Myfun.com has approximately 73,000 visits on average each month based on Adobe Omniture SiteCatalyst monthly site visits for the year ended June 30, 2015. As of June 30, 2015, REA Group s other assets included a 19.9% interest in Asia s iProperty Group Limited, which has operations primarily in Malaysia, Indonesia, Hong Kong, Thailand, Macau and Singapore.

REA Group competes primarily with other property websites in its geographic markets, including domain.com.au in Australia.

Move

Move, which the Company acquired in November 2014, is a leading provider of online real estate services in the U.S. Move primarily operates realtor.com®, a premier real estate information and services marketplace, under a perpetual agreement and trademark license with the National Association of Realtors® (NAR). Through realtor.com®, consumers have access to over 3.3 million properties across the U.S., including the most complete collection of homes and properties listed with Multiple Listing Services (MLS) and displayed for sale among the competing national online portals. Realtor.com® and its related mobile applications display approximately 98% of all MLS-listed, for-sale properties in the U.S., which are primarily sourced directly from relationships with MLSs across the country. Over 90% of its for-sale listings are updated at least every 15 minutes, on average, with the remaining listings updated daily. Realtor.com® s substantial content advantage attracts a highly engaged consumer audience. Based on internal data, realtor.com® and its mobile sites had 45 million average monthly unique users during the quarter ended June 30, 2015. These users viewed an average of over 1.3 billion pages and spent an average of over 1.1 billion minutes on the realtor.com® website and mobile applications each month.

Realtor.com® generates the majority of its revenues through the sale of listing advertisement products, including Connection for Co-Brokerage, Showcase℠ Listing Enhancements and Featured Homes℠, which allow real estate agents, brokers and franchises to enhance, prioritize and connect with consumers of for-sale property listings within the realtor.com® website and mobile applications. Listing advertisements are typically sold on a subscription basis. Realtor.com® also derives revenue from sales of non-listing advertisement, or Media, products to real estate, finance, insurance, home improvement and other professionals that enable those professionals to connect with realtor.com® s highly engaged and valuable consumer audience. Media products include sponsorships, display advertisements, text links, directories, Featured Community™ and Featured CMA™. Non-listing advertisement pricing models include cost per thousand, cost per click, cost per unique user and subscription-based sponsorships of specific content areas or targeted geographies.

In addition to realtor.com®, Move also offers a number of professional software and services products. These include the Top Producer® and TigerLead® productivity and lead management tools and services, which are tailored to real estate agents and sold on a subscription basis, as well as the ListHub™ service, which syndicates for-sale listing information from MLSs and other reliable data sources, such as real estate brokerages, and distributes that content to an array of web sites. Listing syndication pricing includes fixed- or variable-pricing models based on listing counts, while ListHub™ s advanced reporting products are sold on a monthly subscription basis.

Move competes primarily with other real estate websites focused on the U.S. real estate market, including zillow.com and trulia.com.

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Cable Network Programming

The Company s Cable Network Programming segment consists of FOX SPORTS Australia, the leading sports programming provider in Australia based on total subscribers as of June 30, 2015. FOX SPORTS Australia is focused on live national and international sports events and provides featured original and licensed premium sports content tailored to the Australian market, including live sports such as National Rugby League, the domestic football league, English Premier League, international cricket, as well as the Australian Rugby Union. FOX SPORTS Australia offers seven high definition television channels distributed via cable, satellite and Internet Protocol, or IP, and several interactive viewing applications. Its channels consist of FOX SPORTS 1, FOX SPORTS 2, FOX SPORTS 3, FOX SPORTS 4, FOX SPORTS 5, FOX FOOTY and FOX SPORTS NEWS that broadcast over 10,000 hours of live sports programming per year reaching FOXTEL, Telstra and Optus subscription television customers. FOX SPORTS Australia s access to compelling local and international sports programming, as well as its production of high-quality original sports content has made it the leading sports programming provider in Australia. FOX SPORTS Australia also operates foxsports.com.au, a leading general sports website in Australia, and offers several interactive mobile and tablet applications that extend the reach of its content across multiple new platforms. FOX SPORTS Australia is distributed via longstanding carriage agreements with pay-TV providers (mainly Foxtel) in Australia and generates revenue primarily through affiliate fees payable under these carriage agreements, as well as advertising sales. Results at the Cable Network Programming segment can fluctuate due to the timing and mix of the Company s local and international sports programming, as expenses associated with licensing these programming rights are recognized during the applicable season or event.

FOX SPORTS Australia competes primarily with ESPN, beIN SPORTS, the Free-To-Air (FTA) channels and certain telecommunications companies in Australia.

Digital Education

The Company s Digital Education segment consists of Amplify, the brand for its digital education business, which it launched in July 2012. Amplify s technology solutions transform the way teachers teach and students learn in two primary areas:

- *Amplify Insight:* Amplify s data and assessment business, which formerly operated under the brand Wireless Generation, commenced operations in 2000 and was acquired in fiscal 2011. Amplify Insight provides powerful assessment products and services to support teachers and school districts, including student assessment tools and analytic technologies, intervention programs, enterprise education information systems, and professional development and consulting services.

- *Amplify Learning*: Amplify s curriculum business is developing digital content for K-12 English Language Arts, Math and Science, including software that combines interactive, game-like experiences, rich immersive media, and sophisticated analytics to make the classroom teaching and learning experience more engaging, rigorous, personalized and effective. Amplify Learning s digital curriculum incorporates the Common Core State Standards adopted by most states in the U.S. and is available for use on multiple platforms.

Amplify also operates Amplify Access, a platform business that delivers a tablet-based distribution system which includes a tablet designed for the K-12 market, instructional software and curated third-party content.

The Company has initiated a strategic review of its digital education business. In the fourth quarter of fiscal 2015, the Company determined it would cease actively marketing Amplify s Access products to new customers; however, it will continue to provide service and support to its existing customers. The Company is reviewing strategic alternatives with respect to the Insight and Learning businesses.

Amplify s digital products are or will generally be available on a subscription basis. The Company also markets and sells some supplemental print-based materials, as well as instructional and information technology-

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related services. Amplify competes with existing K-12 education publishers and content providers such as Pearson plc, McGraw-Hill Education and Houghton Mifflin Harcourt, as well as a number of smaller content, analytics and distribution platform companies.

Other

The Other segment includes the Company s general corporate overhead expenses, corporate Strategy and Creative Group and costs related to the U.K. Newspaper Matters. The Company s corporate Strategy and Creative Group was formed to identify new products and services across the Company s businesses to increase revenues and profitability and to target and assess potential acquisitions and investments. Initiatives include the News Corp Global Exchange, the Company s global programmatic advertising exchange that enables marketers to leverage the Company s leading online and mobile products and first-party data for real-time bidding, as well as the launch of the Company s BallBall mobile app in Japan, Indonesia and Vietnam, which combines the Company s rights to exclusive football highlight clips, expert coverage, commentary and analysis from *The Times*, *The Sunday Times* and *The Sun*. As part of its ongoing role in assessing potential acquisitions, the corporate Strategy and Creative Group also oversaw the Company s acquisitions of Move, a leading provider of online real estate services in the U.S., in November 2014 and Storyful, the world s first social media news agency, in December 2013.

Equity Investments

Foxtel

The Company and Telstra, an ASX-listed telecommunications company, each own 50% of Foxtel, the largest pay-TV provider in Australia. Foxtel had approximately 2.8 million subscribing households throughout Australia as of June 30, 2015 through cable, satellite and IP distribution.

Foxtel delivers more than 200 channels (including standard definition channels, high definition versions of some of those channels, and audio and interactive channels) covering news, sports, general entertainment, movies, documentaries, music and children s programming. Foxtel s premium content includes FOX SPORTS Australia s suite of sports channels such as FOX SPORTS 1, FOX SPORTS 2, FOX SPORTS 3, FOX SPORTS 4, FOX SPORTS 5, FOX FOOTY and FOX SPORTS NEWS and TV shows from HBO, FOX and Universal, among others. Foxtel also owns and operates 32 channels, including general entertainment and movie channels, and sources an extensive range of movie programming through arrangements with major U.S. studios. Foxtel s channels are distributed to subscribers via both Telstra s hybrid fibrecoaxial cable network and a long-term contracted satellite platform provided by Optus. Foxtel also offers versions of its services via the Internet through Telstra s T-Box platform, Foxtel Play, an Internet television service available on a number of compatible devices (including the Xbox platform, the Sony PlayStation platform, select Samsung, LG and Sony televisions, select Samsung Blu-ray players and personal computers), and Foxtel Go, an Internet television service that allows subscribers to watch Foxtel channels via mobile devices and tablets. In addition, Foxtel launched a subscription video-on-demand joint venture with a subsidiary of Seven West Media Limited to distribute television programming to subscribers. This product complements Foxtel s existing Presto Movies subscription video-on-demand services. During the year ended June 30, 2015, Foxtel also launched a new triple play bundle product offering, which consists of Foxtel s existing pay-TV services, sold together with broadband and/or home phone services, as well as iQ3, a next generation set-top box.

Foxtel generates revenue primarily through subscription revenue as well as advertising revenue. For the year ended June 30, 2015, in accordance with U.S. generally accepted accounting principles (GAAP), Foxtel recorded revenues of $2.66 billion and earnings before interest, taxes and depreciation and amortization, or EBITDA, of $760 million. Management believes that EBITDA is an appropriate measure for evaluating the operating performance of this business for the reasons set forth in Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations Segment Analysis with respect to Segment EBITDA. In the year ended June 30, 2015, Foxtel s average residential recurring subscription revenue per user, or ARPU, was A$93 (US$78) per month (as calculated by Foxtel), and its annualized residential subscriber churn rate based on data for the year ended June 30, 2015 was 10.9% (as calculated by Foxtel). In addition, Foxtel had $1.8 billion of indebtedness outstanding as of June 30, 2015 (excluding $691 million of shareholder loans due to Telstra and the Company), and paid distributions of $107 million to the Company during the year ended June 30, 2015. The amount included for Foxtel in the Company s Equity earnings of affiliates was $59 million for the year ended June 30, 2015.

The Company and Telstra each have the right to appoint one-half of the board of directors of Foxtel. In addition, the Company has the right to appoint the Chief Executive Officer and Chief Financial Officer of Foxtel, while Telstra has the right to terminate these officers.

Foxtel competes primarily with the three major commercial FTA networks and two major government-funded FTA broadcasters in Australia for audiences, as well as other pay-TV operators, IP television providers and subscription video-on-demand services such as Fetch TV, Netflix and Stan. Foxtel provides a 200-plus channel selection with premium and exclusive content and a wide array of digital and mobile features that are not available to viewers on these alternative providers. Through innovations such as digital HD channels, the extension of pay-TV programming to mobile devices, the use of DVR and Electronic Program Guide technology, including the newly-launched iQ3 set-top box, and benefits through broadband bundling, the Company believes Foxtel offers subscribers a compelling alternative to FTA TV and Foxtel s other competitors.

Governmental Regulation

General

Various aspects of the Company s activities are subject to regulation in numerous jurisdictions around the world. The Company believes that it is in material compliance with the requirements imposed by those laws and regulations described herein. The introduction of new laws and regulations in countries where the Company s products and services are produced or distributed (and changes in the enforcement of existing laws and regulations in those countries) could have a negative impact on the Company s interests.

Australian Media Regulation

The Company s subscription television interests are subject to Australia s regulatory framework for the broadcasting industry. The key regulatory body for the Australian broadcasting industry is the Australian Communications and Media Authority.

Key regulatory issues for subscription television providers include: (a) anti-siphoning restrictions currently under the anti-siphoning provisions of the Australian Broadcasting Services Act 1992 (Cth), subscription television providers are prevented from acquiring rights to televise certain listed events (for example, the Olympic Games and certain Australian Rules football and cricket matches) unless national and commercial television broadcasters have not obtained these rights 12 weeks before the start of the event or the rights to televise are also held by commercial television licensees who have rights to televise the event to more than 50% of the Australian population or the rights to televise are also held by one of Australia s two major government-funded broadcasters; and (b) the Broadcasting Services Act also may impact the Company s ownership structure and operations and restrict its ability to take advantage of acquisition or investment opportunities including, for example, preventing it from exercising control of a commercial television broadcasting license, a commercial radio license and a newspaper in the same license area.

U.K. Press Regulation

On July 13, 2011, Prime Minister David Cameron announced a two-part inquiry into the U.K. press and appointed Lord Justice Leveson as Chairman of the Inquiry. The inquiry was triggered by allegations of illegal voicemail interception at the Company s former publication, *The News of the World*. Hearings opened on

November 14, 2011 with respect to the first part of the inquiry, and Lord Justice Leveson published his report on November 29, 2012. The report made recommendations on the future of press regulation and governance in the U.K., which have been the subject of debate in the U.K. parliament, as well as discussion both among newspaper groups (including News UK) and the industry and the government. A date has yet to be set for the second part of the inquiry.

In 2013, a Royal Charter on Self-Regulation of the Press was granted, which established a Recognition Panel responsible for recognizing, overseeing and monitoring a new press regulatory body or bodies. The Panel is currently determining how it will receive and approve applications from bodies applying to become a press regulatory body and intends to start accepting applications later in 2015. The new press regulatory body or bodies, a majority of the board members of which would be independent of the industry, would be responsible for overseeing participating publishers. The U.K. Government also passed legislation which ensures that the Royal Charter can only be altered by a two-thirds majority of parliament. In addition to the Royal Charter and establishment of a new regulatory body, legislation has been passed that provides that publishers who do not participate in this new U.K. press regulatory system may be liable for exemplary damages in certain cases where such damages are not currently awarded.

In late 2013, publications representing the majority of the industry in the U.K., including News UK, entered into binding contracts to form an alternative new regulator instead, which is referred to as the Independent Press Standards Organisation, or IPSO. Since then, IPSO has been established and began operating in September 2014. IPSO currently has no plans to apply for recognition from the Recognition Panel. IPSO has an independent chairman and a 12-member board, the majority of which are independent. IPSO oversees the Editors Code of Practice, requires members to implement appropriate internal governance processes and requires self-reporting of any failures, provides a complaints handling service, has the ability to require publications to print corrections and has the power to investigate serious or systemic breaches of the press code and levy fines. IPSO is also considering the introduction of an arbitration scheme to resolve claims against publications. IPSO imposes burdens on the print media, including the Company s newspaper businesses in the U.K., which may result in competitive disadvantages versus other forms of media and may increase the costs of compliance.

Data Privacy and Security

Our business activities are subject to laws and regulations governing the collection, use, sharing, protection and retention of personal data, which continue to evolve in light of changes in information technology and analytics techniques that have implications for how such data is managed. For example, in the U.S., the Company s websites, mobile applications and other online business activities are subject to the Children s Online Privacy Protection Act of 1998, which prohibits websites from collecting personally identifiable information online from children under age 13 without prior parental consent, and the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, which regulates the distribution of unsolicited commercial emails, or spam. The State of California also recently enacted a number of laws relating to data privacy and security, including the Digital Eraser law, which regulates online advertising to minors. In addition, regulators such as the Federal Communications Commission and the Federal Trade Commission (the FTC) continue to expand their application of general consumer protection laws to commercial data practices, including to the use of personal and profiling data from online users to deliver targeted Internet advertisements. The FTC also continues to expand its enforcement of the Telephone Consumer Protection Act, which regulates text message advertising. Many states have also enacted legislation regulating data privacy and security, including laws requiring businesses to provide notice to state agencies and to individuals whose personally identifiable information has been disclosed as a result of a data breach.

Similar laws and regulations have been implemented in many of the other jurisdictions in which the Company operates, including the European Union and Australia. The European Union is currently considering a new privacy regulation that would replace its existing Data Protection Directive and, if adopted in its current proposed form, would expand the regulation of the collection, use and security of personal data, continue to restrict the trans-border flow of such data, introduce an expanded right of individuals to have their data deleted upon request, enhance penalties for non-compliance and increase the enforcement powers of the European Commission. In Australia, recent changes in data privacy laws impose additional requirements on organizations that handle personal data by, among other things, requiring the disclosure of cross-border data transfers and placing restrictions on direct marketing practices, and additional data privacy and security requirements and industry standards are under consideration.

In response to such developments, industry participants in the U.S., Europe and Australia have taken steps to increase compliance with relevant industry-level standards and practices, including the implementation of self-regulatory regimes for online behavioral advertising that impose obligations on participating companies, such as the Company, to give consumers a better understanding of, and greater control over, advertisements that are customized based on their online behavior. In the U.S., the Council on Better Business Bureaus has begun enforcing the Digital Advertising Alliance s Self-Regulatory Principles for Online Behavioral Advertising with respect to native advertising, requiring real-time notice and an opportunity to opt out in connection with such advertisements.

The Company monitors pending legislation and regulatory initiatives to ascertain relevance, analyze impact and develop strategic direction surrounding regulatory trends and developments.

Education

The availability of funding for K-12 education is affected by changes in legislation, both at the federal and state level, as well as changes in the state procurement process. Future changes in federal funding and the state and local tax base could create an unfavorable environment, leading to budget issues and resulting decreases in educational funding that could, in turn, have an adverse impact on the Company s digital education business.

Intellectual Property

The Company s intellectual property assets include: copyrights in newspapers, books, television programming and other content and technologies; trademarks in names and logos; trade names; domain names; and licenses of intellectual property rights. In addition, its intellectual property assets include patents or patent applications for inventions related to its products, business methods and/or services, none of which are material to its financial condition or results of operations. The Company derives value and revenue from these assets through, among other things, print and digital newspaper and magazine subscriptions and sales, the sale, distribution and/or licensing of print and digital books, the sale of subscriptions to its content and information services, the operation of websites and other digital properties and the distribution and/or licensing of its television programming to cable and satellite television services.

The Company devotes significant resources to protecting its intellectual property assets in the U.S., the U.K., Australia and other foreign territories. To protect these assets, the Company relies upon a combination of copyright, trademark, unfair competition, patent, trade secret and other laws and contract provisions. However, there can be no assurance of the degree to which these measures will be successful in any given case. Policing unauthorized use of the Company s products, services and content and related intellectual property is often difficult and the steps taken may not in every case prevent the infringement by unauthorized third parties of the Company s intellectual property. The Company seeks to limit such threat through a combination of approaches, including pursuing legal sanctions for infringement, promoting appropriate legislative initiatives and international treaties and enhancing public awareness of the meaning and value of intellectual property and intellectual property laws. Piracy, including in the digital environment, continues to present a threat to revenues from products and services based on intellectual property.

Third parties may challenge the validity or scope of the Company s intellectual property from time to time, and such challenges could result in the limitation or loss of intellectual property rights. Irrespective of their

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validity, such claims may result in substantial costs and diversion of resources that could have an adverse effect on the Company s operations. Moreover, effective intellectual property protection may be either unavailable or limited in certain foreign territories. Therefore, the Company engages in efforts to strengthen and update intellectual property protection around the world, including efforts to ensure the effective enforcement of intellectual property laws and remedies for infringement.

Raw Materials

As a major publisher of newspapers, magazines, free-standing inserts and books, the Company utilizes substantial quantities of various types of paper. In order to obtain the best available prices, substantially all of the Company s paper purchasing is done on a regional, volume purchase basis, and draws upon major paper manufacturing countries around the world. The Company believes that under present market conditions, its sources of paper supply used in its publishing activities are adequate.

Employees

As of June 30, 2015, the Company had approximately 25,000 employees, of whom approximately 10,000 were located in the U.S., 4,000 were located in the U.K. and 8,000 were located in Australia. Of the Company s employees, approximately 8,000 were represented by various employee unions. The contracts with such unions will expire during various times over the next several years. The Company believes its current relationships with employees are generally good.

ITEM 1A. RISK FACTORS

You should carefully consider the following risks and other information in this Annual Report on Form 10-K in evaluating the Company and its common stock. Any of the following risks could materially and adversely affect the Company s business, results of operations or financial condition, and could, in turn, impact the trading price of the Company s common stock. The risk factors generally have been separated into three groups: risks related to the Company s business, risks related to the Company s Separation from 21st Century Fox and risks related to the Company s common stock.

Risks Related to the Company s Business

A Decline in Customer Advertising Expenditures in the Company s Newspaper and Other Businesses Could Cause its 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 through its newspapers, integrated marketing services and digital media properties. The Company and its affiliates also derive revenues from the sale of advertising on their cable channels and pay-TV programming. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, as well as budgeting and buying patterns. National and local economic conditions, particularly in major metropolitan markets, affect the levels of retail, national and classified newspaper advertising revenue. Changes in gross domestic product, consumer spending, housing sales, auto sales, unemployment rates and job creation all impact demand for advertising. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers spending priorities or result in consolidation or closures across various industries, which may also reduce the Company s overall advertising revenue.

The Company s ability to generate advertising revenue is also dependent on demand for the Company s products and services, demographics of the customer base, advertising rates and results observed by advertisers. For example, circulation levels for the Company s newspapers and ratings points for its cable channels are among the factors that are weighed by advertisers when determining the amount of advertising to purchase from the Company as well as advertising rates. For the Company s digital media properties, advertisers use various metrics to evaluate demand such as the number of visits, number of users, user engagement and, for digital real estate services, the number and quality of leads provided. Demand for the Company s products and services depends in turn upon the Company s ability to differentiate and distinguish those products and services and anticipate and adapt to changes in consumer tastes and behaviors in a timely manner. For example, the Company s newspapers, cable channels and pay-TV programming must continue to provide high-quality content that is interesting and relevant to users in order to retain and grow their audiences. Similarly, the success of the Company s digital real estate services business depends in part on providing more comprehensive, current and accurate real estate listing data than its competitors, which the Company generally obtains through short-term arrangements with MLSs, real estate brokers, real estate agents and other third parties that may not be renewed and/or may be terminated with limited or no notice.

In addition, streaming and downloading capabilities via the Internet and other devices and technologies, as well as higher consumer engagement with other forms of digital media such as online and mobile social networking, are increasing the number of media choices and formats available to audiences, resulting in audience fragmentation and increased competition for advertising. New delivery platforms may also lead to loss of distribution and pricing control and loss of a direct relationship with consumers. These technological and other developments may also cause changes in consumer behavior that could affect the attractiveness of the Company s offerings to advertisers. Furthermore, the range of advertising choices across digital products and platforms and the large inventory of available digital advertising space have historically resulted in significantly lower rates for digital advertising than for print advertising. Digital advertising networks and exchanges, real-time bidding and other programmatic buying channels that allow advertisers to buy audiences at scale are also playing a more significant role in the advertising marketplace and may cause further downward pricing pressure. Evolving standards for the delivery of digital advertising, such as viewability, could also adversely affect digital advertising revenues. Consequently, the Company s digital advertising revenue may not be able to replace print advertising revenue lost as a result of the shift to digital consumption. A decrease in advertising expenditures by the Company s customers, reduced demand for the Company s offerings or a surplus of advertising inventory could lead to a reduction in pricing and advertising spending, which could have an adverse effect on the Company s businesses and assets.

The Company s Businesses Face Significant Competition from Other Sources of News, Information and Entertainment Content.

The Company s businesses face significant competition from other sources of news, information and entertainment content, including both traditional and new content providers. This competition has intensified as a result of the continued development of new digital and other technologies and platforms, and the Company may be adversely affected if consumers migrate to other media alternatives. For example, advertising and circulation revenues in the Company s News and Information Services segment may continue to decline, reflecting general trends in the newspaper industry, including declining newspaper buying by younger audiences and consumers increasing reliance on the Internet for the delivery of news and information, often without charge. In recent years, Internet sites devoted to recruitment, automobile sales and real estate services have become significant competitors of the Company s newspapers and websites for classified advertising sales. In addition, due to innovations in content distribution platforms, consumers are now more readily able to watch Internet-delivered content on television sets and mobile devices, in some cases also without charge, which could reduce consumer demand for the Company and its affiliates television programming and pay-TV services and adversely affect both its subscription revenue and advertisers willingness to purchase television advertising from the Company. The Company s ability to compete effectively depends on many factors both within and beyond its control, including audience acceptance of its high-quality journalism, book titles, television programming and other products. If the Company is unable to compete successfully against existing or future competitors, its business, results of operations and financial condition could be adversely affected.

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The Company Must Respond to New Technologies and Changes in Consumer Behavior and Continue to Innovate and Provide Useful Products in Order to Remain Competitive.

Technology continues to evolve rapidly, and the resulting changes in consumer behavior and preferences create constant opportunities for new and existing competitors that can quickly render our products and services less valuable. For example, alternative methods for the delivery and storage of digital content, including the distribution of news and other content through social networking tools and on mobile and other devices, digital distribution models for books and Internet and mobile distribution of video content via streaming and downloading, 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 portable devices and televisions. Enhanced Internet capabilities and other new media may reduce the demand for newspapers and television viewership, which could negatively affect the Company s revenues.

New digital platforms and technologies, such as user-generated sites and self-publishing tools, have also reduced the effort and expense of producing and distributing content on a wide scale, allowing digital content providers, customers, suppliers and other third parties to compete with us, often at a lower cost. This trend may drive down the price consumers are willing to spend on the Company s products disproportionately to the costs associated with generating content and result in relatively low barriers to entry for competing Internet-based products and services. In addition, new digital distribution channels, such as the Internet and online retailers, may present both challenges and opportunities to the Company s businesses, including its traditional book publishing model, which could affect both sales volume and pricing.

In order to succeed, the Company must continue to innovate to ensure that its products and services remain relevant and useful for consumers and customers. The Company may be required to incur significant capital expenditures in order to respond to new technologies, new and enhanced offerings from its competitors, and changes in consumer behavior, and there is a risk that its responses and strategies to remain competitive, including distribution of its content on a pay basis, may not be adopted by consumers. The Company s failure to protect and exploit the value of its content, while responding to and developing new technologies, products, services and business models to take advantage of advancements in technology and the latest consumer preferences could cause its customer, audience and/or user base to decline, in some cases precipitously, and could have a significant adverse effect on its businesses, asset values and results of operations.

The Inability to Renew Sports Programming Rights Could Cause the Revenue of Certain of the Company s Australian Operating Businesses to Decline Significantly in any Given Period.

The sports rights contracts between certain of the Company s Australian operating businesses, 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 could adversely affect its revenues. Upon renewal, the Company s results could be adversely affected if escalations in sports programming rights costs are unmatched by increases in subscriber and carriage fees and advertising rates.

Fluctuations in Foreign Currency 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 its operations are conducted in foreign currencies, primarily the Australian dollar and the British pound sterling. Since the Company s financial statements are denominated in U.S. dollars, changes in foreign currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, a currency translation impact on the Company s earnings, which could, in turn, have an adverse effect on its results of operations in a given period or in specific markets.

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Weak Domestic and Global Economic Conditions and Volatility and Disruption in the Financial and Other Markets May Adversely Affect the Company s Business.

The U.S. and global economies have undergone economic uncertainty in the past, which resulted in, 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, lower consumer net worth and a dramatic decline in the real estate market. 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 had an adverse effect on its business, results of operations, financial condition and liquidity, including advertising revenues. Any continued or recurring economic weakness could further impact the Company s business, reduce its advertising and other revenues and negatively impact the performance of its newspapers, books, digital real estate services business, television operations and other consumer products and services. In addition, further volatility and disruption in the financial markets could make it more difficult and expensive for the Company to obtain financing. These conditions could also impair the ability of those with whom the Company does business to satisfy their obligations to the Company, including as a result of their inability to obtain capital on acceptable terms. The Company is particularly exposed to certain Australian business risks, including specific Australian legal and regulatory risks, consumer preferences and competition, because it holds a substantial amount of Australian assets. As a result, the Company s results of operations may be adversely affected by negative developments in the Australian market. Although the Company believes that its capitalization, operating cash flow and current access to credit markets, including the Company s revolving credit facility, will give it the ability to meet its financial needs for the foreseeable future, there can be no assurance that any further volatility and disruption in domestic and global capital and credit markets will not impair the Company s liquidity or increase its cost of borrowing.

The Company Has Made and May Continue to Make Strategic Acquisitions That Introduce Significant Risks and Uncertainties.

In order to position its business to take advantage of growth opportunities, the Company has made and may continue to make strategic acquisitions that involve significant risks and uncertainties. These risks and uncertainties include, among others: (1) the difficulty in integrating newly acquired businesses and operations in an efficient and effective manner, (2) the challenges in achieving strategic objectives, cost savings and other anticipated benefits, (3) the potential loss of key employees of the acquired businesses, (4) the risk of diverting the attention of the Company s senior management from the Company s operations, (5) the risks associated with integrating financial reporting and internal control systems, (6) the difficulties in expanding information technology systems and other business processes to accommodate the acquired businesses, (7) potential future impairments of goodwill associated with the acquired business and (8) in some cases, increased regulation.

If any acquired business fails to operate as anticipated or cannot be successfully integrated with the Company s existing business, the Company s business, results of operations and financial condition could be adversely affected, and the Company may be required to record non-cash impairment charges for the write-down of certain acquired assets.

The Company Does Not Have the Right to Manage Foxtel, Which Means It is Not Able to Cause Foxtel to Operate or Make Corporate Decisions in a Manner that is Favorable to the Company.

The Company does not have the right to manage the business or affairs of Foxtel. While the Company s rights include the right to appoint one-half of the board of directors of Foxtel, the Company is not able to cause management or the board of directors to take any specific actions on its behalf, including with regards to declaring and paying dividends.

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The Company Relies on Network and Information Systems and Other Technology Whose Failure or Misuse Could Cause a Disruption of Services or Loss or Improper Disclosure of Personal Data, Business Information, Including Intellectual Property, or Other Confidential Information, Resulting in Increased Costs or Loss of Revenue.

Network and information systems and other technologies, including those related to the Company s network management, are important to its 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, as well as power outages, equipment failure, natural disasters (including extreme weather), terrorist activities or human error that may affect such systems, could result in disruption of the Company s services and/or loss or improper disclosure of personal data, business information, including intellectual property, or other confidential information. In recent years, there has been a rise in the number of cyberattacks on companies network and information systems, and as a result, the risks associated with such an event continue to increase. The Company has experienced, and expects to continue to be subject to, cybersecurity threats and incidents, none of which have been material to the Company to date.

A significant failure, compromise, breach or interruption of the Company s systems could result in a disruption of its operations, customer or advertiser dissatisfaction, damage to its reputation or brands, regulatory investigations, lawsuits, a loss of customers or revenues and other financial losses. If any such failure, interruption or similar event results in the improper disclosure of information maintained in the Company s information systems and networks or those of its vendors, including financial, personal, credit card, confidential and proprietary information relating to personnel, customers, vendors and the Company s business, including its intellectual property, the Company could also be subject to liability under relevant contractual obligations and laws and regulations protecting personal data and privacy. Efforts by the Company and its vendors to develop, implement and maintain security measures may not be successful in preventing these events from occurring, particularly given that techniques used to access, disable or degrade service, or sabotage systems change frequently, and any network and information systems-related events could require the Company to expend significant resources to remedy such event. Moreover, the development and maintenance of these measures is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated.

The Company Faces Investigations Regarding Allegations of Voicemail Interception, Illegal Data Access and Inappropriate Payments to Public Officials and Other Related Matters and Related Civil Lawsuits.

Governmental authorities in the U.K. are conducting investigations relating to voicemail interception, illegal data access and inappropriate payments to public officials at the Company s former publication, *The News of the World*, and at *The Sun*, and related matters, which are referred to as the U.K. Newspaper Matters. The Company is cooperating with these investigations. Civil claims have also been brought against the Company with respect to the U.K. Newspaper Matters. The Company has admitted liability in many civil cases and has settled a number of cases. The Company has also settled a number of claims through a private compensation scheme established by the Company under which parties could pursue claims against it. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

In connection with the Separation, the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that 21st Century Fox will indemnify the Company 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 (1) who are not directors, officers or certain designated employees or (2) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. In addition, violations of law may result in criminal fines or penalties for which the Company will not be indemnified by 21st Century Fox. 21st Century Fox s indemnification obligations with respect to these matters will be settled on an after-tax basis.

From July 1, 2010 through June 30, 2015, the Company incurred aggregate fees, costs and expenses related to the U.K. Newspaper Matters of $520 million, net of costs that have been or will be indemnified by 21st Century Fox, which includes $39 million paid to claimants for civil settlements. As of June 30, 2015, the Company accrued $125 million, representing its best estimate of the liability for the claims that have been filed, including liabilities associated with employment taxes, as well as incurred but unpaid legal and professional fees. Certain liabilities recorded by the Company as of June 30, 2015 related to matters that will be indemnified by 21st Century Fox as described above. Amounts due from 21st Century Fox relating to indemnified costs were approximately $63 million as of June 30, 2015.

The Company is not able to predict the ultimate outcome or cost of the civil claims or criminal matters. 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 for which the Company will not be indemnified, could damage its reputation, impair the Company s ability to conduct its business and adversely affect its results of operations and financial condition. See Item 3. Legal Proceedings and Note 14 to the Financial Statements for additional information.

The Company Could Suffer Losses Due to Asset Impairment and Restructuring Charges.

As a result of adverse developments in the Company s industry and challenging economic and market conditions, the Company may recognize impairment charges for write-downs of goodwill and intangible assets, as well as restructuring charges relating to the reorganization of its businesses, which negatively impact the Company s financial results. When the Company acquires a business, it records goodwill in an amount equal to the excess of the fair value of the acquired business over the fair value of the identifiable assets and liabilities, including intangible assets, as of the acquisition date. The Company s management must regularly evaluate goodwill and other acquired intangible assets expected to contribute indefinitely to the Company s cash flows in order to determine whether, based on projected discounted future cash flows, the carrying value for such assets exceeds current fair value and the Company should recognize an impairment. In accordance with GAAP, the Company performs an annual impairment assessment of its recorded goodwill and indefinite-lived intangible assets, including newspaper mastheads and distribution networks, during the fourth quarter of each fiscal year. The Company also continually evaluates whether current factors or indicators, such as prevailing conditions in the capital markets or the economy generally, require the performance of an interim impairment assessment of those assets, as well as other investments and other long-lived assets, or require the Company to engage in any additional business restructurings to address these conditions. 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. Any downward revisions in the fair value of a reporting unit, indefinite-lived intangible assets, investments or long-lived assets could result in additional impairments for which non-cash charges would be required. Any such charge could be material to the Company s reported results of operations. In the fourth quarter of fiscal 2015, as part of its long-range planning process the Company changed its strategy and related outlook with respect to its Amplify reporting unit, which resulted in a reduction in expected future cash flows. Consequently, the Company determined that the fair value of the Amplify reporting unit had declined below its carrying value and recorded an impairment charge of $371 million in the fiscal year ended June 30, 2015. The Company may also incur additional restructuring charges in the future if it is required to further realign its resources in response to significant shortfalls in revenue or other adverse trends.

The Company s Business Could Be Adversely Impacted by Changes in Governmental Policy and Regulation.

Various aspects of the Company s activities are subject to regulation in numerous jurisdictions around the world, and the introduction of new laws and regulations in countries where the Company s products and services are produced or distributed (and changes in the enforcement of existing laws and regulations in those countries) could have a negative impact on its interests.

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For example, the Company s Australian operating businesses may be adversely affected by changes in government policy, regulation or legislation, or the application or enforcement thereof, applying to companies in the Australian media industry or to Australian companies in general. This includes:

- anti-siphoning legislation which currently prevents pay-TV providers such as Foxtel from acquiring rights to televise certain listed events (for example, the Olympic Games and certain Australian Rules football and cricket matches) unless:
  - national and commercial television broadcasters have not obtained these rights 12 weeks before the start of the event;
  - the rights to televise are also held by commercial television licensees who have rights to televise the event to more than 50% of the Australian population; or
  - the rights to televise are also held by one of Australia s two major government-funded broadcasters; and
- other parts of the Broadcasting Services Act that regulate ownership interests and control of Australian media organizations. Such legislation may have an impact on the Company s ownership structure and operations and may restrict its ability to take advantage of acquisition or investment opportunities. For example, current media diversity rules would prevent the Company from exercising control of a commercial television broadcasting license, a commercial radio license and a newspaper in the same license area.

In addition, the Company s newspaper businesses in the U.K. are subject to greater regulation and oversight as a result of the implementation of recommendations of the Leveson inquiry into the U.K. press, which was established by Prime Minister David Cameron in mid-2011. The inquiry was triggered by allegations of illegal voicemail interception at the Company s former publication, *The News of the World*. Lord Justice Leveson, Chairman of the Inquiry, concluded the first part of the inquiry and published a report in late November 2012 containing various recommendations for greater regulation and oversight of the U.K. press. The U.K. Government subsequently published a Royal Charter on Self-Regulation of the Press which established a Recognition Panel responsible for approving and monitoring a new press self-regulatory body. No such regulator has yet been approved by the Recognition Panel. However, a majority of the U.K. press has established an alternative regulator, the Independent Press Standards Organisation, or IPSO, which began operating in September 2014. IPSO imposes burdens on the print media in the U.K., including the Company s newspaper businesses in the U.K., which may result in competitive disadvantages versus other forms of media and may increase the costs of compliance.

The Company s business activities are also subject to laws and regulations governing the collection, use, sharing, protection and retention of personal data, which continue to evolve in light of changes in information technology and analytics techniques that have implications for how such data is managed. See Governmental Regulation Data Privacy and Security for more information. These laws and regulations could be costly to comply with, subject the Company to claims and other remedies and limit or restrict aspects of the Company s business, including, for example, by restricting the use of personal and profiling data to deliver targeted advertisements.

Adverse Results from Litigation or Other Proceedings Could Impact the Company s Business Practices and Operating Results.

From time to time, the Company is party to litigation, as well as to regulatory and other proceedings with governmental authorities and administrative agencies. For example, certain competitors and customers of the Company s NAM business have filed lawsuits against NAM alleging antitrust violations and seeking treble damages, injunctive relief and attorneys fees. On June 18, 2015, class action certification was granted in the action brought by customers of the NAM business, and on July 2, 2015, NAM petitioned for leave to appeal, which plaintiffs have opposed. The outcome of litigation or other proceedings is subject to significant uncertainty, and it is possible that an adverse resolution of one or more such proceedings could result in reputational harm and/or significant monetary damages or injunctive relief that could adversely affect the Company s results of operations or financial condition as well as the Company s ability to conduct its business as it is presently being conducted. In addition, regardless of merit or outcome, such proceedings can have an adverse impact on the Company as a result of legal costs, diversion of management and other personnel, and other factors. See Note 14 to the Financial Statements for more information.

Newsprint Prices May Continue to Be Volatile and Difficult to Predict and Control.

Newsprint is one of the largest expenses of the Company s newspaper publishing units. During the three months ended June 30, 2015, the Company s average cost per ton of newsprint was approximately 13% lower than its historical average annual cost per ton over the past five fiscal years. The price of newsprint has historically been volatile and the consolidation of newsprint mills over the years has reduced the number of suppliers, which has led to increases in newsprint prices. Failure to maintain the Company s current consumption levels, further supplier consolidation or the inability to maintain the Company s existing relationships with its newsprint suppliers could adversely impact newsprint prices in the future.

The Company s International Operations Expose it to Additional Risks that Could Adversely Affect its Business, Operating Results and Financial Condition.

In its fiscal year ended June 30, 2015, approximately 56% of the Company s revenues were derived outside the U.S., and the Company is focused on expanding the international scope of its operations. There are risks inherent in doing business internationally, including (1) issues related to managing international operations; (2) economic uncertainty and volatility in local markets and political or social instability; (3) potentially adverse changes in tax laws and regulations; (4) complying with international laws and regulations, including foreign ownership restrictions; (5) complying with anti-corruption laws and regulations such as the Foreign Corrupt Practices Act and the UK Bribery Act; (6) restrictions on repatriation of funds and foreign currency exchange; and (7) complying with local labor laws and regulations. Events or developments related to these and other risks associated with the Company s international operations could result in reputational harm and have an adverse impact on the Company s business, financial condition, operating results and prospects. Challenges associated with operating globally may increase as the Company continues to expand into geographic areas that it believes represent the highest growth opportunities.

There Can Be No Assurance That the Company Will Have Access to the Capital Markets on Terms Acceptable to It.

From time to time the Company may need or desire to access the long-term and short-term capital markets to obtain financing. Although the Company believes that the sources of capital currently in place, including the Company s revolving credit facility, will permit the Company to finance its operations for the foreseeable future on acceptable terms and conditions, the Company s access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including, but not limited to: (1) the Company s financial performance, (2) the Company s credit ratings or absence of a credit rating, (3) the liquidity of the overall capital markets and (4) the state of the economy. There can be no assurance, particularly as a company that currently has no credit rating, that the Company will continue to have access to the capital markets on terms acceptable to it.

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

The Company seeks to limit the threat of content piracy; however, policing unauthorized use of its products and services and related intellectual property is often difficult and the steps taken by the Company may not in every case prevent infringement by unauthorized third parties. Developments in technology increase the threat of content piracy by making it easier to duplicate and widely distribute pirated material. The Company has taken, and will continue to take, a variety of actions to combat piracy, 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 its rights as defined by applicable laws in the U.S. 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 its 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.

The Company s Business Relies on Certain Intellectual Property and Brands.

The Company s businesses rely on a combination of trademarks, trade names, copyrights, patents and other proprietary rights, as well as contractual arrangements, including licenses, to establish and protect their intellectual property and brand names. The Company believes its proprietary trademarks, trade names, copyrights, patents and other intellectual property rights are important to its continued success and its competitive position. However, the Company cannot ensure that these intellectual property rights will be upheld if challenged or that these rights will protect the Company against infringement claims by third parties. Any failure by the Company to effectively protect its intellectual property or brands could adversely impact the Company s results of operations or financial condition. In addition, the Company may be contractually required to indemnify other parties against liabilities arising out of any third party infringement claims.

No Assurance of Profitability of the Digital Education Business.

Some of the newer lines of Amplify, the Company s digital education business, are still under development. Accordingly, Amplify s prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as digital education. These risks for Amplify include, but are not limited to, an evolving business model and the management of growth. Amplify must, among other things, develop a customer base for its full range of offerings, including by utilizing the existing customers associated with its data and assessment business, implement and successfully execute its business and marketing strategy, continue to develop and upgrade its software and content offerings, respond to competitive developments, and attract, retain and motivate qualified personnel. In addition, the results and growth of Amplify s businesses are dependent on state educational funding, which may be adversely affected by changes in legislation, both at the federal and state level, changes in the state procurement process and changes in the condition of the local, state or U.S. economy. Future changes in federal funding and the state and local tax base could create an unfavorable environment, leading to budget issues that result in a decrease in educational funding and, in turn, adversely affect Amplify s businesses. There can be no assurance that Amplify will be successful in addressing these risks or in achieving these goals, and the failure to do so could have a material adverse effect on Amplify s business, prospects, financial condition and results of operations.

The Company s Relationship with NAR is an Important Part of its Digital Real Estate Services Business in the U.S. and this Business Could be Harmed if it were to Lose the Benefits of this Relationship

Move, the Company s digital real estate services business in the U.S., licenses the realtor.com® trademark and website address, as well as the REALTOR® trademark, from NAR pursuant to a trademark license agreement (the NAR License). Move also operates the realtor.com® website under an agreement with NAR that is perpetual in duration. However, NAR may terminate the operating agreement for certain contractually-specified reasons upon expiration of applicable cure periods. If the operating agreement with NAR is terminated, the NAR License would also terminate, and Move would be required to transfer a copy of the software that operates the realtor.com® website to NAR and provide NAR with copies of its agreements with advertisers and data content providers. NAR would then be able to operate a realtor.com® website, either by itself or with another third party.

In addition to the contractual limitations and risks described above, any adverse developments in Move s business relationship with NAR as a result of existing or new areas of conflict or potential conflict between Move s interests and NAR s interests, changes in the real estate industry or other causes could also adversely affect Move s business, particularly as many of its customers and data providers are members of, have interests that are closely aligned with, or are otherwise influenced by, NAR.

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

In a variety of the Company s businesses, it engages the services of employees who are subject to collective bargaining agreements. If the Company is 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.

Risks Related to the Company s Separation from 21st Century Fox

If the Separation, Together with Certain Related Transactions, Were Ultimately Determined to be Taxable Transactions for U.S. Federal Income Tax Purposes, then the Company, 21st Century Fox and Its Stockholders Could Be Subject to Significant Tax Liability, and the Company may be Required to Indemnify 21st Century Fox for Tax-Related Liabilities Incurred by 21st Century Fox.

In connection with the Separation, 21st Century Fox received a private letter ruling from the IRS to the effect that, among other things, the distribution of the Company s Class A Common Stock and Class B Common Stock qualified as tax-free under Sections 368 and 355 of the Code except for cash received in lieu of fractional shares. In addition, 21st Century Fox received an opinion from its tax counsel confirming the tax-free status of the Separation for U.S. federal income tax purposes, including the satisfaction of the requirements under Sections 368 and 355 of the Code not specifically addressed in the IRS private letter ruling. The opinion of 21st Century Fox s tax counsel is not 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 relied on certain facts and assumptions, and certain representations from the Company and 21st Century Fox regarding the past and future conduct of their 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 related internal reorganization 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. 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 Company s common stock distributed to 21st Century Fox s stockholders on the Distribution Date over 21st Century Fox s tax basis in such shares. As described below, the Company may in certain circumstances be required to indemnify 21st Century Fox for liabilities arising out of the foregoing.

Under the terms of the Tax Sharing and Indemnification Agreement that the Company and 21st Century Fox entered into in connection with the Separation, the Company will, in certain circumstances, be responsible for all taxes, including interest and penalties, and tax-related liabilities incurred by 21st Century Fox as a result of actions taken by the Company or any of its subsidiaries after the Separation. Specifically, in the event that the distribution or the internal transactions intended not to be subject to tax were determined to be subject to tax and such determination was the result of certain actions taken, or omitted to be taken, after the Separation by the Company or any of its subsidiaries and such actions (1) were inconsistent with any representation or covenant

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made in connection with the private letter ruling or opinion of 21st Century Fox s tax counsel, (2) violated any representation or covenant made in the Tax Sharing and Indemnification Agreement, or (3) the Company or any of its subsidiaries knew or reasonably should have expected, after consultation with its advisors, could result in any such determination, the Company will be responsible for any tax-related liabilities incurred by 21st Century Fox as a result of such determination.

The Company Could Be Liable for Income Taxes Owed by 21st Century Fox.

Each member of the 21st Century Fox consolidated group, which, prior to the Separation, included 21st Century Fox, the Company and 21st Century Fox s other subsidiaries, is jointly and severally liable for the U.S. federal income tax liability of each other member of the consolidated group for periods prior to and including the Separation. Consequently, the Company could be liable in the event any such liability is incurred, and not discharged, by any member of 21st Century Fox s consolidated group. The Tax Sharing and Indemnification Agreement requires 21st Century Fox to indemnify the Company for any such liability. Disputes or assessments could arise during future audits by the IRS in amounts that the Company cannot quantify.

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

The Federal Communications Commission (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) and place commercial restrictions on a cable network programmer in which a cable television operator holds an ownership interest (the Program Access Rules). Under the FCC s rules for determining ownership of the media assets described above, the Murdoch Family Trust s ownership interest in both the Company and 21st Century Fox following the Separation 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 and the Program Access Rules. Consequently, the Company s future conduct, including its acquisition of any newspapers in the same local markets in which 21st Century Fox owns or operates television stations or the Company s acquisition of an ownership interest in a cable operator, may affect 21st Century Fox s ability to own and operate its television stations or otherwise comply with the Broadcast Ownership Rules, or may subject 21st Century Fox to the Program Access Rules. Therefore, the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that if the Company acquires, after the Distribution Date, 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 21st Century Fox s business, then the Company will be required to take certain actions, including divesting assets, in order to permit 21st Century Fox to hold its media interests and to comply with such rules. In addition, the Company will be prohibited from acquiring an interest in a multichannel video programming distributor, including a cable television operator, if such acquisition would subject 21st Century Fox to the Program Access Rules to which it is not then subject. This agreement effectively limits the activities or strategic business alternatives available to the Company if such activities or strategic business alternatives implicate the Broadcast Ownership Rules or Program Access Rules and would impede or be reasonably likely to impede 21st Century Fox s business.

The Indemnification Arrangements the Company Entered Into With 21st Century Fox in Connection With the Separation May Require the Company to Divert Cash to Satisfy Indemnification Obligations to 21st Century Fox.

Pursuant to the Separation and Distribution Agreement and certain other related agreements, 21st Century Fox agreed to indemnify the Company for certain liabilities, and the Company agreed to indemnify 21st Century Fox for certain liabilities. As a result, the Company could be required, under certain circumstances, to indemnify 21st Century Fox and its affiliates against certain liabilities to the extent such liabilities result from an action the Company or its affiliates take or from any breach of the Company or its affiliates representations, covenants or obligations under the Separation and Distribution Agreement, Tax Sharing and Indemnification Agreement or any other agreement the Company entered into in connection with the Separation. The diversion of cash that may occur if the Company is required to indemnify 21st Century Fox under these agreements could limit the Company s ability to grow its businesses or capitalize on acquisition opportunities.

Certain Agreements That the Company Entered Into With 21st Century Fox in Connection With the Separation May Limit Its Ability to Take Certain Actions With Respect to the Civil U.K. Newspaper Matters.

Under the terms of the Separation and Distribution Agreement, in consideration for 21st Century Fox s agreement to certain indemnification arrangements, the Company agreed that 21st Century Fox would have the right to control the Company s defense of civil claims relating to the U.K. Newspaper Matters. In exercising its rights to control the defense of the civil claims relating to the U.K. Newspaper Matters, 21st Century Fox may be guided by interests that are different than or adverse to the Company s interests and the interests of its stockholders and advocate strategies that the Company s management would not otherwise adopt. Furthermore, if the Company fails to comply with these control arrangements or does not consent to settlements with respect to such matters proposed by 21st Century Fox, the Company has agreed with 21st Century Fox that it will, at 21st Century Fox s discretion, forego any indemnification with regard to such or all of these matters. The Company s inability to take actions with respect to these civil matters without 21st Century Fox s consent or the Company s adoption of strategies advocated by 21st Century Fox could damage the Company s reputation or impair the Company s ability to conduct its business while the taking of any such action by the Company without 21st Century Fox s consent in breach of the Company s agreements could increase its liability exposure with regard to such matters and adversely affect the Company s results of operations and financial condition. See Item 3. Legal Proceedings and Note 14 to the Financial Statements for additional information.

The Company Has a Limited Operating History as an Independent, Publicly-Traded Company, and Its Historical Financial Statements for Certain Reporting Periods Are Not Necessarily Representative of the Results It Would Have Achieved as an Independent, Publicly-Traded Company, Do Not Reflect Any Subsequent Changes in Its Cost Structure and May Not Be Reliable Indicators of Its Future Results.

Certain of the Company s historical financial statements do not necessarily reflect the results of operations, cash flows and financial condition that it would have achieved as an independent, publicly-traded company during the applicable period or those that it will achieve in the future. Prior to the Separation, the Company s business was operated by 21st Century Fox as part of its broader corporate organization, rather than as an independent company. During those periods, 21st Century Fox performed various corporate functions for the Company, including, but not limited to, tax administration, treasury activities, accounting, legal, ethics and compliance program administration, investor and public relations, certain governance functions (including internal audit) and external reporting. Certain of the Company s historical financial statements reflect allocations of corporate expenses from 21st Century Fox for these and similar functions. However, these allocations may be more or less than the comparable expenses that the Company would have incurred had it operated as an independent, publicly traded company during those periods. In addition, changes have occurred and may continue to occur in the Company s cost structure, management, financing, business operations, personnel needs, tax and structure as a result of its operation as a public company separate from 21st Century Fox, including the incurrence of costs for compliance with requirements of the Sarbanes-Oxley Act, SEC regulations and NASDAQ and ASX listing rules and potential increased costs associated with reduced economies of scale. Prior to the Separation, the Company benefited from 21st Century Fox s operating diversity, size, purchasing power and access to capital for investments, and it may not continue to realize such benefits in the future. As a result, there is a risk that the Company may be more susceptible to market fluctuations and other adverse events than it would have otherwise been while it was still a part of 21st Century Fox. Additionally, in connection with the Separation, the Company entered into certain transactions with 21st Century Fox that did not exist prior to the Separation.

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Certain of the Company s Directors and Officers May Have Actual or Potential Conflicts of Interest Because of Their Equity Ownership in 21st Century Fox, and Certain of the Company 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, Which May Result in the Diversion of Corporate Opportunities to 21st Century Fox.

Certain of the Company s directors and executive officers own shares of 21st Century Fox s common stock, and the individual holdings may be significant for some of these individuals compared to their total assets. In addition, certain of the Company s officers and directors also serve as officers and/or as directors of 21st Century Fox, including K. Rupert Murdoch, who serves as the Company s Executive Chairman and Executive Chairman of 21st Century Fox, and Lachlan K. Murdoch, who serves as the Company s Co-Chairman and Executive Chairman 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 the Company and 21st Century Fox. For example, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between the Company and 21st Century Fox regarding the terms of the agreements governing the internal reorganization, the Separation and the relationship thereafter between the companies, including with respect to the indemnification of certain matters. In addition to any other arrangements that the Company and 21st Century Fox may agree to implement, the Company and 21st Century Fox have agreed that officers and directors who serve at both companies will recuse themselves from decisions where conflicts arise due to their positions at both companies.

The Company s Restated Certificate of Incorporation acknowledges that the Company s directors and officers, as well as certain of its stockholders, including K. Rupert Murdoch, certain members of his family and certain family trusts (so long as such persons continue to own, in the aggregate, 10% or more of the voting stock of each of the Company and 21st Century Fox), each of which is referred to as a covered stockholder, are or may become stockholders, directors, officers, employees or agents of 21st Century Fox and certain of its affiliates. The Company s Restated Certificate of Incorporation provides that any such overlapping person will not be liable to the Company, or to any of its stockholders, for breach of any fiduciary duty that would otherwise exist because such individual directs a corporate opportunity (other than certain limited types of restricted business opportunities set forth in the Company s Restated Certificate of Incorporation) to 21st Century Fox instead of the Company. As 21st Century Fox does not have a similar provision regarding corporate opportunities in its certificate of incorporation, the provisions in the Company s Restated Certificate of Incorporation could result in an overlapping person submitting any corporate opportunities other than restricted business opportunities to 21st Century Fox instead of the Company.

Risks Related to the Company s Common Stock

The Market Price of the Company s Stock May Fluctuate Significantly

The Company cannot predict the prices at which its common stock may trade. The market price of the Company s common stock may fluctuate significantly, depending upon many factors, some of which may be beyond its control, including: (1) the Company s quarterly or annual earnings, or those of other companies in its industry; (2) actual or anticipated fluctuations in the Company s operating results; (3) success or failure of the Company s business strategy; (4) the Company s ability to obtain financing as needed; (5) changes in accounting standards, policies, guidance, interpretations or principles; (6) changes in laws and regulations affecting the Company s business; (7) announcements by the Company or its competitors of significant new business developments or customers; (8) announcements by the Company or its competitors of significant acquisitions or dispositions; (9) changes in earnings estimates by securities analysts or the Company s ability to meet its earnings guidance, if any; (10) the operating and stock price performance of other comparable companies; (11) results from material litigation or governmental investigations; (12) changes in capital gains taxes and taxes on dividends affecting stockholders; and (13) overall market fluctuations and general economic conditions.

Certain Provisions of the Company s Restated Certificate of Incorporation, Amended and Restated By-laws, Tax Sharing and Indemnification Agreement, Separation and Distribution Agreement and Delaware Law, the Company s Second Amended and Restated Stockholder Rights Agreement and the Ownership of the Company s Common Stock by the Murdoch Family Trust May Discourage Takeovers and the Concentration of Ownership Will Affect the Voting Results of Matters Submitted for Stockholder Approval.

The Company s Restated Certificate of Incorporation and Amended and Restated By-laws contain certain anti-takeover provisions that may make more difficult or expensive a tender offer, change in control, or takeover attempt that is opposed by the Company s Board of Directors or certain stockholders holding a significant percentage of the voting power of the Company s outstanding voting stock. In particular, the Company s Restated Certificate of Incorporation and Amended and Restated By-laws provide for, among other things:

- a dual class common equity capital structure;
- stockholders to remove directors only for cause;
- a prohibition on stockholders taking any action by written consent without a meeting;
- special stockholders meeting to be called only by the Chief Executive Officer, the Board of Directors, or the holders of not less than 20% of the voting power of the Company s outstanding voting stock;
- the requirement that stockholders give the Company advance notice to nominate candidates for election to the Board of Directors or to make stockholder proposals at a stockholders meeting;
- the requirement of an affirmative vote of at least 65% of the voting power of the Company s outstanding voting stock to amend or repeal its by-laws;
- certain restrictions on the transfer of the Company s shares; and
- the Board of Directors to issue, without stockholder approval, Preferred Stock and Series Common Stock with such terms as the Board of Directors may determine.

These provisions could discourage potential acquisition proposals and could delay or prevent a change in control of the Company, even in the case where a majority of the stockholders may consider such proposals, if effective, desirable.

In addition, in connection with the Separation, the Company s Board of Directors adopted a stockholder rights agreement, which it extended in June 2014 and again in June 2015. Pursuant to the second amended and restated stockholder rights agreement, each outstanding share of the Company s common stock has attached to it a right entitling its holder to purchase from the Company additional shares of its Class A Common Stock and Class B Common Stock in the event that a person or group acquires beneficial ownership of 15% or more of the then-outstanding Class B Common Stock without approval of the Company s Board of Directors, subject to exceptions for persons beneficially owning 15% or more of the Company s Class B Common Stock immediately following the Separation. The stockholder rights agreement could make it more difficult for a third-party to acquire the Company s voting common stock without the approval of its Board of Directors. The rights expire on June 18, 2018, except as otherwise provided in the rights agreement. Further, as a result of his ability to appoint certain members of the board of directors of the corporate trustee of the Murdoch Family Trust, which beneficially owns less than one percent of the Company s outstanding Class A Common Stock and approximately 38.4% of the Company s Class B Common Stock as of August 6, 2015, K. Rupert Murdoch may be deemed to be a beneficial owner of the shares beneficially owned by the Murdoch Family Trust. K. Rupert Murdoch, however, disclaims any beneficial ownership of these shares. Also, K. Rupert Murdoch beneficially owns or may be deemed to beneficially own an additional one percent of the Company s Class B Common Stock and less than one percent of the Company s Class A Common Stock as of August 6, 2015.

Thus, K. Rupert Murdoch may be deemed to beneficially own in the aggregate less than one percent of the Company s Class A Common Stock and approximately 39.4% of the Company s Class B Common Stock as of August 6, 2015. This concentration of voting power could discourage third parties from making proposals involving an acquisition of the Company. Additionally, the ownership concentration of Class B Common Stock by the Murdoch Family Trust increases the likelihood that proposals submitted for stockholder approval that are supported by the Murdoch Family Trust will be adopted and proposals that the Murdoch Family Trust does not support will not be adopted, whether or not such proposals to stockholders are also supported by the other holders of Class B Common Stock. Furthermore, the adoption of the second amended and restated stockholder rights agreement will prevent, unless the Company s Board of Directors otherwise determines at the time, other potential stockholders from acquiring a similar ownership position in the Company s Class B Common Stock and, accordingly, could prevent a meaningful challenge to the Murdoch Family Trust s influence over matters submitted for stockholder approval.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company owns and leases various real properties in the U.S., Europe, Australia and Asia that are utilized in the conduct of its businesses. Each of these properties is considered to be in good condition, adequate for its purpose and suitably utilized according to the individual nature and requirements of the relevant operations. The Company s policy is to improve and replace property as considered appropriate to meet the needs of the individual operation.

United States

The Company s principal real properties in the U.S. are the following:

(a) The U.S. headquarters of the Company, located at 1211 Avenue of the Americas, New York, New York and the offices of the Company located at 1185 Avenue of the Americas, New York, New York, each of which are subleased from 21st Century Fox. These spaces include the executive and corporate offices of the Company, the executive and editorial offices of Dow Jones, the editorial offices of the *Post*, the executive offices of NAM and the corporate offices of Amplify;

(b) The leased offices of HarperCollins U.S. in New York, New York;

(c) The leased offices of HarperCollins U.S. in Scranton, Pennsylvania;

(d) The leased printing plant of the *Post* located in Bronx, New York;

(e) The leased offices of Move in San Jose, California;

(f) The leased offices of NAM in Wilton, Connecticut;

(g) The leased offices of Amplify in Brooklyn, New York; and

(h) The office space campus owned by the Company in South Brunswick, New Jersey.

Europe

The Company s principal real properties in Europe are the following:

(a) The leased headquarters and editorial offices of the London operations of News UK, Dow Jones and HarperCollins at The News Building, 1 London Bridge Street, London, England;

(b) The newspaper production and printing facilities for its U.K. newspapers, which consist of:

1. The leased office space at each of Fleet House, Peterborough, England; Dublin, Ireland; and Glasgow City Centre, Scotland; and

2. The freehold interests in each of a publishing and printing facility in Broxbourne, England and printing facilities in Knowsley, England and North Lanarkshire, Scotland; and

(c) The leased warehouse and office facilities of HarperCollins Publishers Limited in Glasgow, Scotland.

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Australia and Asia

The Company s principal real properties in Australia and Asia are the following:

(a) The Australian newspaper production and printing facilities which consist of:

1. The Company-owned print center and office building in Sydney, Australia at which *The Australian*, the *Daily Telegraph* and *The Sunday Telegraph* are printed and published;

2. The Company-owned print center and the leased office facility in Melbourne, Australia at which *Herald Sun* and the *Sunday Herald Sun* are printed and published;

3. The Company-owned print center and office building in Adelaide, Australia utilized in the printing and publishing of *The Advertiser* and *The Sunday Mail*;

4. The Company-owned print center and office building in Brisbane, Australia at which *The Courier Mail* and *Sunday Mail* are printed and published; and

5. The two Company-owned buildings in Perth, Australia used to print and publish *The Sunday Times;*

(b) The leased offices and studios of FOX SPORTS Australia in Sydney, Australia;

(c) The leased offices and studios of FOX SPORTS Australia in Melbourne, Australia;

(d) The leased corporate offices of REA Group in Melbourne, Australia; and

(e) The leased office space of Dow Jones in Hong Kong.

ITEM 3. LEGAL PROCEEDINGS

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed below.

U.K. Newspaper Matters and Related Investigations and Litigation

On July 19, 2011, a purported class action lawsuit captioned Wilder v. News Corp., et al. was filed on behalf of all purchasers of 21st Century Fox s common stock between March 3, 2011 and July 11, 2011, in the U.S. District Court for the Southern District of New York (the Wilder Litigation). The plaintiff brought claims under Section 10(b) and Section 20(a) of the Exchange Act, alleging that false and misleading statements were issued regarding alleged acts of voicemail interception at *The News of the World*. The suit named as defendants 21st Century Fox, Rupert Murdoch, James Murdoch and Rebekah Brooks, and sought compensatory damages, rescission for damages sustained and costs.

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. Avon filed an amended consolidated complaint on July 31, 2012, which among other things, added as defendants the Company s subsidiary, NI Group Limited (now known as News Corp UK & Ireland Limited), and Les Hinton, and expanded the class period to comprise February 15, 2011 to July 18, 2011. Defendants filed motions to dismiss the litigation, which were granted by the court on March 31, 2014. Plaintiffs were allowed to amend their complaint, and on April 30, 2014, plaintiffs filed a second amended consolidated complaint, which generally repeats the allegations of the amended consolidated complaint and also expands the class period to comprise July 8, 2009 to July 18, 2011. Defendants moved to dismiss the second amended consolidated complaint, and plaintiffs opposed those motions. On November 21, 2014, defendants filed their replies to plaintiffs opposition, and the motions were fully submitted to the court. The Company s management believes these claims are entirely without merit and intends to vigorously defend this action. As described below, the Company will be indemnified by 21st Century Fox for certain payments made by the Company that relate to, or arise from, the U.K. Newspaper Matters, including all payments in connection with the Wilder Litigation.

In addition, governmental authorities in the U.K. continue to conduct investigations initiated in 2011 with respect to the U.K. Newspaper Matters. The Company is cooperating with these investigations.

Civil claims have also been brought against the Company with respect to the U.K. Newspaper Matters. The Company has admitted liability in many civil cases and has settled a number of cases. The Company has also settled a number of claims through a private compensation scheme established by the Company under which parties could pursue claims against it. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

In connection with the Separation, the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that 21st Century Fox will indemnify the Company 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 (i) who are not directors, officers or certain designated employees or (ii) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. In addition, violations of law may result in criminal fines or penalties for which the Company will not be indemnified by 21st Century Fox. 21st Century Fox s indemnification obligations with respect to these matters will be settled on an after-tax basis.

The Company incurred gross legal and professional fees related to the U.K. Newspaper Matters and costs for civil settlements totaling approximately $101 million, $169 million and $183 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively. With respect to the fees and costs incurred during the fiscal years ended June 30, 2015 and 2014, the Company has been or will be indemnified by 21st Century Fox for $51 million, net of tax, and $97 million, net of tax, respectively, pursuant to the indemnification arrangements described above, and with respect to the fees and costs incurred on or prior to June 30, 2013 the Company will be indemnified by 21st Century Fox for $40 million, net of tax.

As of June 30, 2015, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred, including liabilities associated with employment taxes, and has accrued approximately $125 million, of which approximately $63 million will be indemnified by 21st Century Fox, and a corresponding receivable was recorded in Amounts due from 21st Century Fox on the Balance Sheet as of June 30, 2015. It is not possible to estimate the liability or corresponding receivable 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 and corresponding receivable for such matters. The Company is not able to predict the ultimate outcome or cost of the civil claims or criminal matters. 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 for which the Company will not be indemnified, could damage its reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

Stockholder Rights Agreement Litigation

On July 7, 2014, Miramar Police Officers Retirement Plan, a purported stockholder of the Company, filed a complaint in the Court of Chancery of the State of Delaware against the Company and its Board of Directors, styled Miramar Police Officers Retirement Plan v. Murdoch et al., C.A. No. 9860-CB. The complaint alleges, among other things, that the Company and the Board of Directors breached the terms of a settlement agreement, dated April 12, 2006, by entering into a one-year extension to the Company s stockholder rights agreement on June 18, 2014 without first seeking stockholder approval. The complaint further alleges that the Board of Directors breached its fiduciary duties in approving the one-year extension to the stockholder rights agreement, seeks a declaration that the extension is null and void and requests an award of attorneys fees and costs.

Defendants moved to dismiss the complaint, and on August 25, 2014, plaintiff amended the complaint to seek a declaratory judgment that the Company is bound and subject to the settlement agreement; that the agreement has been breached; that the Board of Directors acted in bad faith by adopting the stockholder rights agreement extension without stockholder approval; and, in the alternative, seeking reformation of the settlement agreement on the grounds of alleged mutual mistake. Thereafter, on September 9, 2014, all defendants moved to dismiss the amended complaint. On April 7, 2015, the Court granted defendants motion to dismiss in its entirety on the grounds that the Company is not bound by the settlement agreement.

HarperCollins

In 2011 and 2012, various civil lawsuits and governmental investigations were commenced against certain publishers, including the Company s subsidiary, HarperCollins, relating to alleged violations of antitrust and unfair competition laws arising out of the decisions by those publishers to sell their e-books pursuant to an agency relationship.

The publishers, including HarperCollins, entered into various settlement agreements to resolve these matters. These included a settlement with the DOJ, which, among other things, required that HarperCollins terminate its agreements with certain e-book retailers and placed certain restrictions on any agreements subsequently entered into with such retailers. Additional information about this settlement can be found on the DOJ s website. The publishers, including HarperCollins, also entered into substantially similar settlements with the European Commission and the Canadian Competition Bureau (CCB). The settlements with the DOJ and the European Commission received final approval in September and December 2012, respectively. The consent agreement with respect to the settlement with the CCB was registered with the Competition Tribunal on February 7, 2014. However, on February 21, 2014, Kobo Inc. (Kobo) filed an application to rescind or vary the consent agreement with the Competition Tribunal, and, on March 18, 2014, the Competition Tribunal issued an order staying the registration of the consent agreement. The stay will remain in effect pending further order of the Competition Tribunal or final disposition of Kobo s application.

The Company is not able to predict the ultimate outcome or cost of the unresolved HarperCollins matter described above. The legal and professional fees and settlement costs incurred in connection with the other settlements referred to above were not material.

News America Marketing

In-Store Marketing and FSI Purchasers

On April 8, 2014, in connection with a pending action in the United States District Court for the Southern District of New York in which The Dial Corporation, Henkel Consumer Goods, Inc., H.J. Heinz Company, H.J. Heinz Company, L.P., Foster Poultry Farms, Smithfield Foods, Inc., HP Hood LLC and BEF Foods, Inc. allege various claims under federal and state antitrust law against News Corporation, News America Incorporated (NAI), News America Marketing FSI L.L.C. (NAM FSI), and News America Marketing In-Store Services L.L.C. (NAM In-Store Services and, together with News Corporation, NAI and NAM FSI, the NAM Group), plaintiffs filed a fourth amended complaint on consent of the parties. The fourth amended complaint asserts federal and state antitrust claims both individually and on behalf of two putative classes in connection with plaintiffs purchase of in-store marketing services and free-standing insert coupons. The complaint seeks treble damages, injunctive relief and attorneys fees. The NAM Group answered the fourth amended complaint and asserted counterclaims against The Dial Corporation, H.J. Heinz Company, H.J. Heinz Company, L.P., and Foster Poultry Farms on April 21, 2014, and discovery is proceeding.

On August 11, 2014, plaintiffs filed a motion seeking certification of a class of all persons residing in the United States who purchased in-store marketing services on or after April 5, 2008, and have not purchased those services pursuant to contracts with mandatory arbitration clauses. Plaintiffs did not, however, move to certify a class of purchasers of free-standing insert coupons. On June 18, 2015, the District Court granted plaintiffs motion for class certification, and on July 2, 2015, the NAM Group filed a petition for leave to appeal the District Court s decision to the United States Court of Appeals for the Second Circuit, which plaintiffs have opposed.

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While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, the NAM Group believes it has been compliant with applicable antitrust laws and intends to defend itself vigorously.

Valassis Communications, Inc.

On November 8, 2013, Valassis Communications, Inc. (Valassis) initiated legal proceedings against certain of the Company s subsidiaries alleging violations of various antitrust laws. These proceedings are described in further detail below.

Valassis previously initiated an action against NAI, NAM FSI and NAM In-Store Services (collectively, the NAM Parties), captioned Valassis Communications, Inc. v. News America Incorporated, et al., No. 2:06-cv-10240 (E.D. Mich.), alleging violations of federal antitrust laws, which was settled in February 2010. On November 8, 2013, Valassis filed a motion for expedited discovery in the previously settled case based on its belief that defendants had engaged in activities prohibited under an order issued by the District Court in connection with the parties settlement.

On February 4, 2014, the magistrate judge granted Valassis s motion for expedited discovery. The NAM Parties objected to the magistrate judge s ruling before the District Court and filed a motion to enforce the parties settlement agreement that sought an order that certain of Valassis s claims, if they are allowed to proceed, must be considered by a panel of antitrust experts. On May 20, 2014, the District Court overruled the NAM Parties objections to the magistrate judge s ruling and terminated the motion to enforce the parties settlement agreement as the issues raised in the motion would be addressed in connection with the NAM Group s motion to dismiss Valassis s newly filed complaint, described below.

On October 7, 2014, the NAM Group filed a motion for an order requiring Valassis to show cause why its allegations that the NAM Group engaged in unlawful bundling and tying of in-store marketing services and free-standing insert coupons should not be referred to a panel of antitrust experts for resolution pursuant to the parties settlement. On November 19, 2014, the magistrate judge denied the NAM Group s motion for an order to show cause. The NAM Group objected to the magistrate judge s order, and Valassis opposed those objections. On January 20, 2015, the NAM Parties filed a motion for expedited discovery in the previously settled case, which was granted by the magistrate judge on April 14, 2015.

On February 3, 2015, Valassis filed a Notice of Violation of an order issued by the District Court in the previously settled case. The Notice contains allegations that are substantially similar to the allegations Valassis made in the new complaint, described below, and seeks treble damages, injunctive relief and attorneys fees. The Notice also re-asserts claims of unlawful bundling and tying which the magistrate judge had previously recommended be dismissed from the action described below on the grounds that such claims could only be brought before the panel of antitrust experts. On March 2, 2015, the NAM Group filed a motion to refer the Notice to the panel of antitrust experts or, in the alternative, strike the Notice, which Valassis has opposed.

On November 8, 2013, Valassis also filed a new complaint in the United States District Court for the Eastern District of Michigan against the NAM Group alleging violations of federal and state antitrust laws and common law business torts. The complaint seeks treble damages, injunctive relief and attorneys fees and costs. On December 19, 2013, the NAM Group filed a motion to dismiss the newly filed complaint.

The District Court referred the NAM Group s motion to dismiss to the magistrate judge for determination, and on July 16, 2014, the magistrate judge recommended that the District Court grant the NAM Group s motion in part with respect to certain claims and stay the remainder of the action. Valassis has objected to the magistrate judge s recommendation that the action be stayed.

While it is not possible at this time to predict with any degree of certainty the ultimate outcome of these actions, the NAM Group believes it has been compliant with applicable laws and intends to defend itself vigorously in both actions.

Other

In addition, 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.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

News Corporation s Class A Common Stock and Class B Common Stock are listed and traded on The NASDAQ Global Select Market (NASDAQ), its principal market, under the symbols NWSA and NWS, respectively. CHESS Depositary Interests (CDIs) representing the Company s Class A Common Stock and Class B Common Stock are listed and traded on the Australian Securities Exchange (ASX) under the symbols NWSLV and NWS, respectively. As of June 30, 2015, there were approximately 26,500 holders of record of shares of Class A Common Stock and 800 holders of record of shares of Class B Common Stock.

The following table sets forth, for the fiscal periods indicated, the high and low sales prices for the Class A Common Stock and Class B Common Stock, as reported on NASDAQ.

	Class B Common Stock		Class A Common Stock	
	High	**Low**	**High**	**Low**
Fiscal year ended June 30, 2014:				
First Quarter	$ 17.46	$ 14.52	$ 17.26	$ 14.39
Second Quarter	18.26	16.02	18.07	15.51
Third Quarter	18.03	15.00	18.53	15.44
Fourth Quarter	17.65	15.98	18.18	16.32
Fiscal year ended June 30, 2015:				
First Quarter	17.82	16.01	18.41	16.33
Second Quarter	16.61	14.09	16.96	14.28
Third Quarter	17.11	14.25	17.55	14.68
Fourth Quarter	16.24	13.88	16.45	14.17

Dividends

In August 2015, the Company s Board of Directors (the Board of Directors) declared a semi-annual cash dividend of $0.10 per share of Class A Common Stock and Class B Common Stock. This dividend is payable on October 21, 2015 with a record date for determining dividend entitlements of September 16, 2015. This is the Company s first dividend since completing the Separation. The timing, declaration, amount and payment of future dividends to stockholders, if any, is within the discretion of the Board of Directors. The Board of Directors decisions regarding the payment of future dividends will depend on many factors, including the Company s financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice and other factors that the Board of Directors deems relevant.

Issuer Purchases of Equity Securities

In May 2013, the Board of Directors authorized the Company to repurchase up to an aggregate of $500 million of its Class A Common Stock. On May 10, 2015, the Company announced it had begun repurchasing shares of Class A Common Stock under the stock repurchase program. Through August 6, 2015 the Company repurchased approximately 3.0 million shares of Class A Common Stock for an aggregate purchase price of approximately $45 million. The remaining authorized amount under the stock repurchase program as of August 6, 2015 was approximately $455 million. All decisions regarding any future stock repurchases are at the sole discretion of a duly appointed committee of the Board of Directors and management. The committee s decisions regarding future stock repurchases will be evaluated from time to time in light of many factors, including the Company s financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice and other factors

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that the committee may deem relevant. The stock repurchase authorization may be modified, extended, suspended or discontinued at any time by the Board of Directors and the Board of Directors cannot provide any assurances that any additional shares will be repurchased.

The following table is a summary of the Company s purchases of its Class A Common Stock during the fiscal year ended June 30, 2015.

	Total Number of Shares Repurchased	Average Price per Share	Total Cost of Purchase
	(in thousands, except per share amounts)		
Fiscal 2015 repurchases:			
May	1,286	$ 15.47	$ 19,889
June	824	14.83	12,223
Total fiscal 2015	**2,110**	**$ 15.22**	**$ 32,112**

The Company did not purchase any of its Class B Common Stock during the fiscal year ended June 30, 2015.

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ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated and combined financial data should be read in conjunction with Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations and Item 8 Financial Statements and Supplementary Data and the other financial information included elsewhere herein.

	For the fiscal years ended June 30, (in millions except per share information)				
	2015[(a)]	**2014[(a)]**	**2013[(a)]**	**2012[(b)]**	**2011**
STATEMENT OF OPERATIONS DATA:					
Revenues	$ 8,633	$ 8,574	$ 8,891	$ 8,654	$ 9,095
Net (loss) income attributable to News Corporation stockholders	(147)	239	506	(2,075)	678
(Loss) income available to News Corporation stockholders per share basic[(d)]	(0.26)	0.41	0.87	(3.58)	1.17
(Loss) income available to News Corporation stockholders per share diluted[(d)]	(0.26)	0.41	0.87	(3.58)	1.17

	As of June 30, (in millions)				
	2015	**2014**	**2013[(e)]**	**2012**	**2011[(c)]**
BALANCE SHEET DATA:					
Cash and cash equivalents	$ 1,951	$ 3,145	$ 2,381	$ 1,133	$ 2,022
Total assets	15,093	16,489	15,643	13,090	17,008
Redeemable preferred stock	20	20	20		

(a) See Notes 3, 4, 5, 7 and 14 to the Consolidated Financial Statements of News Corporation for information with respect to significant acquisitions, disposals, impairment charges, restructuring charges, contingencies and legal settlements and other transactions during fiscal 2015, 2014 and 2013.

(b) During fiscal 2012, the Company recorded non-cash impairment charges of approximately $2.6 billion ($2.2 billion, net of tax) related to the News and Information Services segment.

(c) During fiscal 2011, the Company acquired Wireless Generation Inc. (now Amplify Insight) for total consideration of approximately $380 million, net of cash acquired, which included the equity purchase and the repayment of Wireless Generation Inc. s outstanding debt.

(d) On June 28, 2013, (the Distribution Date), approximately 579 million shares of News Corporation common stock were distributed to 21st Century Fox shareholders of record on June 21, 2013. This initial share amount is being utilized for the calculation of both basic and diluted earnings per share for all years presented that ended prior to the Distribution Date as no News Corporation common stock or equity-based awards were outstanding prior to June 28, 2013. The dilutive effect of the Company s equity-based awards which were issued in connection with the Separation and the conversion of outstanding 21st Century Fox awards to News Corporation awards is included in the computation of diluted earnings per share in the periods subsequent to the Separation.

(e) In accordance with the Separation and Distribution Agreement, the Company s target aggregate cash and cash equivalents balance at the Distribution Date was approximately $2.6 billion. As of June 30, 2013, the Company had cash and cash equivalents of approximately $2.4 billion. The remaining $0.2 billion was received from 21st Century Fox during the first quarter of fiscal 2014 and was recorded in Amounts due from 21st Century Fox on the Consolidated Balance Sheet as of June 30, 2013.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis contains statements that constitute forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the Securities Act of 1933, as amended. All statements that are not statements of historical fact are forward-looking statements. 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 discussion and analysis and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things, trends affecting the Company s financial condition or results of operations and the outcome of contingencies such as litigation and investigations. Readers 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 important factors that could cause actual results to differ materially from those in the forward-looking statements is set forth under the heading Risk Factors in Item 1A of this Annual Report on Form 10-K (the Annual Report). The Company 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 the Company with the Securities and Exchange Commission (the SEC). This section should be read together with the Consolidated Financial Statements of News Corporation and related notes set forth elsewhere in this Annual Report.

INTRODUCTION

News Corporation (together with its subsidiaries, News Corporation, News Corp, the Company, we, or us) is a global diversified media and information services company comprised of businesses across a range of media, including: news and information services, book publishing, digital real estate services, cable network programming in Australia, digital education and pay-TV distribution in Australia.

The Separation and Distribution

On June 28, 2013 (the Distribution Date), the Company completed the separation of its businesses (the Separation) from Twenty-First Century Fox, Inc. (21st Century Fox). As of the effective time of the Separation, all of the outstanding shares of the Company were distributed to 21st Century Fox stockholders based on a distribution ratio of one share of Company Class A or Class B Common Stock for every four shares of 21st Century Fox Class A or Class B Common Stock, respectively, held of record as of June 21, 2013 (the Record Date). Following the Separation, the Company s Class A and Class B Common Stock began trading independently on The NASDAQ Global Select Market (NASDAQ), and CHESS Depositary Interests representing the Company s Class A and Class B Common Stock began trading on the Australian Securities Exchange (ASX). In connection with the Separation, the Company entered into the Separation and Distribution Agreement (the Separation and Distribution Agreement) and certain other related agreements which govern the Company s relationship with 21st Century Fox following the Separation. (See Note 13 to the Consolidated Financial Statements).

The Company s financial statements as of and for the fiscal years ended June 30, 2015, 2014 and 2013 are presented on a consolidated basis. The Company s consolidated statements of operations for the fiscal years ended June 30, 2015 and 2014 reflect the Company s operations as a stand-alone company. The Company s consolidated balance sheets as of June 30, 2015 and 2014 consist of the Company s consolidated balances, subsequent to the Separation.

Prior to the Separation, the Company s combined financial statements were prepared on a stand-alone basis derived from the consolidated financial statements and accounting records of 21st Century Fox. The Company s consolidated statement of operations for the fiscal year ended June 30, 2013 included allocations of general

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corporate expenses for certain support functions that were provided on a centralized basis by 21st Century Fox and not recorded at the business unit level, such as expenses related to finance, human resources, information technology, facilities, and legal, among others. These expenses were allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a pro rata basis of consolidated revenues, operating income, headcount or other measures of the Company. Management believes the assumptions underlying these consolidated financial statements, including the assumptions regarding allocating general corporate expenses from 21st Century Fox, were reasonable. Nevertheless, these consolidated financial statements may not include all of the actual expenses that would have been incurred by the Company and may not reflect the Company s consolidated results of operations and cash flows had it been a stand-alone company during the applicable periods. Actual costs that would have been incurred if the Company had been a stand-alone company for the full fiscal year would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

The consolidated financial statements are referred to as the Financial Statements herein. The consolidated statements of operations are referred to as the Statements of Operations herein. The consolidated balance sheets are referred to as the Balance Sheets herein. The consolidated statements of cash flows are referred to as the Statements of Cash Flows herein.

The Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP).

For purposes of the Company s Financial Statements for periods prior to the Separation, income tax expense was recorded as if the Company filed tax returns on a stand-alone basis separate from 21st Century Fox. This separate return methodology applies the accounting guidance for income taxes to the stand-alone financial statements as if the Company was a stand-alone enterprise for the periods prior to the Distribution Date. Therefore, cash tax payments for periods prior to the Separation may not be reflective of the Company s actual tax balances. Prior to the Separation, the Company s operating results were included in 21st Century Fox s consolidated U.S. federal and state income tax returns. The calculation of the Company s income taxes involves considerable judgment and the use of both estimates and allocations.

Management s discussion and analysis of financial condition and results of operations is intended to help provide an understanding of News Corporation s 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 occurred during fiscal 2015, fiscal 2014 and 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 fiscal years ended June 30, 2015, respectively. This analysis is presented on a consolidated basis and a segment basis. In addition, a brief description is provided of significant transactions and events that impact the comparability of the results being analyzed.

Liquidity and Capital Resources This section provides an analysis of the Company s cash flows for the three fiscal years ended June 30, 2015, respectively, as well as a discussion of the Company s financial arrangements and outstanding commitments, both firm and contingent, that existed as of June 30, 2015.

Critical Accounting Policies This section discusses accounting policies considered important to the Company s financial condition and results of operations, and which require significant judgment and estimates on the part of management in application. In addition, Note 2 to the Consolidated Financial Statements summarizes the Company s significant accounting policies, including the critical accounting policy discussion found in this section.

OVERVIEW OF THE COMPANY S BUSINESSES

The Company manages and reports its businesses in the following six segments:

News and Information Services The News and Information Services segment includes the global print and digital product offerings of *The Wall Street Journal* and *Barron s* publications, Marketwatch, and the Company s suite of professional information products, including Factiva, Dow Jones Risk & Compliance, Dow Jones Newswires, Dow Jones Private Markets and DJX.

The Company also owns, among other publications, *The Australian, The Daily Telegraph, Herald Sun* and *The Courier Mail* in Australia*, The Times, The Sunday Times, The Sun* and *The Sun on Sunday* in the U.K. and the *New York Post* in the U.S. This segment also includes News America Marketing, a leading provider of free-standing inserts, in-store marketing products and services and digital marketing solutions. News America Marketing s customers include many of the largest consumer packaged goods advertisers in the U.S. and Canada.

Book Publishing The Book Publishing segment consists of HarperCollins, the second largest consumer book publisher in the world, with operations in 18 countries and particular strengths in general fiction, nonfiction, children s and religious publishing. HarperCollins includes over 120 branded publishing imprints, including Avon, Harper, HarperCollins Children s Books, William Morrow, Harlequin and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as Harper Lee, Mitch Albom, Veronica Roth, Rick Warren and Agatha Christie and popular titles such as *The Hobbit*, *Goodnight Moon*, *To Kill a Mockingbird* and the *Divergent* series.

Digital Real Estate Services The Digital Real Estate Services segment consists of the Company s interests in REA Group Limited (REA Group) and Move, Inc. (Move). REA Group is a publicly traded company listed on the ASX (ASX: REA) that is a leading multinational digital advertising business specializing in property. REA Group operates Australia s leading residential and commercial property websites, realestate.com.au and realcommercial.com.au, as well as European property sites and Chinese property site myfun.com. The Company holds a 61.6% interest in REA Group.

Move, acquired in November 2014, is a leading provider of online real estate services in the U.S. and primarily operates realtor.com®, a premier real estate information and services marketplace. Move also offers a number of professional software and services products, including Top Producer®, TigerLead® and ListHub™. The Company owns an 80% interest in Move, with the remaining 20% being held by REA Group.

Cable Network Programming The Cable Network Programming segment consists of FOX SPORTS Australia, the leading sports programming provider in Australia, with seven high definition television channels distributed via cable, satellite and IP, several interactive viewing applications and broadcast rights to live sporting events in Australia including: National Rugby League, the domestic football league, English Premier League, international cricket and Australian Rugby Union.

Digital Education The Digital Education segment consists of Amplify, the brand for the Company s digital education business, which it launched in July 2012. Amplify is dedicated to creating technology solutions that transform the way teachers teach and students learn.

Other The Other segment consists primarily of general corporate overhead expenses, the corporate Strategy and Creative Group, and costs related to the U.K. Newspaper Matters (as defined in Item 1A. Risk Factors). The Company s corporate Strategy and Creative Group was formed to identify new products and services across its businesses to increase revenues and profitability and to target and assess potential acquisitions and investments.

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News and Information Services

Revenue at the News and Information Services segment is derived from the sale of advertising, circulation and subscriptions, as well as licensing. Adverse changes in general market conditions for advertising continue to affect revenues. Advertising revenues at the News and Information Services segment are also subject to seasonality, with revenues typically being highest in the Company s second fiscal quarter due to the end-of-year holiday season in its main operating geographies. 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, third party printing, editorial and commissions. Selling, general and administrative expenses include promotional expenses, salaries, employee benefits, rent and other routine overhead.

The News and Information Services 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 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 News and Information Services 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, pricing and, from time to time, various promotions. The success of these products also 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 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 overall 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. Technologies such as smartphones, tablets and similar devices and their related applications provides continued opportunities for the Company to make its journalism available 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 implementation of digital subscriptions.

Book Publishing

The Book Publishing segment derives revenues from the sale of general fiction, nonfiction, children s and religious books in the U.S. and internationally. The revenues and operating results of the Book Publishing segment are significantly affected by the timing of releases and the number of its books in the marketplace. The book publishing marketplace is subject to increased periods of demand during the end-of-year holiday season in its main operating geographies. This marketplace continues to change due to technical innovations, electronic book devices and other factors. Each book is a separate and distinct product, and its financial success depends upon many factors, including public acceptance.

Major new title releases represent a significant portion of the Book Publishing segment s sales throughout the fiscal year. Print-based consumer books are generally sold on a fully returnable basis, resulting in the return of unsold books. In the domestic and international markets, the Book Publishing segment is subject to global trends and local economic conditions.

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Operating expenses for the Book Publishing segment include costs related to paper, printing, authors royalties, editorial, promotional, art and design expenses. Selling, general and administrative expenses include salaries, employee benefits, rent and other routine overhead.

Digital Real Estate Services

The Digital Real Estate Services segment sells online advertising services on its residential real estate and commercial property sites and also licenses certain professional software products on a subscription basis. Significant expenses associated with these sites and software solutions include development costs, advertising and promotional expenses, hosting and support services, salaries, employee benefits and other routine overhead expenses.

Consumers are increasingly turning to the Internet and mobile devices for real estate information. The Digital Real Estate Services segment s success depends on its continued innovation to provide products and services that make its websites and mobile applications useful for consumers and real estate and mortgage professionals and attractive to its advertisers.

Cable Network Programming

The Cable Network Programming segment consists of FOX SPORTS Australia, which offers the following seven channels in high definition: FOX SPORTS 1, FOX SPORTS 2, FOX SPORTS 3, FOX SPORTS 4, FOX SPORTS 5, FOX FOOTY and FOX SPORTS NEWS. Revenue is primarily derived from monthly affiliate fees received from pay-tv providers (mainly Foxtel) based on the number of subscribers.

FOX SPORTS Australia competes primarily with ESPN, beIN SPORTS, the Free-To-Air (FTA) channels and certain telecommunications companies in Australia.

The most significant operating expenses of 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 broadcast operations. The expenses associated with licensing programming rights are recognized during the applicable season or event, which can cause results at the Cable Network Programming Segment to fluctuate based on the timing and mix of the Company s local and international sports programming. Other expenses include marketing and promotional expenses related to improving the market visibility and awareness of the channels and their programming. Additional expenses include salaries, employee benefits, rent and other routine overhead expenses.

Digital Education

The Digital Education segment consists of Amplify, the brand for the Company s digital education business. Amplify s technology solutions transform the way teachers teach and students learn in two primary areas:

Amplify Insight, Amplify s data and assessment business, which formerly operated under the brand Wireless Generation, Inc. (Wireless Generation), commenced operations in 2000 and was acquired in fiscal 2011. Amplify Insight provides powerful assessment products and services to support teachers and school districts, including student assessment tools and analytic technologies, intervention programs, enterprise education information systems, and professional development and consulting services.

Amplify Learning, Amplify s curriculum business, is developing digital content for K-12 English Language Arts, Math and Science, including software that will combine interactive, game-like experiences, rich, immersive media and sophisticated analytics to make the classroom teaching and learning experience more engaging, rigorous, personalized and effective. Amplify Learning s digital curriculum incorporates the Common Core State Standards adopted by most states in the U.S. and is available for use on multiple platforms.

Amplify also operates Amplify Access, a platform business that delivers a tablet-based distribution system which includes a tablet designed for the K-12 market, instructional software and curated third-party content.

The Company has initiated a strategic review of its digital education business. In the fourth quarter of fiscal 2015, the Company determined it would cease actively marketing Amplify s Access products to new customers; however, it will continue to provide service and support to its existing customers. The Company is reviewing strategic alternatives with respect to the Insight and Learning businesses.

Significant expenses associated with the Company s digital education business include product development costs, salaries, employee benefits and other routine overhead.

Other

The Other segment primarily consists of general corporate overhead expenses, the corporate Strategy and Creative Group and costs related to the U.K. Newspaper Matters. The Company s corporate Strategy and Creative Group was formed to identify new products and services across the Company s businesses to increase revenues and profitability and to target and assess potential acquisitions and investments.

Other Business Developments

During fiscal 2015, the Company purchased a 14.99% interest in APN News and Media Limited (APN) for approximately $112 million. APN operates a portfolio of Australian and New Zealand radio and outdoor media assets and small regional print interests.

In November 2014, the Company completed its acquisition of Move, a leading provider of online real estate services. The acquisition expanded the Company s digital real estate services business into the U.S., one of the largest real estate markets. The aggregate cash payment at closing to acquire the outstanding shares of Move was approximately $864 million, which was funded with cash on hand. The Company also assumed equity-based compensation awards with a fair value of $67 million, of which $28 million was allocated to pre-combination services and included in total consideration transferred for Move. The remaining $39 million was allocated to future services and will be expensed over the weighted average remaining service period of 2.5 years. In addition, the Company assumed Move s outstanding indebtedness of approximately $129 million, which the Company settled following the acquisition, and acquired approximately $108 million of cash.

The total transaction value for the Move acquisition is set forth below (in millions):

Cash paid for Move equity	$ 864
Assumed equity-based compensation awards pre-combination services	28
Total consideration transferred	892
Plus: Assumed debt	129
Plus: Assumed equity-based compensation awards post-combination services	39
Less: Cash acquired	(108)
Total transaction value	$ 952

In November 2014, SEEK Asia Limited (SEEK Asia), in which the Company owned a 12.1% interest, acquired the online employment businesses of JobStreet Corporation Berhad (JobStreet), which were combined with JobsDB, Inc., SEEK Asia s existing online employment business. The transaction was funded primarily through additional contributions by SEEK Asia shareholders which did not have an impact on the Company s ownership. The Company s share of the funding contribution was approximately $60 million. In June 2015, the Company purchased an additional 0.8% interest in SEEK Asia for approximately $7 million, which increased the Company s investment to approximately 12.9%.

In August 2014, the Company acquired Harlequin Enterprises Limited (Harlequin) from Torstar Corporation for $414 million in cash, net of $19 million of cash acquired. Harlequin is a leading publisher of women s fiction and extends HarperCollins global platform, particularly in Europe and Asia Pacific. Harlequin is a subsidiary of HarperCollins, and its results are included within the Book Publishing segment.

In July 2014, REA Group purchased a 17.22% interest in iProperty Group Limited (ASX: IPP) (iProperty) for total cash consideration of approximately $100 million. iProperty has online property advertising operations primarily in Malaysia, Indonesia, Hong Kong, Macau, Thailand and Singapore. In December 2014, REA Group sold Squarefoot, its Hong Kong based business, to iProperty in exchange for an additional 2.2% interest in iProperty. As of June 30, 2015, including an acquisition of additional shares of iProperty in October 2014, REA Group owns an approximate 19.9% interest in iProperty.

In April 2014, The Rubicon Project (Rubicon), in which the Company owned approximately 5.6 million shares as of March 31, 2014, completed an initial public offering of its common stock. The Company sold approximately 850 thousand shares as part of the public offering which resulted in a pre-tax gain on sale of $6 million. Prior to the public offering, the Company s investment in Rubicon was recorded in the Balance Sheets at cost. As a result of the offering, the Company s remaining investment in Rubicon was designated as an available-for-sale security as of April 2014, and carried at fair value. Unrealized gains and losses from available-for-sale securities are reported as a component of accumulated other comprehensive (loss) income, net of tax, in stockholders equity.

In December 2013, the Company acquired Storyful Limited (Storyful), a social media news agency, for approximately $25 million, of which $19 million was paid in cash, with the remainder primarily related to an earn-out that is contingent upon the achievement of certain performance objectives. The Storyful acquisition complements the Company s existing video capabilities, including the creation and distribution of original and on-demand programming such as WSJ Live and BallBall. Storyful s results are included within the News and Information Services segment.

In September 2013, the Company sold the Dow Jones Local Media Group, which operated eight daily and 15 weekly newspapers in seven states. The gain recognized on the sale of LMG was not significant as the carrying value of the assets held for sale on the date of sale approximated the proceeds received.

In April 2013, the Company sold its remaining 10% investment in the Dow Jones Indexes business to CME Group, Inc. (CME). Since 2010, the Company has divested all of its interests in the Dow Jones Indexes business and STOXX and received cumulative proceeds of approximately $1 billion.

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

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. This acquisition supports the Company s strategic priority of acquiring greater control of investments that complement its portfolio of businesses. CMH owned a 25% interest in Foxtel through its 50% interest in FOX SPORTS Australia. 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 have been included within the Cable Network Programming segment in the Company s consolidated results of operations since 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 July 2012, the Company acquired Australian Independent Business Media Pty Limited (AIBM) for approximately $30 million in cash. AIBM publishes a subscription-based online newsletter for investors and a business news and commentary website.

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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.

Results of Operations Fiscal 2015 versus Fiscal 2014

The following table sets forth the Company s operating results for fiscal 2015 as compared to fiscal 2014.

	For the fiscal years ended June 30,			
(in millions, except %)	**2015**	**2014**	**Change**	**% Change Better/(Worse)**
Revenues:				
Advertising	$ 3,835	$ 4,019	$ (184)	(5)%
Circulation and Subscription	2,654	2,688	(34)	(1)%
Consumer	1,594	1,374	220	16 %
Other	550	493	57	12 %
Total Revenues	8,633	8,574	59	1 %
Operating expenses	(5,025)	(5,139)	114	2 %
Selling, general and administrative	(2,756)	(2,665)	(91)	(3)%
Depreciation and amortization	(530)	(578)	48	8 %
Impairment and restructuring charges	(455)	(94)	(361)	**
Equity earnings of affiliates	58	90	(32)	(36)%
Interest, net	56	68	(12)	(18)%
Other, net	75	(653)	728	**
Income (loss) before income tax (expense) benefit	**56**	**(397)**	**453**	**
Income tax (expense) benefit	(134)	691	(825)	**
Net (loss) income	(78)	294	(372)	**
Less: Net income attributable to noncontrolling interests	(69)	(55)	(14)	(25)%
Net (loss) income attributable to News Corporation	**$ (147)**	**$ 239**	**$ (386)**	**

** not meaningful

Revenues Revenues increased $59 million, or 1%, for the fiscal year ended June 30, 2015 as compared to fiscal 2014. The revenue increase was primarily due to increased revenues at the Book Publishing segment of $233 million, primarily as a result of the acquisition of Harlequin in August 2014, and increased revenues at the Digital Real Estate Services segment of $217 million, primarily as a result of the acquisition of Move in November 2014, and to a lesser extent, increased revenues at REA Group. These revenue increases were partially offset by a decrease in revenues at the News and Information Services segment of $422 million for the fiscal year ended June 30, 2015, primarily resulting from weakness in the print advertising market and the negative impact of foreign currency fluctuations, partially offset by an increase in other revenues.

Operating Expenses Operating expenses decreased $114 million, or 2%, for the fiscal year ended June 30, 2015 as compared to fiscal 2014. The decrease in Operating expenses was mainly due to lower operating expenses at the News and Information Services segment of $264 million due to lower production and distribution costs resulting from reduced sales, the positive impact of foreign currency fluctuations and the impact of cost savings initiatives. The decrease in Operating expenses was partially offset by higher operating expenses at the Book Publishing and Digital Real Estate Services segments, primarily due to the acquisitions of Harlequin and Move, respectively. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an Operating expense decrease of $143 million for the fiscal year ended June 30, 2015 as compared to fiscal 2014.

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Selling, general and administrative expenses Selling, general and administrative expenses increased $91 million, or 3%, for the fiscal year ended June 30, 2015 as compared to fiscal 2014. The increase in Selling, general and administrative expenses was primarily due to higher expenses at the Digital Real Estate Services segment, primarily as a result of the acquisition of Move, including one-time transaction costs associated with the acquisition of $19 million, higher expenses at the Book Publishing segment, primarily as a result of the acquisition of Harlequin, increased legal costs of $20 million at News America Marketing and the impact of dual rent and other facility related costs of $13 million. These increases were partially offset by the positive impact of foreign currency fluctuations, a decrease at the Digital Education segment of $89 million, primarily due to the capitalization of software costs at Amplify in the fiscal year ended June 30, 2015, and the impact of cost savings initiatives. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Selling, general and administrative expense decrease of $127 million for the fiscal year ended June 30, 2015 as compared to fiscal 2014.

Depreciation and amortization Depreciation and amortization expense decreased $48 million, or 8%, for the fiscal year ended June 30, 2015 as compared to fiscal 2014, primarily due to lower depreciation expense at the News and Information Services segment of $93 million, partially offset by increased depreciation at the Digital Real Estate Services segment and Book Publishing segment, primarily due to the acquisitions of Move and Harlequin, respectively. Depreciation and amortization in fiscal 2014 included approximately $30 million related to accelerated depreciation at the U.K. newspapers as a result of changes in the useful lives of leased facilities that the Company exited in fiscal 2014. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a depreciation and amortization expense decrease of $22 million for the fiscal year ended June 30, 2015 as compared to fiscal 2014.

Impairment and restructuring charges During the fourth quarter of fiscal 2015, as part of the Company s long-range planning process, the Company changed its strategy and related outlook with respect to the Amplify reporting unit which resulted in a reduction in expected future cash flows for the business. As a result, the Company determined that the fair value of this reporting unit declined below its carrying value and recorded a non-cash impairment charge of $371 million, with no associated current tax impact, in the fiscal year ended June 30, 2015. The charge primarily consisted of a write-down of the Company s goodwill of $325 million and a write-down of capitalized software development costs of $45 million. (See Note 7 to the Consolidated Financial Statements.)

In fiscal 2015, the Company recorded restructuring charges of $84 million, of which $75 million related to the News and Information Services segment. The restructuring charges were primarily related to employee termination benefits.

In fiscal 2014, the Company recorded impairment charges of $15 million, primarily related to the sale of a U.S. printing facility. In fiscal 2014, the Company recorded restructuring charges of $79 million, of which $67 million related to the News and Information Services segment. The restructuring charges were primarily related to employee termination benefits.

Equity earnings of affiliates Equity earnings of affiliates decreased $32 million, or 36%, for the fiscal year ended June 30, 2015 as compared to fiscal 2014, primarily due to lower net income at Foxtel.

	For the fiscal years ended June 30,			
	2015	**2014**	**Change**	**% Change**
(in millions, except %)			**Better/(Worse)**	
Foxtel[(a)]	$ 59	$ 90	$ (31)	(34)%
Other equity affiliates, net	(1)		(1)	**
Total Equity earnings of affiliates	$ 58	$ 90	$ (32)	(36)%

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(a) In accordance with ASC 350, Intangibles Goodwill and Other (ASC 350), the Company amortized $57 million and $62 million related to excess cost over the Company s proportionate share of its investment s underlying net assets allocated to finite-lived intangible assets during the fiscal years ended June 30, 2015 and 2014, respectively. Such amortization is reflected in Equity earnings of affiliates in the Statements of Operations. (See Note 5 to the Consolidated Financial Statements).

For the fiscal year ended June 30, 2015, Foxtel revenues of $2,658 million were down from $2,897 million in fiscal 2014, due to the adverse impact of foreign currency fluctuations which more than offset higher subscription revenues. In local currency, Foxtel revenues increased marginally. For the fiscal year ended June 30, 2015, Foxtel operating income of $441 million decreased from $554 million in fiscal 2014, primarily due to the negative impact of foreign currency fluctuations and short-term impacts related to investment in key initiatives: the new Foxtel pricing and packaging, increased investment in Presto and the launch of Triple Play. For the fiscal year ended June 30, 2015 Foxtel net income of $232 million decreased from $304 million in the prior year as a result of the decrease in operating income discussed above, partially offset by favorable fair value movements on hedged items.

Interest, net Interest, net for the fiscal year ended June 30, 2015 decreased $12 million, or 18%, as compared to fiscal 2014, primarily due to a lower overall cash balance during the fiscal year ended June 30, 2015 and the negative impact of foreign currency fluctuations.

Other, net

(in millions)	**For the fiscal years ended June 30, 2015**	**2014**
Foreign tax refund payable to 21st Century Fox[a]	$	$ (721)
Gain on third party pension contribution[b]		37
Gain on sale of Australian property		36
Gain on sale of marketable securities[c]	29	6
Dividends received from cost method investments	25	
Gain on sale of cost method investments	15	
Other	6	(11)
Total Other, net	$ 75	$ (653)

(a) For the fiscal year ended June 30, 2014, the Company recorded a receivable related to a refund of taxes plus interest in a foreign jurisdiction of $794 million and recorded a tax benefit, net of applicable taxes on interest, of $721 million to Income tax benefit in the Statements of Operations. Refunds received related to this matter were remitted to 21st Century Fox, net of applicable taxes on interest, in accordance with the terms of the Tax Sharing and Indemnification Agreement. Accordingly, for the fiscal year ended June 30, 2014, the Company recorded an expense to Other, net of $721 million for the payable to 21st Century Fox in the Statements of Operations. (See Note 17 to the Consolidated Financial Statements).

(b) During the first quarter of fiscal 2014, a $37 million contribution was made by a third party to one of the Company s pension plans in connection with the sale of a business in a prior period. The contribution was contractually stipulated in the sale agreement and was made on behalf of former employees who retained certain pension benefits. This resulted in a gain being recognized in Other, net in the Statements of Operations during the fiscal year ended June 30, 2014. (See Note 15 to the Consolidated Financial Statements).

(c) In August 2014, REA Group completed the sale of a minority interest held in marketable securities for total cash consideration of $104 million. As a result of the sale, REA Group recognized a pre-tax gain of $29 million, which was reclassified out of accumulated other comprehensive (loss) income and included in Other, net in the Statement of Operations.

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Income tax (expense) benefit The Company s income tax expense and effective tax rate for the fiscal year ended June 30, 2015 were $134 million and 239%, respectively, as compared to an income tax benefit and effective tax rate of $691 million and 174%, respectively, for fiscal 2014.

For the fiscal year ended June 30, 2015, the Company s effective tax rate increased 201% as a result of non-recurring impairment charges which are not deductible for tax purposes, partially offset by the benefit of foreign operations in Australia and the United Kingdom which were subject to lower tax rates which decreased the effective tax rate by 23%. (See Note 17 to the Consolidated Financial Statements).

For the fiscal year ended June 30, 2014 the Company recorded a tax benefit, net of applicable tax on interest, related to refunds received from a foreign jurisdiction which increased the effective tax rate by 182%. In accordance with the terms of the Tax Sharing and Indemnification Agreement, the Company remitted the foreign tax refunds to 21st Century Fox and recorded an expense to Other, net in the Statements of Operations. (See Note 17 to the Consolidated Financial Statements). The expense recorded to Other, net is not deductible for income tax purposes and resulted in a 64% reduction to the effective tax rate. The Company also recorded a benefit related to the effects of foreign operations in Australia and the United Kingdom which were subject to lower tax rates which increased the effective tax rate by 17%.

Net (loss) income) Net income decreased $372 million for the fiscal year ended June 30, 2015 as compared to fiscal 2014. The decrease in net income primarily related to the impairment charge in the Digital Education segment, lower equity earnings and higher taxes as noted above, partially offset by higher Segment EBITDA and favorable depreciation expense.

Net income attributable to noncontrolling interests Net income attributable to noncontrolling interests increased by $14 million for the fiscal year ended June 30, 2015 as compared to fiscal 2014, due to higher results at REA Group.

Segment Analysis

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: Depreciation and amortization, impairment and restructuring charges, equity earnings of affiliates, interest, net, other, net, income tax (expense) benefit and net income attributable to noncontrolling interests. Management believes that Segment EBITDA 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 of and allocate resources within the Company s businesses. Segment EBITDA provides management, investors and equity analysts with 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).

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Total Segment EBITDA is a non-GAAP measure and should be considered in addition to, not as a substitute for, net (loss) income, cash flow and other measures of financial performance reported in accordance with GAAP. In addition, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment and restructuring charges, which are significant components in assessing the Company s financial performance. The following table reconciles Total Segment EBITDA to Net (loss) income:

	For the fiscal years ended June 30,			
	2015	2014	Change	% Change
(in millions, except %)			Better/(Worse)	
Revenues	$ 8,633	$ 8,574	$ 59	1 %
Operating expenses	(5,025)	(5,139)	114	2 %
Selling, general and administrative expenses	(2,756)	(2,665)	(91)	(3)%
Total Segment EBITDA	852	770	82	11 %
Depreciation and amortization	(530)	(578)	48	8 %
Impairment and restructuring charges	(455)	(94)	(361)	**
Equity earnings of affiliates	58	90	(32)	(36)%
Interest, net	56	68	(12)	(18)%
Other, net	75	(653)	728	**
Income (loss) before income tax (expense) benefit	56	(397)	453	**
Income tax (expense) benefit	(134)	691	(825)	**
Net (loss) income	$ (78)	$ 294	$ (372)	**

** not meaningful

	For the fiscal years ended June 30,			
	2015		2014	
(in millions)	Revenues	Segment EBITDA	Revenues	Segment EBITDA
News and Information Services	$ 5,731	$ 603	$ 6,153	$ 665
Book Publishing	1,667	221	1,434	197
Digital Real Estate Services	625	201	408	214
Cable Network Programming	500	135	491	128
Digital Education	109	(93)	88	(193)
Other	1	(215)		(241)
Total	$ 8,633	$ 852	$ 8,574	$ 770

News and Information Services (67% and 71% of the Company s consolidated revenues in fiscal 2015 and 2014, respectively)

	For the fiscal years ended June 30,			
	2015	2014	Change	% Change
(in millions, except %)			Better/(Worse)	
Revenues:				
Advertising	$ 3,163	$ 3,529	$ (366)	(10)%

Circulation and Subscription	2,159	2,245	(86)	(4)%
Other	409	379	30	8 %
Total Revenues	**5,731**	**6,153**	**(422)**	**(7)%**
Operating expenses	(3,442)	(3,706)	264	7 %
Selling, general and administrative	(1,686)	(1,782)	96	5 %
Segment EBITDA	**$ 603**	**$ 665**	**$ (62)**	**(9)%**

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For the fiscal year ended June 30, 2015, revenues at the News and Information Services segment decreased $422 million, or 7%, as compared to fiscal 2014. The revenue decrease was primarily due to lower advertising revenues of $366 million as compared to fiscal 2014, primarily resulting from lower print advertising revenues throughout the segment. Circulation and subscription revenues for the fiscal year ended June 30, 2015 decreased $86 million as compared to fiscal 2014, primarily as a result of the negative impact of foreign currency fluctuations. Other revenues for the fiscal year ended June 30, 2015 increased $30 million, primarily due to increased other revenues at News Corp Australia.

For the fiscal year ended June 30, 2015, Segment EBITDA at the News and Information Services segment decreased $62 million, or 9%, as compared to fiscal 2014. The decrease was primarily due to a decrease at News America Marketing of $20 million, due to increased legal expenses of $20 million, as decreased advertising revenues were offset by lower operating costs, a decrease at Dow Jones of $16 million, primarily due to lower revenues, partially offset by lower expenses related to volume declines and the impact of cost savings initiatives, a decrease at the Australian newspapers of $10 million due to the negative impact of foreign currency fluctuations, which more than offset lower expenses and the impact of cost savings initiatives, and a decrease at the U.K. newspapers of $10 million. The decrease at the U.K. newspapers was principally as a result of lower revenues, the impact of dual rent and other facility related costs of $13 million, one-time expenses of $11 million related to the termination of a distribution contract in connection with continued cost reduction initiatives and the release of legal reserves resulting from a favorable arbitration ruling in the prior year period of $8 million, which more than offset costs savings initiatives and lower marketing costs.

News Corp Australia

Revenues at the Australian newspapers for the fiscal year ended June 30, 2015 decreased 9% compared to fiscal 2014 with the impact of foreign currency fluctuations of the U.S. dollar against the Australian dollar resulting in a revenue decrease of $145 million, or 8%. Revenues declined marginally in local currency. Advertising revenues declined $153 million, primarily as a result of the negative impact of foreign currency fluctuations and weakness in the print advertising market in Australia, partially offset by growth in digital revenues driven by news.com.au. Circulation and subscription revenues declined $37 million due to the negative impact of foreign currency fluctuations as price increases and growth in digital subscribers offset print volume declines. These decreases were partially offset by increased other revenues.

News UK

For the fiscal year ended June 30, 2015, revenues at the U.K. newspapers decreased 7% as compared to fiscal 2014. The decrease was primarily due to lower advertising revenues of $82 million resulting from overall print market declines, primarily at *The Sun*. Circulation and subscription revenues decreased $18 million as single-copy volume declines at *The Sun* and *The Sunday Times* and the negative impact of foreign currency fluctuations more than offset the impact of price increases and print and digital subscriber growth. The impact of foreign currency fluctuations of the U.S. dollar against the British pound resulted in a revenue decrease of $45 million, or 3%, for the fiscal year ended June 30, 2015 as compared to fiscal 2014.

Dow Jones

Revenues for the fiscal year ended June 30, 2015 were down 4% compared to fiscal 2014, primarily due to lower revenues of $28 million resulting from the sale of the Dow Jones Local Media Group in September 2013, lower advertising revenues of $21 million as a result of print advertising declines and lower circulation and subscription revenues of $18 million, primarily as a result of decreased professional information business revenues of $42 million, partially offset by increased circulation revenues of $24 million as a result of price increases at *The Wall Street Journal* and WSJ.com. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of $13 million, or 1%, for the fiscal year ended June 30, 2015.

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News America Marketing

Revenues at News America Marketing decreased 7% for the fiscal year ended June 30, 2015 as compared to fiscal 2014, primarily due to decreased revenues for free-standing insert products of $87 million.

Book Publishing (19% and 17% of the Company s consolidated revenues in fiscal 2015 and 2014, respectively)

	For the fiscal years ended June 30,			
	2015	2014	Change	% Change
(in millions, except %)			Better/(Worse)	
Revenues:				
Consumer	$ 1,594	$ 1,374	$ 220	16 %
Other	73	60	13	22 %
Total Revenues	**1,667**	**1,434**	**233**	**16 %**
Operating expenses	(1,106)	(1,029)	(77)	(7)%
Selling, general and administrative	(340)	(208)	(132)	(63)%
Segment EBITDA	**$ 221**	**$ 197**	**$ 24**	**12 %**

For the fiscal year ended June 30, 2015, revenues at the Book Publishing segment increased $233 million, or 16%, as compared to fiscal 2014. The increase was primarily the result of the acquisition of Harlequin, which contributed $281 million of revenues during fiscal 2015. Consumer revenues associated with print and digital book sales at HarperCollins other divisions decreased $44 million, as increased backlist sales in the general and children s books categories, notably *American Sniper* by Chris Kyle, partially offset lower revenues from the *Divergent* series by Veronica Roth of $84 million and the negative impact of foreign currency fluctuations. The Company sold 8.3 million net units of the *Divergent* series in the fiscal year ended June 30, 2015 as compared to 19.2 million net units in fiscal 2014. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of $20 million, or 1%, for the fiscal year ended June 30, 2015. Digital sales, which consist of revenues generated through the sale of e-books and digital audio books, represented 22% of Consumer revenues during the fiscal year ended June 30, 2015. Digital sales increased 11% as compared to fiscal 2014 due to the inclusion of Harlequin results and increased digital audio book sales, partially offset by the lower contribution from the *Divergent* series as well as a shift towards the non-fiction genre, which has lower e-book conversion. During the fiscal year ended June 30, 2015, HarperCollins had 214 titles on *The New York Times* print and digital bestseller lists, with 15 titles reaching the number one position.

For the fiscal year ended June 30, 2015, Segment EBITDA at the Book Publishing segment increased $24 million, or 12%, as compared to fiscal 2014. The increase was primarily the result of the Harlequin acquisition, which contributed $32 million to Segment EBITDA, strong backlist sales in the general and children s books categories and lower expenses at HarperCollins other divisions, offset by the lower contribution from the *Divergent* series and approximately $5 million of one-time transaction costs related to the acquisition of Harlequin.

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Digital Real Estate Services (7% and 5% of the Company s consolidated revenues in fiscal 2015 and 2014, respectively)

	For the fiscal years ended June 30,			
	2015	2014	Change	% Change
(in millions, except %)			Better/(Worse)	
Revenues:				
Advertising	$ 589	$ 408	$ 181	44 %
Circulation and Subscription	36		36	**
Total Revenues	**625**	**408**	**217**	**53 %**
Operating expenses	(58)		(58)	**
Selling, general and administrative	(366)	(194)	(172)	(89)%
Segment EBITDA	**$ 201**	**$ 214**	**$ (13)**	**(6)%**

** not meaningful

For the fiscal year ended June 30, 2015, revenues at the Digital Real Estate Services segment increased $217 million, or 53%, as compared to fiscal 2014, primarily due to the acquisition of Move, which contributed $188 million in revenues during fiscal 2015, and higher revenues at REA Group of $29 million due to the impact of increased listing depth product penetration in Australia and higher pricing despite a decline in Australian listing volumes across the market and the negative impact of foreign currency fluctuations. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of $44 million, or 11%, for the fiscal year ended June 30, 2015 as compared to fiscal 2014.

For the fiscal year ended June 30, 2015, Segment EBITDA at the Digital Real Estate Services segment decreased $13 million, or 6%, as compared to fiscal 2014, primarily due to a loss of $39 million related to the acquisition of Move, which includes approximately $19 million in one-time transaction costs related to the acquisition and $21 million of equity-based compensation expense, partially offset by the increased revenues at REA Group, noted above. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Segment EBITDA decrease of $25 million, or 12%, for the fiscal year ended June 30, 2015 as compared to fiscal 2014.

Cable Network Programming (6% of the Company s consolidated revenues in fiscal 2015 and 2014)

	For the fiscal years ended June 30,			
	2015	2014	Change	% Change
(in millions, except %)			Better/(Worse)	
Revenues:				
Advertising	$ 82	$ 82	$	%
Circulation and Subscription	413	403	10	2 %
Other	5	6	(1)	(17)%
Total Revenues	**500**	**491**	**9**	**2 %**
Operating expenses	(339)	(340)	1	%
Selling, general and administrative	(26)	(23)	(3)	(13)%
Segment EBITDA	**$ 135**	**$ 128**	**$ 7**	**5%**

For the fiscal year ended June 30, 2015, revenues and Segment EBITDA at the Cable Network Programming segment increased $9 million, or 2%, and $7 million, or 5%, respectively, as compared to fiscal 2014. The revenue increase was primarily due to higher affiliate and advertising revenues, partially offset by the negative impact of foreign currency fluctuations. The revenue increase was offset, in part, by higher

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programming rights costs resulting from the broadcasts of the Cricket World Cup and Asian Cup. The impact of foreign currency fluctuations of the U.S. dollar against the Australian dollar resulted in a revenue decrease of $45 million, or 9%, and a Segment EBITDA decrease of $12 million, or 10%, for the fiscal year ended June 30, 2015 as compared to fiscal 2014.

Digital Education (1% of the Company s consolidated revenues in fiscal 2015 and 2014)

	For the fiscal years ended June 30,			
(in millions, except %)	**2015**	**2014**	**Change**	**% Change Better/(Worse)**
Revenues:				
Circulation and Subscription	$ 46	$ 40	$ 6	15 %
Other	63	48	15	31 %
Total Revenues	**109**	**88**	**21**	**24 %**
Operating expenses	(73)	(63)	(10)	(16)%
Selling, general and administrative	(129)	(218)	89	41 %
Segment EBITDA	**$ (93)**	**$ (193)**	**$ 100**	**52 %**

For the fiscal year ended June 30, 2015, revenues at the Digital Education segment increased $21 million, or 24%, as compared to fiscal 2014, primarily as a result of higher Other revenues due to tablet sales at Amplify Access and increased revenues at Amplify Learning as a result of the adoption of early grade print and hybrid learning products. Circulation and subscription revenues increased due to higher subscription revenues at Amplify Access and Insight.

Segment EBITDA at the Digital Education segment for the fiscal year ended June 30, 2015 increased $100 million, or 52%, as compared to fiscal 2014, primarily due to the impact from the capitalization of software development costs at Amplify Learning of $53 million as a result of certain products reaching their technological feasibility in fiscal 2015, reduced development expenses and the increased revenues noted above.

Other (0% of the Company s consolidated revenues in fiscal 2015 and 2014)

	For the fiscal years ended June 30,			
(in millions, except %)	**2015**	**2014**	**Change**	**% Change Better/(Worse)**
Revenues:				
Advertising	$ 1	$	$ 1	**
Total Revenues	**1**		**1**	******
Operating expenses	(7)	(1)	(6)	**
Selling, general and administrative	(209)	(240)	31	13%
Segment EBITDA	**$ (215)**	**$ (241)**	**$ 26**	**11%**

** not meaningful

Segment EBITDA at the Other segment for the fiscal year ended June 30, 2015 increased $26 million, or 11%, as compared to fiscal 2014. Segment EBITDA increased primarily due to lower costs associated with the U.K. Newspaper Matters. The net expense related to the U.K. Newspaper Matters included in Selling, general and administrative expenses was $50 million for the fiscal year ended June 30, 2015 as compared to $72 million in fiscal 2014.

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Results of Operations Fiscal 2014 versus Fiscal 2013

The following table sets forth the Company s operating results for fiscal 2014 as compared to fiscal 2013.

	For the fiscal years ended June 30,			
	2014	**2013**	**Change**	**% Change**
(in millions, except %)			**Better/(Worse)**	
Revenues:				
Advertising	$ 4,019	$ 4,346	$ (327)	(8)%
Circulation and Subscription	2,688	2,669	19	1 %
Consumer	1,374	1,286	88	7 %
Other	493	590	(97)	(16)%
Total Revenues	8,574	8,891	(317)	(4)%
Operating expenses	(5,139)	(5,420)	281	5 %
Selling, general and administrative	(2,665)	(2,783)	118	4 %
Depreciation and amortization	(578)	(548)	(30)	(5)%
Impairment and restructuring charges	(94)	(1,737)	1,643	95 %
Equity earnings of affiliates	90	100	(10)	(10)%
Interest, net	68	77	(9)	(12)%
Other, net	(653)	1,593	(2,246)	**
(Loss) income before income tax benefit	**(397)**	**173**	**(570)**	**
Income tax benefit	691	374	317	85 %
Net income	294	547	(253)	(46)%
Less: Net income attributable to noncontrolling interests	(55)	(41)	(14)	(34)%
Net income attributable to News Corporation	**$ 239**	**$ 506**	**$ (267)**	**(53)%**

** not meaningful

Revenues Revenues decreased $317 million, or 4%, for the fiscal year ended June 30, 2014 as compared to fiscal 2013. The revenue decrease was mainly due to lower revenue of $578 million at the News and Information Services segment, primarily resulting from lower advertising revenues; the adverse impact of foreign currency fluctuations; and lower revenues at Dow Jones, primarily from the disposal of the Dow Jones Local Media Group, lower professional information business revenues and lower print advertising revenues. The revenue decrease was also impacted by lower revenues at the Other segment of $20 million due to the sale of certain of the Company s non-core Australian businesses in fiscal 2013 and decreases at the Digital Education segment of $14 million. The revenue decrease for the fiscal year ended June 30, 2014 was partially offset by increased revenues at the Cable Network Programming segment of $167 million reflecting the consolidation of FOX SPORTS Australia in November 2012; increased revenues at the Book Publishing segment of $65 million, primarily resulting from increased book sales; and increased revenues at the Digital Real Estate Services segment of $63 million.

Operating Expenses Operating expenses decreased $281 million, or 5%, for the fiscal year ended June 30, 2014 as compared to fiscal 2013. The operating expense decrease for the fiscal year ended June 30, 2014 was primarily due to lower operating expenses at the News and Information Services segment of $393 million due to lower production costs resulting from reduced sales, the impact of cost containment initiatives and the impact of foreign currency fluctuations. The operating expense decrease was partially offset by increased operating expenses at the Cable Network Programming segment of $98 million, primarily resulting from the consolidation of FOX SPORTS Australia in November 2012 and increased operating expenses at the Digital Education segment of $12 million due to increased development costs. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an operating expense decrease of $105 million for the fiscal year ended June 30, 2014 as compared to fiscal 2013.

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Selling, general and administrative expenses Selling, general and administrative expenses decreased $118 million, or 4%, for the fiscal year ended June 30, 2014 as compared to fiscal 2013. The decrease in Selling, general and administrative expenses for the fiscal year ended June 30, 2014 was primarily due to decreased expenses at the Other segment of $119 million, primarily resulting from lower fees and costs related to the U.K. Newspaper Matters, and lower expenses at the News and Information Services segment of $55 million, primarily due to the impact of cost savings initiatives and the impact of foreign currency fluctuations. These decreases for the fiscal year ended June 30, 2014 were partially offset by increased expenses at the Digital Education segment, the Digital Real Estate Services segment and the Book Publishing segment of $26 million, $17 million, and $9 million, respectively. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a selling, general and administrative expense decrease of $77 million for the fiscal year ended June 30, 2014 as compared to fiscal 2013.

Pension and postretirement plan expenses decreased $49 million for the fiscal year ended June 30, 2014 as compared to fiscal 2013, primarily due to changes made to the Company s plans during fiscal 2014 and the favorable impact of changes in actuarial assumptions.

Depreciation and amortization Depreciation and amortization expense increased $30 million, or 5%, for the fiscal year ended June 30, 2014 as compared to fiscal 2013, primarily due to higher depreciation expense at the News and Information Services segment of $17 million, principally due to accelerated depreciation at the U.K. newspapers as a result of changes in the useful lives of leased facilities that the Company exited in fiscal 2014, and higher depreciation and amortization expense at the Cable Network Programming segment of $11 million due to the consolidation of FOX SPORTS Australia in November 2012.

Impairment and restructuring charges In fiscal 2014, the Company recorded restructuring charges of $79 million, of which $67 million related to the newspaper businesses. The restructuring charges were primarily related to employee termination benefits. In fiscal 2014, the Company recorded impairment charges of $15 million, primarily related to the sale of a U.S. printing facility.

During the fourth quarter of fiscal 2013, as part of the Company s long-range planning process in preparation for the Separation, the Company adjusted its future outlook and related strategy principally with respect to the News and Information Services business in Australia and secondarily with respect to the News and Information Services businesses in the U.S. These adjustments reflected adverse trends affecting the Company s News and Information Services segment, including declines in advertising revenue and continued declines in the economic environment in Australia, and resulted in a reduction in expected future cash flows. As a result, the Company determined that the fair value of these reporting units declined below their respective carrying values and recorded non-cash impairment charges of approximately $1.4 billion ($1.1 billion, net of tax) in the fiscal year ended June 30, 2013. The charges primarily consisted of a write-down of the Company s goodwill of $494 million, a write-down of intangible assets (primarily newspaper mastheads) of $862 million, and a write-down of fixed assets of $46 million. The impairment charges also included $42 million for the potential sale of assets at values below their carrying values.

In fiscal 2013, the Company recorded restructuring charges of $293 million, of which $276 million related to the newspaper businesses. The restructuring charges primarily related 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 businesses. The restructuring charges recorded were primarily for termination benefits in Australia and contract termination payments in the U.K.

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Equity earnings of affiliates Equity earnings of affiliates decreased $10 million, or 10%, for the fiscal year ended June 30, 2014 as compared to fiscal 2013, primarily due to the consolidation of FOX SPORTS Australia and the sale of the Company s investment in SKY Network Television Ltd., partially offset by the Company s increased ownership interest in Foxtel.

	For the fiscal years ended June 30,			
	2014	**2013**	**Change**	**% Change**
(in millions, except %)			**Better/(Worse)**	
Foxtel[a]	$ 90	$ 66	$ 24	36 %
Pay television and cable network programming equity affiliates[b]		51	(51)	(100)%
Other equity affiliates		(17)	17	(100)%
Total Equity earnings of affiliates	$ 90	$ 100	$ (10)	(10)%

(a) The Company s equity earnings related to Foxtel increased $24 million for the fiscal year ended June 30, 2014, primarily due to the consolidation of FOX SPORTS Australia as a result of the CMH acquisition and the underlying performance of Foxtel. The Company owned 25% of Foxtel through November 2012. In November 2012, the Company increased its ownership in Foxtel to 50% as a result of the CMH acquisition. In accordance with ASC 350, the Company amortized $62 million and $43 million related to excess cost over the Company s proportionate share of its investment s underlying net assets allocated to finite-lived intangible assets during the fiscal years ended June 30 2014, and 2013 respectively. Such amortization is reflected in Equity earnings of affiliates in the Statements of Operations. (See Note 5 to the Consolidated Financial Statements).

For the fiscal year ended June 30, 2014, Foxtel revenues of $2,897 million were down from $3,184 million in fiscal 2013, due to the adverse impact of foreign currency fluctuations. In local currency, revenue was higher in the current year as a result of growth in subscriber revenues. For the fiscal year ended June 30, 2014, Foxtel EBITDA of $903 million decreased from $932 million in fiscal 2013 reflecting the adverse impact of foreign currency fluctuations. In local currency, Foxtel EBITDA was higher primarily due to the increased revenues noted above and lower costs. For the fiscal year ended June 30, 2014 Foxtel depreciation and amortization expense decreased due to reduced intangible asset amortization from the Austar acquisition.

(b) Includes equity earnings of FOX SPORTS Australia and SKY Network Television Ltd. The Company acquired the remaining interest in FOX SPORTS Australia in November 2012 as a result of the CMH acquisition. The results of FOX SPORTS Australia have been included within the Cable Network Programming segment in the Company s consolidated results of operations since November 2012. 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 Statement of Operations for the fiscal year ended June 30, 2013. For the fiscal years ended June 30, 2013, the Company received dividends from SKY Network Television Ltd. of $60 million.

Interest, net Interest, net for the fiscal year ended June 30, 2014 decreased $9 million, or 12%, as compared to fiscal 2013, primarily due to a higher proportion of cash being held in lower interest yielding jurisdictions during fiscal 2014. The decrease for the fiscal year ended June 30, 2014 was partially offset by increased interest income from the note receivable from Foxtel due to an increased investment in Foxtel as a result of the acquisition of CMH in November 2012. (See Note 5 to the Consolidated Financial Statements).

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Other, net

	For the fiscal years ended June 30,	
	2014	2013
	(in millions)	
Foreign tax refund payable to 21st Century Fox[a]	$ (721)	$
Gain on third party pension contribution[b]	37	
Gain on sale of Australian property	36	
Gain on CMH transactions[c]		1,263
Gain on sale of investment in SKY Network Television Ltd.[d]		321
Gain on the financial indexes transactions[e]		12
Other	(5)	(3)
Total Other, net	$ (653)	$ 1,593

(a) The Company filed refund claims for certain losses, pertaining to periods prior to the Separation, in a foreign jurisdiction that was subject to litigation. In the first quarter of fiscal 2014, the foreign tax authority determined that it would not appeal a ruling received by the Company in July 2013 and therefore, a portion of an uncertain matter was resolved during the three months ended September 30, 2013. In the second quarter of fiscal 2014, the foreign tax authority completed its review and the remainder of the uncertain matter was resolved during the three months ended December 31, 2013. The Company recorded $794 million for the tax refund and interest and recorded a tax benefit, net of applicable taxes on interest, of $721 million to Income tax benefit in the Statements of Operations for the fiscal year ended June 30, 2014. Pursuant to the Tax Sharing and Indemnification Agreement, refunds received related to these matters are to be remitted to 21st Century Fox. Accordingly, the Company recorded an expense to Other, net of $721 million for the payable to 21st Century Fox in the Statement of Operations for the fiscal year ended June 30, 2014. (See Note 17 to the Consolidated Financial Statements).

(b) During the first quarter of fiscal 2014, a $37 million contribution was made by a third party to one of the Company s pension plans in connection with the sale of a business in a prior period on behalf of former employees who retained certain pension benefits. This resulted in a gain being recognized in Other, net in the Statement of Operations during the fiscal year ended June 30, 2014. (See Note 15 to the Consolidated Financial Statements).

(c) See Note 3 to the Consolidated Financial Statements.

(d) See Note 5 to the Consolidated Financial Statements.

(e) In April 2013, the Company sold its 10% investment in its venture with CME. The Company recorded a gain of $12 million on this transaction which was recorded in Other, net for the fiscal year ended June 30, 2013. In addition, 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 made by CME under its guarantee of the third-party debt issued by the joint venture.

Income tax benefit The Company s income tax benefit and effective tax rate for the fiscal year ended June 30, 2014 were $691 million and 174%, respectively, as compared to $374 million and 216%, respectively, for fiscal year 2013.

For the fiscal year ended June 30, 2014, the Company recorded a tax benefit, net of applicable tax on interest related to refunds received from a foreign jurisdiction which increased the effective tax rate by 182%. In accordance with the terms of the Tax Sharing and Indemnification Agreement, the Company remitted the foreign tax refunds to 21st Century Fox and recorded an expense to Other, net. (See Note 17 to the Consolidated Financial Statements). The expense recorded to Other, net is not deductible for income tax purposes and resulted in a 64% reduction to the effective tax rate. The Company also recorded a benefit related to the effects of foreign operations in Australia and the United Kingdom which were subject to lower tax rates which increased the effective tax rate by 17%.

For the fiscal year ended June 30, 2013 the effective tax rate was impacted by a 247% reduction relating to the non-taxable gain on the consolidation of CMH and reversal of the historic deferred tax liability related to the

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consolidation of FOX SPORTS Australia, a 56% rate reduction due to the non-taxable gain on the sale of the investment in SKY Network Television Ltd., and a 35% rate reduction due to the Company s foreign operations which are subject to lower tax rates, partially offset by an 87% rate increase due to the impact of non-deductible goodwill impairment charges.

Net income (loss) Net income decreased $253 million for the fiscal year ended June 30, 2014 as compared to fiscal 2013. The decrease in net income primarily related to the gain on the CMH transaction, and the gain on the sale of the investment in SKY Network Television Ltd. which occurred in fiscal 2013 as well as the tax benefit recorded as a result of the Company s fiscal 2013 impairment charges. These decreases in net income for the fiscal year ended June 30, 2014 were partially offset by lower restructuring and impairment charges. (See Note 17 to the Consolidated Financial Statements).

Net income attributable to noncontrolling interests Net income attributable to noncontrolling interests increased by $14 million for the fiscal year ended June 30, 2014 as compared to fiscal 2013, due to higher results at REA Group.

Segment Analysis

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: Depreciation and amortization, impairment and restructuring charges, equity earnings of affiliates, interest, net, other, net, income tax benefit (expense) and net income attributable to noncontrolling interests. Management believes that Segment EBITDA 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 of and allocate resources within the Company s businesses. Segment EBITDA provides management, investors and equity analysts with 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).

Total Segment EBITDA is a non-GAAP measure 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, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment and restructuring charges, which are significant components in assessing the Company s financial performance. The following table reconciles Total Segment EBITDA to Net Income.

	For the fiscal years ended June 30,			
	2014	2013	Change	Change %
(in millions, except %)			Better/(Worse)	
Revenues	$ 8,574	$ 8,891	$ (317)	(4)%
Operating expenses	(5,139)	(5,420)	281	5 %
Selling, general and administrative expenses	(2,665)	(2,783)	118	4 %
Total Segment EBITDA	770	688	82	12 %
Depreciation and amortization	(578)	(548)	(30)	(5)%
Impairment and restructuring charges	(94)	(1,737)	1,643	95 %
Equity earnings of affiliates	90	100	(10)	(10)%
Interest, net	68	77	(9)	(12)%
Other, net	(653)	1,593	(2,246)	**
(Loss) income before income tax benefit	(397)	173	(570)	**
Income tax benefit	691	374	317	85 %
Net income	$ 294	$ 547	$ (253)	(46)%

** not meaningful

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	For the fiscal years ended June 30, 2014 Revenues	2014 Segment EBITDA	2013 Revenues	2013 Segment EBITDA
	(in millions)			
News and Information Services	$ 6,153	$ 665	$ 6,731	$ 795
Book Publishing	1,434	197	1,369	142
Digital Real Estate Services	408	214	345	168
Cable Network Programming	491	128	324	63
Digital Education	88	(193)	102	(141)
Other		(241)	20	(339)
Total	$ 8,574	$ 770	$ 8,891	$ 688

News and Information Services (71% and 76% of the Company s consolidated revenues in fiscal 2014 and 2013, respectively)

(in millions, except %)	For the fiscal years ended June 30, 2014	2013	Change	% Change
			Better/(Worse)	
Revenues:				
Advertising	$ 3,529	$ 3,938	$ (409)	(10)%
Circulation and subscription	2,245	2,370	(125)	(5)%
Other	379	423	(44)	(10)%
Total Revenues	**6,153**	**6,731**	**(578)**	**(9)%**
Operating expenses	(3,706)	(4,099)	393	10 %
Selling, general and administrative	(1,782)	(1,837)	55	3 %
Segment EBITDA	**$ 665**	**$ 795**	**$ (130)**	**(16)%**

For the fiscal year ended June 30, 2014, revenues at the News and Information Services segment decreased $578 million, or 9%, as compared to fiscal 2013.

The revenue decrease for the fiscal year ended June 30, 2014 was primarily due to lower advertising revenues of $409 million as compared to fiscal 2013. The decrease in advertising revenues for the fiscal year ended June 30, 2014 was primarily due to lower advertising revenues at the Australian newspapers of $314 million, principally resulting from weakness in the print advertising market in Australia and the adverse impact of foreign currency fluctuations; lower advertising revenues at Dow Jones of $115 million, primarily due to the disposal of the Dow Jones Local Media Group and lower print advertising revenues; and lower advertising revenues at the U.K. newspapers of $19 million, primarily resulting from overall print market declines, offset by favorable foreign currency fluctuations. The revenue decrease for the fiscal year ended June 30, 2014 was also partially offset by increased advertising revenues at News America Marketing of approximately $50 million, primarily due to higher in-store marketing revenues.

Circulation and subscription revenues for the fiscal year ended June 30, 2014 decreased $125 million as compared to fiscal 2013. The decrease was due in large part to a Dow Jones revenue decrease of $89 million, primarily due to lower professional information business revenue and the disposal of the Dow Jones Local Media Group, partially offset by increased circulation revenues at *The Wall Street Journal* and at WSJ.com. Revenues at the Australian newspapers decreased $45 million, principally as a result of the adverse impact of foreign currency fluctuations, as decreased revenues due to lower print circulation volume were offset by price increases. Revenues at the U.K. newspapers for the fiscal year ended June 30, 2014 increased $22 million as compared with fiscal 2013, primarily due to increased digital subscription revenues and price increases, partially offset by lower print circulation volume.

Other revenues for the fiscal year ended June 30, 2014 decreased $44 million, primarily due to decreased revenues at Dow Jones of $40 million.

For the fiscal year ended June 30, 2014, Segment EBITDA at the News and Information Services segment decreased $130 million, or 16%, as compared to fiscal 2013.

This decrease was primarily due to a decrease at the Australian newspapers of $67 million, principally as a result of lower advertising revenues as noted above, partially offset by lower production costs and the impact of cost savings initiatives; a decrease at Dow Jones of $57 million, primarily due to lower professional information business revenue and the disposal of the Dow Jones Local Media Group, partially offset by lower production costs and the impact of cost savings initiatives; and decreases at the U.K. newspapers of $57 million, primarily as a result of lower revenues as noted above, incremental costs related to dual rent and other facility-related costs and increased promotional spending and higher sports right acquisition costs associated with Sun+. The Segment EBITDA decline for the fiscal year ended June 30, 2014 was partially offset by an increase of $29 million at News America Marketing, primarily due to higher revenues as noted above, partially offset by increased retail commission and production costs, and by the absence of losses of $15 million primarily from The Daily which was shut down in December 2012.

News Corp Australia

Revenues at the Australian newspapers for the fiscal year ended June 30, 2014 decreased 18%, as compared to fiscal 2013, primarily as a result of the adverse impact of foreign currency fluctuations and weakness in the print advertising market in Australia. The strengthening of the U.S. dollar against the Australian dollar resulted in a revenue decrease of $199 million, or 10%, for the fiscal year ended 2014 as compared to fiscal 2013.

News UK

For the fiscal year ended June 30, 2014, revenues at the U.K. newspapers were relatively consistent with fiscal 2013 as increased digital subscription revenues, price increases and the positive impact of foreign currency fluctuations were offset by lower advertising revenues and lower print circulation volume. The impact of foreign currency fluctuations of the U.S. dollar against the British pound sterling resulted in a revenue increase of $54 million, or 4%, for the fiscal year ended June 30, 2014 as compared to fiscal 2013.

Dow Jones

Revenues at Dow Jones decreased 13% for the fiscal year ended June 30, 2014 as compared to fiscal 2013, primarily due to lower revenues of $130 million resulting from the sale of the Dow Jones Local Media Group in September 2013; lower professional information business revenues of $65 million; lower advertising revenues of $46 million resulting from lower volume, and the shift from print to digital advertising; and lower other revenue of $23 million, primarily resulting from lower third party printing and content distribution revenue. The revenue decrease was partially offset by increased circulation revenues at *The Wall Street Journal* and at WSJ.com of $20 million, primarily due to price increases, partially offset by lower print circulation volume.

News America Marketing

For the fiscal year ended June 30, 2014, revenues at the integrated marketing services business increased 4%, as compared to fiscal 2013, primarily due to increased revenues for in-store advertising.

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Book Publishing (17% and 15% of the Company s consolidated revenues in fiscal 2014 and 2013, respectively)

(in millions, except %)	For the fiscal years ended June 30, 2014	2013	Change	% Change Better/(Worse)
Revenues:				
Consumer	$ 1,374	$ 1,286	$ 88	7 %
Other	60	83	(23)	(28)%
Total Revenues	**1,434**	**1,369**	**65**	**5 %**
Operating expenses	(1,029)	(1,028)	(1)	
Selling, general and administrative	(208)	(199)	(9)	(5)%
Segment EBITDA	**$ 197**	**$ 142**	**$ 55**	**39 %**

For the fiscal year ended June 30, 2014, revenues at the Book Publishing segment increased $65 million, or 5%, as compared to fiscal 2013. The increase in revenues for the fiscal year ended June 30, 2014 was primarily due to higher print and digital book sales of $88 million, principally resulting from sales of the *Divergent* series by Veronica Roth following the launch of *Allegiant* in October 2013. The Company sold more than 19 million net units of the *Divergent* series during the fiscal year ended June 30, 2014, 35% of which were e-book sales. The book sales increase for the fiscal year ended June 30, 2014 was also due to sales of *The Pioneer Woman Cooks: A Year of Holidays* by Ree Drummond and *The First Phone Call from Heaven* by Mitch Albom. The revenue increase for the fiscal year ended June 30, 2014 was partially offset by a decrease in other revenues of $23 million, primarily due to the sale of the Women of Faith live events business and the decision to exit the third party distribution business. The strengthening of the U.S. dollar against local currencies resulted in a revenue decrease of $5 million for the fiscal year ended June 30, 2014 as compared to the fiscal year ended June 30, 2013. E-book sales represented 22% of Consumer revenues during the fiscal year ended June 30, 2014, as compared to 17% in fiscal 2013, representing a 35% increase. During the fiscal year ended June 30, 2014, HarperCollins had 158 titles on *The New York Times Bestseller List*, with 17 titles reaching the number one position.

For the fiscal year ended June 30, 2014, Segment EBITDA at the Book Publishing segment increased $55 million, or 39%, as compared to fiscal 2013, primarily due to the increases in book sales noted above, the impact of ongoing operational efficiencies and higher contributions to profits from e-books reflecting the continued shift to digital book sales, which have lower production and distribution costs than print books, partially offset by dual rent and other facilities costs.

Digital Real Estate Services (5% and 4% of the Company s consolidated revenues in fiscal 2014 and 2013, respectively)

(in millions, except %)	For the fiscal years ended June 30, 2014	2013	Change	% Change Better/(Worse)
Revenues				
Advertising	$ 408	$ 345	$ 63	18 %
Total Revenues	**408**	**345**	**63**	**18 %**
Selling, general and administrative	(194)	(177)	(17)	(10)%
Segment EBITDA	**$ 214**	**$ 168**	**$ 46**	**27 %**

For the fiscal year ended June 30, 2014, revenues at the Digital Real Estate Services segment increased $63 million, or 18%, as compared to fiscal 2013, primarily due to the increase in revenue from listing depth product penetration in Australia. The strengthening of the U.S. dollar against the Australian dollar resulted in a revenue decrease of $46 million, or 13%, for the fiscal year ended June 30, 2014 as compared to fiscal 2013.

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For the fiscal year ended June 30, 2014, Segment EBITDA at the Digital Real Estate Services segment increased $46 million, or 27%, as compared to fiscal 2013, primarily due to the revenue increase noted above, partially offset by increased expenses directly related to revenue growth supporting innovation, development and the sale of real estate advertising products.

Cable Network Programming (6% and 4% of the Company s consolidated revenues in fiscal 2014 and 2013, respectively)

	For the fiscal years ended June 30,			
(in millions, except %)	**2014**	**2013**	**Change**	**% Change Better/(Worse)**
Revenues:				
Advertising	$ 82	$ 55	$ 27	49 %
Circulation and Subscription	403	259	144	56 %
Other	6	10	(4)	(40)%
Total Revenues	**491**	**324**	**167**	**52 %**
Operating expenses	(340)	(242)	(98)	(40)%
Selling, general and administrative	(23)	(19)	(4)	(21)%
Segment EBITDA	**$ 128**	**$ 63**	**$ 65**	**

** not meaningful

For the fiscal year ended June 30, 2014, revenues at the Cable Network Programming segment increased $167 million, or 52%, and Segment EBITDA increased $65 million as compared to fiscal 2013, reflecting the consolidation of FOX SPORTS Australia beginning in November 2012 due to the acquisition of CMH.

On a stand-alone basis, revenues at FOX SPORTS Australia decreased 5% for the fiscal year ended June 30, 2014 as compared to fiscal 2013, primarily due to the adverse impact of foreign currency fluctuations, partially offset by stronger television advertising revenues, increased subscription revenues due to additional digital subscribers and higher affiliate pricing. On a stand-alone basis, Segment EBITDA at FOX SPORTS Australia for the fiscal year ended June 30, 2014 decreased 2% as compared to fiscal 2013, primarily due to increased expenses and the adverse impact of foreign currency fluctuations, partially offset by the increased subscription and advertising revenues discussed above. The expense increase for the fiscal year ended June 30, 2014 was primarily due to increased expenses associated with the renegotiated National Rugby League contract, partially offset by the absence of costs associated with Domestic Cricket rights in the current fiscal year.

Digital Education (1% of the Company s consolidated revenues in fiscal 2014 and 2013)

	For the fiscal years ended June 30,			
(in millions, except %)	**2014**	**2013**	**Change**	**% Change Better/(Worse)**
Revenues:				
Circulation and subscription	$ 40	$ 36	$ 4	11 %
Other	48	66	(18)	(27)%
Total Revenues	**88**	**102**	**(14)**	**(14)%**
Operating expenses	(63)	(51)	(12)	(24)%
Selling, general and administrative	(218)	(192)	(26)	(14)%
Segment EBITDA	**$ (193)**	**$ (141)**	**$ (52)**	**(37)%**

For the fiscal year ended June 30, 2014, revenues at the Digital Education segment decreased $14 million, or 14%, as compared to fiscal 2013, primarily due to lower project-based consulting revenues at Amplify Insight.

Segment EBITDA at the Digital Education segment for the fiscal year ended June 30, 2014 decreased $52 million, or 37%, as compared to fiscal 2013, primarily due to increased product and curriculum development investment at the Learning and Access businesses.

Other (0% of the Company s consolidated revenues in fiscal 2014 and 2013)

(in millions, except %)	For the fiscal years ended June 30, 2014	2013	Change	% Change Better/(Worse)
Revenues:				
Advertising	$	$ 8	$ (8)	(100)%
Circulation and subscription		4	(4)	(100)%
Other		8	(8)	(100)%
Total Revenues		**20**	**(20)**	**(100)%**
Operating expenses	(1)		(1)	**
Selling, general and administrative	(240)	(359)	119	33%
Segment EBITDA	**$ (241)**	**$ (339)**	**$ 98**	**29%**

** not meaningful

For the fiscal year ended June 30, 2014, revenues at the Other segment decreased $20 million, or 100%, as compared to fiscal 2013, primarily due to the sale of certain of the Company s non-core Australian businesses during fiscal 2013.

Segment EBITDA at the Other segment for the fiscal year ended June 30, 2014 increased $98 million, or 29%, as compared to fiscal 2013, primarily as a result of lower legal and professional fees related to the U.K. Newspaper Matters of approximately $111 million and the absence of costs at the non-core Australian digital businesses that were sold in 2013 of approximately $35 million. These decreases were partially offset by the lower revenues noted above and higher corporate overhead costs of approximately $10 million compared to an allocated basis used for fiscal 2013, and higher costs incurred by the Company s corporate Strategy and Creative Group of approximately $20 million related to the development of new products and services and international rights acquisitions. Prior to the Separation, the Company s Statement of Operations included allocations of general corporate expenses for certain support functions that were provided on a centralized basis by 21st Century Fox. For the fiscal year ended June 30, 2014, the Company s Statement of Operations reflects actual corporate overhead costs incurred by the Company as it performed these functions using its own resources or purchased services from either third parties or 21st Century Fox.

The Company incurred gross legal and professional fees and costs for civil settlements related to the U.K. Newspaper Matters in Selling, general and administrative expenses totaling approximately $169 million during the fiscal year ended June 30, 2014, of which $97 million, net of tax, has been or will be indemnified by 21st Century Fox. Accordingly, the Company recorded a contra expense for the after-tax costs that were or will be indemnified of $97 million in Selling, general and administrative expenses for the fiscal year ended June 30, 2014 and recorded a corresponding receivable from 21st Century Fox. The net expense included in Selling, general and administrative expenses was therefore $72 million for the fiscal year ended June 30, 2014 as compared to $183 million for the fiscal year ended June 30, 2013.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company s principal source of liquidity is internally generated funds and cash and cash equivalents on hand. As of June 30, 2015, the Company s cash and cash equivalents were $1,951 million. The Company expects these elements of liquidity will enable it to meet its liquidity needs in the foreseeable future. In October 2013, the Company established a revolving credit facility of $650 million. Under the Credit Agreement (the Credit Agreement), the Company may request increases in the amount of the facility up to a maximum amount of $900 million. In addition, the Company expects to have access to the worldwide capital markets, subject to market conditions, in order to issue debt if needed or desired. Although the Company believes that its future cash from operations, together with its access to the capital markets, will provide adequate resources to fund its operating and financing needs, its access to, and the availability of, financing on acceptable terms in the future will be affected by many factors, including: (i) the Company s performance, (ii) its credit rating or absence of a credit rating, (iii) the liquidity of the overall capital markets and (iv) the current state of the economy. There can be no assurances that the Company will continue to have access to the capital markets on acceptable terms. See Part I, Item 1A. Risk Factors for a further discussion.

As of June 30, 2015, the Company s consolidated assets included $616 million in cash and cash equivalents that was held by its foreign subsidiaries. $60 million of this amount is cash not readily accessible by the Company as it is held by REA Group, a majority owned but separately listed public company. REA Group must declare a dividend in order for the Company to have access to its share of REA Group s cash balance. The Company earns income outside the U.S., which is deemed to be permanently reinvested in certain foreign jurisdictions. The Company does not currently intend to repatriate these earnings. Should the Company require more capital in the U.S. than is generated by and/or available to its domestic operations, the Company could elect to transfer funds held in foreign jurisdictions. The transfer of funds from foreign jurisdictions may be cumbersome due to local regulations, foreign exchange controls and withholding taxes. Additionally, the transfer of funds from foreign jurisdictions may result in higher effective tax rates and higher cash paid for income taxes for the Company.

The principal uses of cash that affect the Company s liquidity position include the following: operational expenditures including employee costs; paper purchases and capital expenditures; income tax payments; and investments in associated entities and acquisitions.

In addition to the acquisitions and dispositions 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 issuance of the Company s securities or the assumption of indebtedness.

Issuer Purchases of Equity Securities

In May 2013, the Board of Directors authorized the Company to repurchase up to an aggregate of $500 million of its Class A Common Stock. On May 10, 2015, the Company announced it had begun repurchasing shares of Class A Common Stock under the stock repurchase program. Through August 6, 2015 the Company repurchased approximately 3.0 million shares of Class A Common Stock for an aggregate purchase price of approximately $45 million. The remaining authorized amount under the stock repurchase program as of August 6, 2015 was approximately $455 million. All decisions regarding any future stock repurchases are at the sole discretion of a duly appointed committee of the Board of Directors and management. The committee s decisions regarding future stock repurchases will be evaluated from time to time in light of many factors, including the Company s financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice and other factors that the committee may deem relevant. The stock repurchase authorization may be modified, extended, suspended or discontinued at any time by the Board of Directors and the Board of Directors cannot provide any assurances that any additional shares will be repurchased.

Dividends

In August 2015, the Board of Directors declared a semi-annual cash dividend of $0.10 per share of Class A Common Stock and Class B Common Stock. This dividend is payable on October 21, 2015 with a record date

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for determining dividend entitlements of September 16, 2015. This is the Company s first dividend since completing the Separation.

Sources and Uses of Cash Fiscal 2015 versus Fiscal 2014

Net cash provided by operating activities for the fiscal years ended June 30, 2015 and 2014 was as follows (in millions):

For the fiscal years ended June 30,	2015	2014
Net cash provided by operating activities	$ 831	$ 854

Net cash provided by operating activities decreased by $23 million for the fiscal year ended June 30, 2015 as compared to fiscal 2014. The decrease was primarily due to the absence of the net receipts related to a foreign tax refund of $73 million and lease incentives of $35 million received during the fiscal year ended June 30, 2014, as well as higher net tax payments of $54 million and approximately $45 million of higher deferred payments related to the acquisition of Wireless Generation in the fiscal year ended June 30 2015. The decrease in the fiscal year ended June 30, 2015 was partially offset by lower pension contributions of $92 million, lower restructuring payments of $55 million and lower payments for fees and costs related to the U.K. Newspaper Matters of $31 million. The impact of foreign currency fluctuations of the U.S dollar against local currencies resulted in an operating cash flow decrease of approximately $55 million, or 6%.

Net cash used in investing activities for the fiscal years ended June 30, 2015 and 2014 was as follows (in millions):

For the fiscal years ended June 30,	2015	2014
Net cash used in investing activities	$ (1,741)	$ (306)

The Company had net cash used in investing activities of $1,741 million for the fiscal year ended June 30, 2015 as compared to net cash used in investing activities of $306 million for fiscal 2014. During the fiscal year ended June 30, 2015, the Company used $1,190 million of cash for acquisitions, primarily the acquisitions of Move and Harlequin, and used $355 million of cash for investments, primarily consisting of approximately $112 million for its investment in APN, $100 million for its investment in iProperty and approximately $67 million for its investment in SEEK Asia. The Company also had capital expenditures of $378 million which included $50 million related to the relocation of the Company s operations to a new site in London and approximately $53 million related to Amplify s curriculum products. The net cash used in investing activities for the fiscal year ended June 30, 2015 was partially offset by proceeds from dispositions of $182 million, primarily resulting from the sale of marketable securities.

During the fiscal year ended June 30, 2014, the Company had capital expenditures of $379 million and made investments of $84 million, primarily in marketable securities. In fiscal 2014, the Company utilized $45 million for acquisitions, primarily to acquire Storyful. The net cash used in investing activities for the fiscal year ended June 30, 2014 was partially offset by proceeds from dispositions of $202 million, primarily resulting from the sale of the Dow Jones Local Media Group.

Net cash provided by financing activities for the fiscal years ended June 30, 2015 and 2014 was as follows (in millions):

For the fiscal years ended June 30,	2015	2014
Net cash (used in) provided by financing activities	$ (190)	$ 189

The change in net cash used in financing activities for the fiscal year ended June 30, 2015 as compared to the net cash provided by financing activities in fiscal 2014 was primarily due to the repayment of debt assumed in the acquisition of Move of approximately $129 million and repurchase of News Corp shares for $30 million during the fiscal year ended June 30, 2015.

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Cash provided from financing activities for the fiscal year ended June 30, 2014 is attributable to net transfers from 21st Century Fox and its affiliates of $217 million.

Sources and Uses of Cash Fiscal 2014 versus Fiscal 2013

Net cash provided by operating activities for the fiscal years ended June 30, 2014 and 2013 was as follows (in millions):

For the fiscal years ended June 30,	**2014**	**2013**
Net cash provided by operating activities	$ 854	$ 501

Net cash provided by operating activities improved by $353 million for the fiscal year ended June 30, 2014 as compared to fiscal 2013, which was primarily due to the increase in Cable Network Programming Segment EBITDA due to the consolidation of FOX SPORTS Australia of $65 million, lower restructuring payments of $174 million, lower payments for fees and costs related to the U.K. Newspaper Matters of $108 million and lower pension contributions of $81 million. The increase in net cash provided by operating activities was partially offset by lower cash distributions of $67 million primarily from the absence of cash distributions from SKY Network Television Ltd. as the Company sold its investment in SKY Network Television Ltd. in March 2013.

Net cash used in investing activities for the fiscal years ended June 30, 2014 and 2013 was as follows (in millions):

For the fiscal years ended June 30,	**2014**	**2013**
Net cash used in investing activities	$ (306)	$ (1,674)

The Company had net cash used in investing activities of $306 million for the fiscal year ended June 30, 2014 as compared to $1,674 million for fiscal 2013. During the fiscal year ended June 30, 2014, the Company had capital expenditures of $379 million and made investments of $84 million, primarily in marketable securities. During the fiscal year ended June 30, 2014, the Company used $45 million of cash for acquisitions, of which $19 million related to the acquisition of Storyful. The net cash used in investing activities for the fiscal year ended June 30, 2014 was partially offset by proceeds from dispositions of $202 million, primarily resulting from the sale of the Dow Jones Local Media Group and other property sales.

During the fiscal year ended June 30, 2013, the Company utilized $2,156 million in cash for acquisitions, primarily for the acquisition of Consolidated Media Holdings Ltd. and Thomas Nelson and had capital expenditures of $332 million. The net cash used in investing activities for the fiscal year ended June 30, 2013 was partially offset by proceeds from dispositions of $826 million primarily resulting from the sale of the investment in SKY Network Television Ltd. and the Company s investment in its venture with CME.

The Company expects its total capital expenditures in fiscal 2015 to be relatively similar to those in fiscal 2014, however, at the Digital Education segment we expect to capitalize approximately $60 million related to curriculum development costs in fiscal 2015.

Net cash provided by financing activities for the fiscal years ended June 30, 2014 and 2013 was as follows (in millions):

For the fiscal years ended June 30,	**2014**	**2013**
Net cash provided by financing activities	$ 189	$ 2,486

The change in net cash provided by financing activities for the fiscal years ended June 30, 2014 as compared to fiscal 2013 was primarily due to net transfers from 21st Century Fox and its affiliates of $217 million during the fiscal year ended June 30, 2014 as compared to $2.7 billion in fiscal 2013, partially offset by the payment of debt acquired in the acquisition of CMH of approximately $235 million.

Reconciliation of Free Cash Flow Available to News Corporation

Free cash flow available to News Corporation is a non-GAAP financial measure defined as net cash provided by operating activities, less capital expenditures and REA Group free cash flow, plus cash dividends received from REA Group.

The Company considers free cash flow available to News Corporation to provide useful information to management and investors about the amount of cash generated by the business after capital expenditures which can then be used for strategic opportunities including, among others, investing in the Company s business, strategic acquisitions, strengthening the Company s balance sheet, dividend payouts and repurchasing stock. A limitation of free cash flow available to News Corporation is that it does not represent the total increase or decrease in the cash balance for the period. Management compensates for the limitation of free cash flow available to News Corporation by also relying on the net change in cash and cash equivalents as presented in the Company s consolidated statements of cash flows prepared in accordance with GAAP which incorporates all cash movements during the period.

The following table presents a reconciliation of net cash provided by operating activities to free cash flow available to News Corporation:

	For the fiscal years ended June 30,		
	2015	2014	2013
		(in millions)	
Net cash provided by operating activities	$ 831	$ 854	$ 501
Less: Capital expenditures	(378)	(379)	(332)
	453	475	169
Less: REA Group free cash flow	(130)	(145)	(127)
Plus: Cash dividends received from REA Group	45	35	30
Free cash flow available to News Corporation	$ 368	$ 365	$ 72

Free cash flow available to News Corporation improved by $3 million in fiscal 2015 to $368 million from $365 million in fiscal 2014. The improvement was primarily due to higher dividends received from REA and lower REA Group free cash flow, which is excluded from free cash flow available to News Corp, offset by lower cash provided by operating activities as discussed above. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a decrease of free cash flow available to News Corporation of approximately $30 million, or 8% for fiscal 2015.

Free cash flow available to News Corporation in fiscal 2014 of $365 million increased from $72 million in fiscal 2013 primarily due to the changes in net cash provided by operating activities discussed above, partially offset by increased capital expenditures.

Revolving Credit Agreement

The Company s Credit Agreement provides for an unsecured $650 million five-year revolving credit facility (the Facility) that can be used for general corporate purposes. The Facility has a sublimit of $100 million available for issuances of letters of credit. Under the Credit Agreement, the Company may request increases in the amount of the Facility up to a maximum amount of $900 million. Subject to certain conditions stated in the Credit Agreement, the Company may borrow, prepay and reborrow amounts under the Facility during the term of the Credit Agreement. All amounts under the Credit Agreement are due on October 23, 2018, unless the commitments are terminated earlier either at the request of the Company or, if an event of default occurs, by the designated agent at the request or with the consent of the lenders (or automatically in the case of certain bankruptcy-related events). The Company may request that the commitments be extended under certain circumstances as set forth in the Credit Agreement for up to two additional one-year periods. Additionally, interest on borrowings is based on either (a) a Eurodollar Rate formula or (b) the Base Rate formula, each as set forth in the Credit Agreement.

The Credit Agreement contains certain customary affirmative and negative covenants and events of default, with customary exceptions, including limitations on the ability of the Company and the Company s subsidiaries to engage in transactions with affiliates, incur liens, merge into or consolidate with any other entity, incur subsidiary debt or dispose of all or substantially all of its assets or all or substantially all of the stock of its subsidiaries taken as a whole. In addition, the Credit Agreement requires the Company to maintain an adjusted operating income leverage ratio of not more than 3.0 to 1.0 and an interest coverage ratio of not less than 3.0 to 1.0. If any of the events of default occur and are not cured within applicable grace periods or waived, any unpaid amounts under the Credit Agreement may be declared immediately due and payable. As of June 30, 2015, the Company was in compliance with all of the applicable debt covenants.

The applicable margin and the commitment fee are based on the pricing grid in the Credit Agreement which varies based on the Company s adjusted operating income leverage ratio. As of June 30, 2015, the Company is paying a commitment fee of 0.25% on any undrawn balance and an applicable margin of 0.50% for a Base Rate borrowing and 1.50% for a Eurodollar Rate borrowing.

As of the date of this filing, the Company has not borrowed any funds under the Facility.

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 following table summarizes the Company s material firm commitments as of June 30, 2015.

	As of June 30, 2015 Payments Due by Period				
	Total	**1 year**	**2-3 years**	**4-5 years**	**After 5 years**
			(in millions)		
Purchase obligations[a]	$ 941	$ 353	$ 220	$ 118	$ 250
Sports programming rights[b]	324	125	181	15	3
Operating leases[c]					
Land and buildings	1,710	138	276	264	1,032
Plant and machinery	5	3	2		
Total commitments and contractual obligations	$ 2,980	$ 619	$ 679	$ 397	$ 1,285

[a] The Company has commitments under purchase obligations related to printing contracts, capital projects, marketing agreements and other legally binding commitments.

[b] The Company has sports programming rights commitments with National Rugby League, Football Federation Australia, English Premier League as well as certain other broadcast rights which are payable through fiscal 2021.

[c] The Company leases office facilities, warehouse facilities, printing plants and equipment. These leases, which are classified as operating leases, are expected to be paid at certain dates through fiscal 2062. This amount includes approximately $280 million of office facilities that have been subleased from 21st Century Fox.

The Company has certain contracts to purchase newsprint, ink and plates that require the Company to purchase a percentage of its total requirements. Since the quantities purchased annually under these contracts are not fixed and are based on the Company s total requirements, the amount of the related payments for these purchases is excluded from the table above.

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The table also excludes the Company s pension, other postretirement benefits (OPEB) obligations and the liabilities for unrecognized tax benefits for uncertain tax positions as the Company is unable to reasonably predict the ultimate amount and timing of the commitments. The Company made contributions of $9 million and $137 million to its pension plans in fiscal 2015 and fiscal 2014, respectively. Included within the total contributions for fiscal 2014, were contributions of approximately $37 million which were made by a third party in connection with the sale of a business in a prior period on behalf of former employees who retained certain pension benefits. These contributions were a combination of required and voluntary contributions made to improve the funding status of the plans. Future plan contributions are dependent upon actual plan asset returns and interest rates and statutory requirements. The Company anticipates that it will make contributions of approximately $25 million in fiscal 2016, assuming that actual plan asset returns are consistent with the Company s expected returns in fiscal 2015 and beyond, and that interest rates remain constant. The Company will continue to make voluntary contributions as necessary to improve the funded status of the plans. Payments due to participants under the Company s pension plans are primarily paid out of underlying trusts. Payments due under the Company s OPEB plans are not required to be funded in advance, but are paid as medical costs are incurred by covered retiree populations, and are principally dependent upon the future cost of retiree medical benefits under the Company s OPEB plans. The Company expects its OPEB payments to approximate $10 million in fiscal 2016. (See Note 15 to the Consolidated Financial Statements for further discussion of the Company s pension and OPEB plans).

Contingencies

As disclosed in the notes to the Financial Statements, governmental authorities in the U.K. continue to conduct investigations initiated in 2011 with respect to the U.K. Newspaper Matters. The Company is cooperating with these investigations.

Civil claims have also been brought against the Company with respect to the U.K. Newspaper Matters. The Company has admitted liability in many civil cases and has settled a number of cases. The Company has also settled a number of claims through a private compensation scheme established by the Company under which parties could pursue claims against it. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

In connection with the Separation, the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that 21st Century Fox will indemnify the Company 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 (i) who are not directors, officers or certain designated employees or (ii) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. In addition, violations of law may result in criminal fines or penalties for which the Company will not be indemnified by 21st Century Fox. 21st Century Fox s indemnification obligations with respect to these matters will be settled on an after-tax basis.

As of June 30, 2015, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred, including liabilities associated with employment taxes, and has accrued approximately $125 million, of which approximately $63 million will be indemnified by 21st Century Fox, and a corresponding receivable was recorded in Amounts due from 21st Century Fox on the Balance Sheet. It is not possible to estimate the liability or corresponding receivable 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 and corresponding receivable for such matters.

The Company s operations are subject to tax in various domestic and international jurisdictions and as a matter of course, it 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 financial condition, future results of operations or liquidity. As subsidiaries of 21st Century Fox prior to the Separation, the Company and each of its domestic subsidiaries have joint and several liability with 21st Century Fox for the consolidated U.S. federal income taxes of the 21st Century Fox consolidated group relating to any taxable periods during which the Company or any of the Company s domestic subsidiaries were a member of the 21st Century Fox consolidated group. Consequently, the Company could be liable in the event any such liability is incurred, and not discharged, by any other member of the 21st Century Fox consolidated group. The Tax Sharing and Indemnification Agreement requires 21st Century Fox to indemnify the Company for any such liability. Disputes or assessments could arise during future audits by the IRS or other taxing authorities in amounts that the Company cannot quantify.

CRITICAL ACCOUNTING POLICIES

An accounting policy is considered to be critical if it is important to the Company s financial condition and results and if it requires significant judgment and estimates on the part of management in its application. The development and selection of these critical accounting policies have been determined by management of the Company. (See Note 2 to the Consolidated Financial Statements for the Company s summary of significant accounting policies).

Long-lived assets

Long-lived assets, including goodwill, newspaper mastheads, trade names, distribution networks, publishing rights, copyrighted products, trademarks and property, plant and equipment. 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.

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 judgments made in determining the estimated fair value assigned to each class of long-lived assets acquired, their reporting unit, as well as their useful lives can significantly impact net income. The Company allocates goodwill to disposed businesses using the relative fair value method.

Goodwill and Indefinite-lived Intangible Assets

The Company tests goodwill and indefinite-lived intangibles for impairment on an annual basis in the fourth quarter and at other times if a significant event or change in circumstances indicates that it is more likely than not that the fair value of these assets has been reduced below their carrying value. The Company uses its judgment in assessing whether assets may have become impaired between annual impairment assessments. 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 valuation of goodwill requires assumptions and estimates of many factors, including revenue and market growth, operating cash flows, market multiples and discount rates. During the fourth quarter of fiscal 2015, as part of the Company s long-range planning process, the Company completed its annual goodwill and indefinite-lived intangible asset impairment test.

With respect to its Amplify reporting unit, the Company changed its strategy and related outlook which resulted in a reduction in expected future cash flows for the business. As a result, the Company determined

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that the fair value of this reporting unit declined below its carrying value and recorded a non-cash impairment charge of $371 million, with no associated tax impact, in the fiscal year ended June 30, 2015. The charge primarily consisted of a write-down of the Company s goodwill of $325 million and a write-down of capitalized software development costs of $45 million. For the impaired reporting unit, significant unobservable inputs utilized in the income approach valuation method were discount rates (ranging from 12%-45%) and long-term growth rates (ranging from 0%-4%).

Other than the impairment noted above, the Company determined that the goodwill and indefinite-lived intangible assets included in the Balance Sheets were not impaired for the remaining reporting units. Significant unobservable inputs utilized in the income approach valuation method for these reporting units were discount rates (ranging from 9%-14%), long-term growth rates (ranging from 0%-3%) and royalty rates (ranging from 0.5%-3.3%). Significant unobservable inputs utilized in the market approach valuation methods were EBITDA multiples from guideline public companies operating in similar industries and control premiums (ranging from 10%-15%).

Significant increases (decreases) in royalty rates, growth rates, control premium 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 royalty rates, growth rates, control premium and multiples, would result in a significantly higher (lower) fair value measurement.

Property, Plant and Equipment

The Company evaluates the carrying value of long-lived assets, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset group may not be recoverable, in accordance with ASC 360, Property, Plant, and Equipment (ASC 360). An asset group is the lowest level of assets and liabilities for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Events or circumstances that might warrant an impairment recoverability review include, among other things, material declines in operating performance, significant adverse market conditions and planned changes in the use of an asset group.

In determining whether the carrying value of an asset group is recoverable, the Company estimates undiscounted future cash flows over the estimated life of the primary asset of the asset group. The estimates of such future cash flows require estimating such factors as future operating performance, market conditions and the estimated holding period of each asset. If all or a portion of the carrying value of an asset group is found to be non-recoverable, the Company records an impairment charge equal to the difference between the asset group s carrying value and its fair value. The Company generally measures fair value by considering sales prices for similar assets or by discounting estimated future cash flows using an appropriate discount rate. Typical assumptions applied when using a market-based approach include projected EBITDA and related multiples. Typical assumptions applied when using an income approach include projected free cash flows, discount rates and long-term growth rates. All of these assumptions are made by management based on the best available information at the time of the estimates and are subject to deviations from actual results.

In fiscal 2015, other than with respect to the Amplify reporting unit, as discussed above, the Company determined that no events occurred or circumstances existed that required the Company to test its fixed assets for impairment.

Income Taxes

The Company is subject to income taxes in the U.S. and various foreign jurisdictions in which it operates and records its tax provision for the anticipated tax consequences in its reported results of operations. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining the Company s tax expense and in evaluating its tax positions including evaluating uncertainties as promulgated under ASC 740, Income Taxes.

The Company s annual tax rate is based on its income, statutory tax rates and tax planning strategies available in the various jurisdictions in which it operates. Significant management judgment is required in determining the Company s provision for income taxes, deferred tax assets and liabilities and the valuation allowance recorded against the Company s net deferred tax assets, if any. In assessing the likelihood of realization of deferred tax assets, management considers estimates of the amount and character of future taxable income. The Company s actual effective tax rate and income tax expense could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, tax planning and the Company s forecasted financial condition and results of operations in future periods. Although the Company believes current estimates are reasonable, actual results could differ from these estimates.

The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the Financial Statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Significant management judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of unrecognized tax benefits to be recorded in the Financial Statements. Management re-evaluates tax positions each period in which new information about recognition or measurement becomes available. The Company s policy is to recognize, when applicable, interest and penalties on unrecognized income tax benefits as part of Income tax (expense) benefit.

Retirement Benefit Obligations

The Company s employees participate in various defined benefit pension and postretirement plans sponsored by the Company and its subsidiaries which are the direct obligations of the Company (direct plans). In addition to the direct plans, prior to the Separation, certain of the Company s employees participated in defined benefit pension plans sponsored by 21st Century Fox and as a result, the Statements of Operations included expenses related to these shared plans including expenses related to the Company s employees as well as allocations of expenses related to corporate employees through the corporate expense allocations. Benefit costs related to employees participation in plans sponsored by 21st Century Fox did not recur in periods subsequent to the Separation. (See Note 1 and Note 15 to the Consolidated Financial Statements).

The Company records amounts relating to its direct plans based on calculations specified by GAAP. The measurement and recognition of the Company s pension and other postretirement benefit plans require the use of significant management judgments, including discount rates, expected return on plan assets, mortality and other actuarial assumptions. Net periodic benefit (income) cost is calculated based upon a number of actuarial assumptions, including a discount rate for plan obligations and an expected rate of return on plan assets. Current market conditions, including changes in investment returns and interest rates, were considered in making these assumptions. In developing the expected long-term rate of return, the pension portfolio s past average rate of returns, and future return expectations of the various asset classes were considered. The expected long-term rate of return is based on a direct asset allocation assumption of 29% equities, 55% fixed-income securities and 16% cash and other investments. Total net periodic benefit (income) costs for these direct plans were $(4) million, $7 million and $35 million, for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

The discount rate reflects the market rate for high-quality fixed-income investments on the Company s annual measurement date of June 30 and is subject to change each fiscal year. The discount rate assumptions used to account for direct pension and other postretirement benefit plans reflect the rates at which the benefit obligations could be effectively settled. The rate was determined by matching the Company s expected benefit payments for the direct plans to a hypothetical yield curve developed using a portfolio of several hundred high-quality non-callable corporate bonds.

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The key assumptions used in developing the Company s fiscal 2015, 2014 and 2013 net periodic benefit (income) costs for its direct plans consist of the following:

	2015	2014	2013
	(in millions, except %)		
Weighted average discount rate used to determine net periodic benefit (income) cost	4.2%	4.6%	4.5%
Assets:			
Expected rate of return	6.3%	6.8%	6.8%
Expected return	$ 93	$ 93	$ 78
Actual return	$ 96	$ 109	$ 121
Gain/(Loss)	$ 3	$ 16	$ 43
One year actual return	7.2%	8.7%	10.8%
Five year actual return	8.6%	10.2%	5.8%

The weighted average discount rate is volatile from year to year because it is determined based upon the prevailing rates in the U.S., the U.K. and Australia as of the measurement date. The Company will utilize a weighted average discount rate of 3.9% in calculating the fiscal 2016 net periodic benefit costs. The Company will use a weighted average long-term rate of return of 5.7% for fiscal 2016 based principally on a combination of current asset mix and historical experience of actual plan returns. The accumulated net pre-tax losses on the Company s pension plans as of June 30, 2015 were approximately $570 million which increased from approximately $528 million for the Company s pension plans as of June 30, 2014. This increase of $42 million was primarily due to a reduction in the discount rate for the U.K. plans and strengthening of the mortality tables utilized in measuring the Company s domestic pension obligations. Lower discount rates increase present values of benefit obligations and increase the Company s deferred losses and also increase subsequent-year benefit costs. Higher discount rates decrease the present values of benefit obligations and reduce the Company s accumulated net loss and also decrease subsequent-year benefit costs. These deferred losses are being systematically recognized in future net periodic benefit (income) costs in accordance with ASC 715, Compensation Retirement Benefits. Unrecognized losses in excess of 10% of the greater of the market-related value of plan assets or the plan s projected benefit obligation are recognized over the average life expectancy for plan participants.

The Company made contributions of $9 million, $137 million and $180 million to its direct pension plans in fiscal 2015, 2014 and 2013, respectively. In fiscal 2014, approximately $37 million of the contributions were made by a third party in connection with the sale of a business in a prior period on behalf of former employees who retained certain pension benefits. Future plan contributions are dependent upon actual plan asset returns, statutory requirements and interest rate movements. Assuming that actual plan returns are consistent with the Company s expected plan returns in fiscal 2015 and beyond, and that interest rates remain constant, the Company anticipates that it will make contributions of approximately $25 million in fiscal 2016. The Company will continue to make voluntary contributions as necessary to improve the funded status of the plans. See Note 15 to the Consolidated Financial Statements for further discussion of the Company s pension plans.

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Changes in net periodic benefit costs may occur in the future due to changes in the Company s expected rate of return on plan assets and discount rate resulting from economic events. The following table highlights the sensitivity of the Company s pension obligations and expense to changes in these assumptions, assuming all other assumptions remain constant:

Changes in Assumption	Impact on Annual Pension Expense	Impact on Projected Benefit Obligation
0.25 percentage point decrease in discount rate	Increase less than $1 million	Increase $60 million
0.25 percentage point increase in discount rate	Decrease less than $1 million	Decrease $56 million
0.25 percentage point decrease in expected rate of return on assets	Increase $4 million	
0.25 percentage point increase in expected rate of return on assets	Decrease $4 million	

Recent Accounting Pronouncements

See Note 2 to the Consolidated Financial Statements for a discussion of recent accounting pronouncements.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has exposure to different types of market risk including changes in foreign currency 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 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 Rates

The Company conducts operations in three principal currencies: the U.S. dollar; the Australian dollar; and the British pound sterling. These currencies operate primarily as the functional currency for the Company s U.S., Australian and U.K. operations, respectively. Cash is managed centrally within each of the three 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, funding in the appropriate local currencies is made available from intercompany capital. The Company does not hedge its investments in the net assets of its Australian and U.K. foreign operations.

Because of fluctuations in exchange rates, the Company is subject to currency translation exposure on the results of its operations. Foreign currency translation risk is the risk that exchange rate gains or losses arise from translating foreign entities statements of earnings and balance sheets from functional currency to the Company s reporting currency (the U.S. dollar) for consolidation purposes. The Company does not hedge translation risk because it generally generates positive cash flows from its international operations that are typically reinvested locally. Exchange rates with the most significant impact to its translation include the Australian dollar and British pound sterling. As exchange rates fluctuate, translation of its Statements of Operations into U.S. dollars affects the comparability of revenues and operating expenses between years.

The table below details the percentage of revenues and expenses by the three principal currencies for the fiscal years ended June 30, 2015 and 2014:

	U.S. Dollars	Australian Dollars	British Pound Sterling
Fiscal year ended June 30, 2015			
Revenues	44%	30%	21%
Operating and Selling, general, and administrative expenses	48%	28%	24%
Fiscal year ended June 30, 2014			
Revenues	41%	31%	22%
Operating and Selling, general, and administrative expenses	45%	30%	25%

Based on the year ended June 30, 2015, a one cent change in each of the U.S. dollar/Australian dollar and the U.S. dollar/British pound sterling exchange rates would have impacted revenues by approximately $31 million and $12 million, respectively, for each currency on an annual basis, and would have impacted Total Segment EBITDA by approximately $6 million and $0.2 million, respectively, on an annual basis.

Stock Prices

The Company has common stock investments in publicly traded companies that are subject to market price volatility. These investments had an aggregate fair value of approximately $185 million as of June 30, 2015. A hypothetical decrease in the market price of these investments of 10% would result in a decrease in comprehensive income of approximately $19 million before tax. Any changes in fair value of the Company s common stock investments are not recognized unless deemed other-than-temporary.

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Credit Risk

Cash and cash equivalents are maintained with multiple 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 as of June 30, 2015 or June 30, 2014 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. As of June 30, 2015, the Company did not anticipate nonperformance by any of the counterparties.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

NEWS CORPORATION

INDEX TO FINANCIAL STATEMENTS

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MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of News Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. News Corporation s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. The Company s internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of News Corporation;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America;
- provide reasonable assurance that receipts and expenditures of News Corporation are being made only in accordance with authorization of management and directors of News Corporation; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting includes the controls themselves, monitoring and internal auditing practices and actions taken to correct deficiencies as identified.

Because of its inherent limitations, internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Also, the assessment of the effectiveness of internal control over financial reporting was made as of a specific date. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Company s principal executive officer and principal financial officer, conducted an assessment of the effectiveness of News Corporation s internal control over financial reporting as of June 30, 2015, based on criteria for effective internal control over financial reporting described in the 2013 *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management s assessment included an evaluation of the design of News Corporation s internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Management reviewed the results of its assessment with the Audit Committee of News Corporation s Board of Directors.

Based on this assessment, management determined that, as of June 30, 2015, News Corporation maintained effective internal control over financial reporting.

Ernst & Young LLP, the independent registered public accounting firm who audited and reported on the Consolidated Financial Statements of News Corporation included in the Annual Report on Form 10-K for the fiscal year ended June 30, 2015, has audited the Company s internal control over financial reporting. Their report appears on the following page.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of News Corporation:

We have audited News Corporation s internal control over financial reporting as of June 30, 2015, based on criteria established in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). News Corporation s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, News Corporation maintained, in all material respects, effective internal control over financial reporting as of June 30, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of News Corporation as of June 30, 2015 and 2014, and the related consolidated statements of operations, comprehensive (loss) income, equity and cash flows for each of the three years in the period ended June 30, 2015 of News Corporation and our report dated August 13, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York

August 13, 2015

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of News Corporation:

We have audited the accompanying consolidated balance sheets of News Corporation as of June 30, 2015 and 2014, and the related consolidated statements of operations, comprehensive (loss) income, equity and cash flows for each of the three years in the period ended June 30, 2015. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of News Corporation at June 30, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), News Corporation s internal control over financial reporting as of June 30, 2015, based on criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 13, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York

August 13, 2015

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NEWS CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Notes	For the fiscal years ended June 30, 2015	2014	2013
Revenues:				
Advertising		$ 3,835	$ 4,019	$ 4,346
Circulation and subscription		2,654	2,688	2,669
Consumer		1,594	1,374	1,286
Other		550	493	590
Total Revenues		8,633	8,574	8,891
Operating expenses		(5,025)	(5,139)	(5,420)
Selling, general and administrative		(2,756)	(2,665)	(2,783)
Depreciation and amortization		(530)	(578)	(548)
Impairment and restructuring charges	4,7	(455)	(94)	(1,737)
Equity earnings of affiliates	5	58	90	100
Interest, net		56	68	77
Other, net	19	75	(653)	1,593
Income (loss) before income tax (expense) benefit		56	(397)	173
Income tax (expense) benefit	17	(134)	691	374
Net (loss) income		(78)	294	547
Less: Net income attributable to noncontrolling interests		(69)	(55)	(41)
Net (loss) income attributable to News Corporation stockholders		$ (147)	$ 239	$ 506
Net (loss) income available to News Corporation stockholders per share				
Basic and diluted	12	$ (0.26)	$ 0.41	$ 0.87

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

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NEWS CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(IN MILLIONS)

	For the fiscal years ended June 30, 2015	2014	2013
Net (loss) income	$ (78)	$ 294	$ 547
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(1,183)	356	(797)
Unrealized holding (losses) gains on securities[a]	(5)	22	1
Benefit plan adjustments[b]	(29)	(36)	10
Share of other comprehensive income from equity affiliates, net[c]	1	(1)	
Other comprehensive (loss) income	(1,216)	341	(786)
Comprehensive (loss) income	(1,294)	635	(239)
Less: Net income attributable to noncontrolling interests	(69)	(55)	(41)
Less: Other comprehensive income (loss) attributable to noncontrolling interests	24	(2)	10
Comprehensive (loss) income attributable to News Corporation stockholders	$ (1,339)	$ 578	$ (270)

(a) Net of income tax expense of nil, $14 million and nil for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

(b) Net of income tax (benefit) expense of ($11) million, ($3) million and $5 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

(c) Net of income tax expense (benefit) of $1 million, ($1) million and nil for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

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

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NEWS CORPORATION

CONSOLIDATED BALANCE SHEETS

(IN MILLIONS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Notes	As of June 30, 2015	2014
Assets:			
Current assets:			
Cash and cash equivalents		$ 1,951	$ 3,145
Amounts due from 21st Century Fox	14	63	66
Receivables, net	2	1,310	1,388
Other current assets	19	651	671
Total current assets		3,975	5,270
Non-current assets:			
Investments	5	2,379	2,609
Property, plant and equipment, net	6	2,746	3,009
Intangible assets, net	7	2,242	2,137
Goodwill	7	3,063	2,782
Other non-current assets	19	688	682
Total assets		$ 15,093	$ 16,489
Liabilities and Equity:			
Current liabilities:			
Accounts payable		$ 239	$ 276
Accrued expenses		1,151	1,188
Deferred revenue		361	369
Other current liabilities	19	404	431
Total current liabilities		2,155	2,264
Non-current liabilities:			
Retirement benefit obligations	15	305	272
Deferred income taxes	17	166	224
Other non-current liabilities		331	310
Commitments and contingencies	14		
Redeemable preferred stock	9	20	20
Class A common stock[(a)]		4	4
Class B common stock[(b)]		2	2
Additional paid-in capital		12,433	12,390
Retained earnings		88	237
Accumulated other comprehensive (loss) income		(582)	610
Total News Corporation stockholders equity		11,945	13,243
Noncontrolling interests		171	156
Total equity		12,116	13,399

Total liabilities and equity	$ 15,093	$ 16,489

(a) **Class A common stock,** $0.01 par value per share (Class A Common Stock), 1,500,000,000 shares authorized, 381,914,964 and 379,392,985 shares issued and outstanding, net of 27,368,413 and 27,333,277 treasury shares at par at June 30, 2015 and June 30, 2014, respectively.

(b) **Class B common stock,** $0.01 par value per share (Class B Common Stock), 750,000,000 shares authorized, 199,630,240 shares issued and outstanding, net of 78,430,424 treasury shares at par at June 30, 2015 and June 30, 2014, respectively.

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

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NEWS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN MILLIONS)

		For the fiscal years ended June 30,		
	Notes	2015	2014	2013
Operating activities:				
Net (loss) income		$ (78)	$ 294	$ 547
Adjustments to reconcile net (loss) income to cash provided by operating activities:				
Depreciation and amortization		530	578	548
Equity earnings of affiliates	5	(58)	(90)	(100)
Cash distributions received from affiliates		138	153	220
Impairment charges, net of tax	7	371	14	1,138
Other, net	19	(75)	(68)	(1,593)
Deferred income taxes and taxes payable	17	8	32	(153)
Change in operating assets and liabilities, net of acquisitions:				
Receivables and other assets		34	(105)	
Inventories, net		11	23	(15)
Accounts payable and other liabilities		(28)	126	44
Pension and postretirement benefit plans		(22)	(103)	(135)
Net cash provided by operating activities		831	854	501
Investing activities:				
Capital expenditures		(378)	(379)	(332)
Acquisitions, net of cash acquired		(1,190)	(45)	(2,156)
Investments in equity affiliates and other		(146)	(1)	(5)
Other investments		(224)	(83)	(7)
Proceeds from dispositions		182	202	826
Other		15		
Net cash used in investing activities		(1,741)	(306)	(1,674)
Financing activities:				
Net transfers from 21st Century Fox and affiliates			217	2,749
Repayment of borrowings		(129)		(235)
Repurchase of shares		(30)		
Dividends paid		(30)	(24)	(20)
Purchase of subsidiary shares from noncontrolling interest				(8)
Other, net		(1)	(4)	
Net cash (used in) provided by financing activities		(190)	189	2,486
Net (decrease) increase in cash and cash equivalents		(1,100)	737	1,313
Cash and cash equivalents, beginning of period		3,145	2,381	1,133
Exchange movement on opening cash balance		(94)	27	(65)
Cash and cash equivalents, end of period		$ 1,951	$ 3,145	$ 2,381

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

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NEWS CORPORATION

CONSOLIDATED STATEMENTS OF EQUITY

(IN MILLIONS)

	Class A Common Stock		Class B Common Stock		21st Century Fox	Additional Paid-in	Retained	Accumulated Other Comprehensive (Loss)	Total News Corporation	Noncontrolling	Total
	Shares	Amount	Shares	Amount	Investment	Capital	Earnings	Income	Equity	Interests	Equity
Balance, June 30, 2012		$		$	$ 7,762	$	$	$ 1,047	$ 8,809	$ 110	$ 8,919
Net income					506				506	41	547
Other comprehensive loss								(776)	(776)	(10)	(786)
Dividends										(20)	(20)
Other										(3)	(3)
Net increase in 21st Century Fox investment					4,019				4,019		4,019
Conversion of 21st Century Fox investment	379	4	200	2	(12,287)	12,281					
Balance, June 30, 2013	379	4	200	2		12,281		271	12,558	118	12,676
Net income							239		239	55	294
Other comprehensive income								339	339	2	341
Dividends							(2)		(2)	(23)	(25)
Other						109			109	4	113
Balance, June 30, 2014	379	4	200	2		12,390	237	610	13,243	156	13,399
Net (loss) income							(147)		(147)	69	(78)
Other comprehensive loss								(1,192)	(1,192)	(24)	(1,216)
Dividends							(2)		(2)	(28)	(30)
Share repurchases	(2)					(32)			(32)		(32)
Other	5					75			75	(2)	73
Balance, June 30, 2015	382	$ 4	200	$ 2	$	$ 12,433	$ 88	$ (582)	$ 11,945	$ 171	$ 12,116

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

NEWS CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

News Corporation (together with its subsidiaries, News Corporation, News Corp, the Company, we, or us) is a global diversified media and information services company comprised of businesses across a range of media, including: news and information services, book publishing, digital real estate services, cable network programming in Australia, digital education and pay-TV distribution in Australia.

The Separation and Distribution

On June 28, 2013 (the Distribution Date), the Company completed the separation of its businesses (the Separation) from Twenty-First Century Fox, Inc. (21st Century Fox). As of the effective time of the Separation, all of the outstanding shares of the Company were distributed to 21st Century Fox stockholders based on a distribution ratio of one share of Company Class A or Class B Common Stock for every four shares of 21st Century Fox Class A or Class B Common Stock, respectively, held of record as of June 21, 2013 (the Record Date). Following the Separation, the Company s Class A and Class B Common Stock began trading independently on The NASDAQ Global Select Market (NASDAQ), and CHESS Depositary Interests representing the Company s Class A and Class B Common Stock began trading on the Australian Securities Exchange (ASX). In connection with the Separation, the Company entered into the Separation and Distribution Agreement (the Separation and Distribution Agreement) and certain other related agreements which govern the Company s relationship with 21st Century Fox following the Separation. (See Note 13 Related Party Transactions and Relationship with 21st Century Fox for further information).

Basis of presentation

The Company s financial statements as of and for the fiscal years ended June 30, 2015, 2014 and 2013 are presented on a consolidated basis. The Company s consolidated statements of operations for the fiscal years ended June 30, 2015 and 2014 reflect the Company s operations as a stand-alone company. The Company s consolidated balance sheets as of June 30, 2015 and 2014 consist of the Company s consolidated balances.

Prior to the Separation, the Company s combined financial statements were prepared on a stand-alone basis derived from the consolidated financial statements and accounting records of 21st Century Fox. The Company s consolidated statement of operations for the fiscal year ended June 30, 2013 included allocations of general corporate expenses for certain support functions that were provided on a centralized basis by 21st Century Fox and not recorded at the business unit level, such as expenses related to finance, human resources, information technology, facilities, and legal, among others. These expenses were allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a pro rata basis of consolidated revenues, operating income, headcount or other measures of the Company. Management believes the assumptions underlying these consolidated financial statements, including the assumptions regarding allocating general corporate expenses from 21st Century Fox, were reasonable. Nevertheless, these consolidated financial statements may not include all of the actual expenses that would have been incurred by the Company and may not reflect the Company s consolidated results of operations and cash flows had it been a stand-alone company during the applicable periods. Actual costs that would have been incurred if the Company had been a stand-alone company for the full fiscal year would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

The consolidated financial statements are referred to as the Financial Statements herein. The consolidated statements of operations are referred to as the Statements of Operations herein. The consolidated balance sheets are referred to as the Balance Sheets herein. The consolidated statements of cash flows are referred to as the Statements of Cash Flows herein.

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NEWS CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP).

For purposes of the Company s Financial Statements for periods prior to the Separation, income tax expense was recorded as if the Company filed tax returns on a stand-alone basis separate from 21st Century Fox. This separate return methodology applies the accounting guidance for income taxes to the stand-alone financial statements as if the Company was a stand-alone enterprise for the periods prior to the Distribution Date. Therefore, cash tax payments for periods prior to the Separation may not be reflective of the Company s actual tax balances. Prior to the Separation, the Company s operating results were included in 21st Century Fox s consolidated U.S. federal and state income tax returns. The calculation of the Company s income taxes involves considerable judgment and the use of both estimates and allocations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

For periods prior to the Distribution Date, the Financial Statements included certain assets and liabilities that were historically held at 21st Century Fox s corporate level but were specifically identifiable or otherwise attributable to the Company. All significant intracompany transactions and accounts within the Company s consolidated businesses have been eliminated. All significant intercompany transactions between 21st Century Fox and the Company before the Separation have been included as a component of 21st Century Fox Investment in these Financial Statements.

Changes in the Company s ownership interest in a consolidated subsidiary where a controlling financial interest is retained are accounted for as capital transactions. When the Company ceases to have a controlling interest in a consolidated subsidiary the Company will recognize a gain or loss in the Statements of Operations upon deconsolidation.

The Company s fiscal year ends on the Sunday closest to June 30. Fiscal 2015, fiscal 2014 and fiscal 2013 each included 52 weeks. All references to June 30, 2015, June 30, 2014 and June 30, 2013 relate to the twelve month periods ended June 28, 2015, June 29, 2014 and June 30, 2013, respectively. For convenience purposes, the Company continues to date its financial statements as of June 30.

Reclassifications

Certain reclassifications have been made to the prior period financial statements to conform to the current year presentation.

Use of estimates

The preparation of the Company s Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the Financial Statements and accompanying disclosures. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and other investments that are readily convertible into cash with original maturities of three months or less. The Company s cash and cash equivalents balance as of June 30, 2015 and 2014 also includes $60 million and $239 million as of June 30, 2015 and 2014, respectively, which is not readily accessible by the Company as it is held by REA Group Limited (REA Group), a majority owned but separately listed public company. REA Group must declare a dividend in order for the Company to have access to its share of REA Group s cash balance.

NEWS CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Concentration of credit risk

Cash and cash equivalents are maintained with multiple 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.

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 collected.

Receivables, net consist of:

	As of June 30,	
	2015	2014
	(in millions)	
Receivables	$ 1,530	$ 1,563
Allowances for returns and doubtful accounts	(220)	(175)
Receivables, net	$ 1,310	$ 1,388

The Company s receivables did not represent significant concentrations of credit risk as of June 30, 2015 or June 30, 2014 due to the wide variety of customers, markets and geographic areas to which the Company s products and services are sold.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by the weighted average cost method. The Company records a reserve for excess and obsolete inventory based upon a calculation using the historical usage rates, sales patterns of its products and specifically identified obsolete inventory. Inventory is included within Other current assets on the Balance Sheets.

Prepublication costs

The Company capitalizes the art, prepress, outside editorial, digital conversion and other costs incurred in the creation of the master copy of a book or other media (the prepublication costs). Prepublication costs are amortized from the year of publication over their estimated useful lives, using the straight-line method for capitalized costs with an estimated useful life of one year or less and sum of the years digits for capitalized costs exceeding one year. The Company regularly reviews the recoverability of the capitalized costs based on expected future revenues. Prepublications costs are included in Other current assets on the Balance Sheets and were $34 million and $35 million as of June 30, 2015 and 2014, respectively. Amortization of prepublication costs for the fiscal years ended June 30, 2015, 2014 and 2013 was $43 million, $37 million and $38 million, respectively.

NEWS CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Investments

Investments in and advances to equity or joint ventures in which the Company has significant influence, but less than a controlling voting interest, are accounted for using the equity method. Significant influence is generally presumed to exist when the Company owns an interest between 20% and 50% or when the Company has the ability to exercise significant influence.

Under the equity method of accounting, the Company includes its investment and amounts due to and from its equity method investments in its Balance Sheets. The Company s Statements of Operations include the Company s share of the investees earnings (losses) and the Company s Statements of Cash Flows include all cash received from or paid to the investee.

The difference between the Company s investment and its share of the fair value of the underlying net assets of the investee upon acquisition is first allocated to either finite-lived intangibles or indefinite-lived intangibles and the balance is attributed to goodwill. The Company follows ASC 350, Intangibles Goodwill and Other (ASC 350), which requires that equity method finite-lived intangibles be amortized over their estimated useful life. Such amortization is reflected in Equity earnings of affiliates in the Statements of Operations. Indefinite-lived intangibles and goodwill are not amortized.

Investments in which the Company has no significant influence (generally less than a 20% ownership interest) or does not have the ability to exercise significant influence are designated as available-for-sale investments if readily determinable market values are available. The Company reports available-for-sale investments at fair value based on quoted market prices. Unrealized gains and losses on available-for-sale investments are included in Accumulated other comprehensive (loss) income, net of applicable taxes and other adjustments, until the investment is sold or considered impaired. If an investment s fair value is not readily determinable, the Company accounts for its investment at cost.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over an estimated useful life of 3 to 50 years. Leasehold improvements are amortized using the straight-line method over the shorter of their useful lives or the life of the lease. Costs associated with the repair and maintenance of property are expensed as incurred. Changes in circumstances, such as technological advances or changes to the Company s business model or capital strategy could result in the actual useful lives differing from the Company s estimates. In those cases where the Company determines that the useful life of buildings and equipment should be shortened, the Company would depreciate the asset over its revised remaining useful life, thereby increasing depreciation expense.

Operating Leases

For operating leases, minimum lease payments, including minimum scheduled rent increases, are recognized as rent expense on a straight-line basis over the applicable lease terms. The term used for straight-line rent expense is calculated initially from the date that the Company obtains possession of the leased premises through the expected lease termination date.

Capitalized software

In accordance with ASC 350 40 Internal-use Software, the Company capitalizes certain costs incurred in connection with developing or obtaining internal use software. Costs incurred in the preliminary project stage are

NEWS CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

expensed. All direct costs incurred to develop internal use software during the development stage are capitalized and amortized using the straight-line method over the estimated useful life, generally 2 to 10 years. Costs such as maintenance and training are expensed as incurred.

The Company also capitalizes certain costs in accordance with ASC 985 20 Costs of Software to Be Sold, Leased, or Marketed. Certain costs incurred for the development of computer software are capitalized when technological feasibility has been established. These capitalized costs are subject to an ongoing assessment of recoverability based on anticipated future revenues and changes in hardware and software technologies. Amortization of capitalized software development costs begins when the product is available for general release to customers and is computed on a product-by-product basis at a rate not less than the straight-line method over the remaining estimated useful life of the product, generally five years. Research and development costs are expensed as incurred.

Royalty advances to authors

Royalty advances are initially capitalized and subsequently expensed as related revenues are earned or when the Company determines future recovery is not probable. The Company has a long history of providing authors with royalty advances, and it tracks each advance earned with respect to the sale of the related publication. Historically, the longer the unearned portion of the advance remains outstanding, the less likely it is that the Company will recover the advance through the sale of the publication. The Company applies this historical experience to its existing outstanding royalty advances to estimate the likelihood of recovery and a provision is established to write-off the unearned advance, usually between 6 and 12 months after publication. Additionally, the Company reviews its portfolio of unpublished royalty advances to determine if individual royalty advances are not recoverable for discrete reasons, such as the death of an author prior to completion of a title or titles, a Company decision to not publish a title, poor market demand or other relevant factors that could impact recoverability. Based on this information, the portion of any advance that the Company believes is not recoverable is expensed.

Goodwill and intangible assets

The Company has intangible assets, including goodwill, newspaper mastheads, trade names, distribution networks, publishing rights, copyrighted products and trademarks. Goodwill is recorded as the difference between the cost of acquiring entities and amounts assigned to their tangible and identifiable intangible net assets. In accordance with ASC 350, the Company s goodwill and indefinite-lived intangible assets are tested annually during the fourth quarter for impairment or earlier if events occur or circumstances change that would more likely than not reduce the fair value below their carrying amounts. Intangible assets with finite lives are amortized over their estimated useful lives. The impairment assessment of indefinite-lived intangibles compares the fair value of these intangible assets to their carrying value.

Goodwill is reviewed for impairment at a reporting unit level. Reporting units are determined based on an evaluation of the Company s operating segments and the components making up those operating segments. For purposes of goodwill impairment review, the Company has identified Dow Jones, the Australian newspapers, the U.K. newspapers, News America Marketing Group, Storyful Limited (Storyful), FOX SPORTS Australia, HarperCollins, REA Group, Move and the Amplify business, as its reporting units. In assessing goodwill for impairment, the Company has the option to first perform a qualitative assessment to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company is not required to perform any additional tests in assessing goodwill for impairment. However, if the Company concludes otherwise or elects not to perform the qualitative assessment, then it is required to perform the first step of a two-step impairment

NEWS CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

review process. The first step of the two-step impairment 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 primarily by 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 are 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, the 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.

The Company also performs impairment reviews on its indefinite-lived intangible assets, including newspaper mastheads, distribution networks and imprints. Newspaper mastheads and book publishing imprints are reviewed on an aggregated basis in accordance with ASC 350. Distribution networks are reviewed individually. In assessing its indefinite-lived intangible assets for impairment, the Company has the option to first perform a qualitative assessment to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount. If the Company determines that it is not more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, the Company is not required to perform any additional tests in assessing the assets for impairment. However, if the Company concludes otherwise or elects not to perform the qualitative assessment, then it is required to perform a quantitative analysis to determine if the fair value of the indefinite-lived intangible asset is less than its carrying value.

The methods used to estimate the fair value measurements of impaired goodwill and indefinite-lived intangible assets include those based on the income approach (including the discounted cash flow and relief-from-royalty methods) and those based on the market approach (primarily the guideline public company method). The resulting fair value measurements of the assets are considered to be Level 3 measurements. Significant unobservable inputs utilized in the income approach valuation methods are discount rates, long-term growth rates and royalty rates. Significant unobservable inputs utilized in the market approach valuation methods are EBITDA multiples from guideline public companies operating in similar industries and a control premium.

When a business within a reporting unit is disposed of, goodwill is allocated to the disposed business using the relative fair value method.

Asset impairments

Investments

Equity method investments are regularly reviewed to determine whether a significant event or change in circumstances has occurred that may impact the fair value of each investment. If the fair value of the investment

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has dropped below the carrying amount, management considers several factors when determining whether an other-than-temporary decline in market value has occurred, including the length of time and extent to which the market value has been below cost, the financial condition and near-term prospects of the issuer, the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value and other factors influencing the fair market value, such as general market conditions.

The Company regularly reviews available-for-sale investment securities for other-than-temporary impairment based on criteria that include the extent to which the investment s carrying value exceeds its related market value, the duration of the market decline, the Company s ability to hold until recovery and the financial strength and specific prospects of the issuer of the security.

The Company regularly reviews investments accounted for at cost for other-than-temporary impairment based on criteria that include the extent to which the investment s carrying value exceeds its related estimated fair value, the duration of the estimated fair value decline, the Company s ability to hold until recovery and the financial strength and specific prospects of the issuer of the security.

Long-lived assets

ASC 360, Property, Plant, and Equipment, (ASC 360) and ASC 350 require that the Company periodically reviews the carrying amounts of its long-lived assets, including property, plant and equipment and finite-lived intangible assets, to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset is greater than the expected undiscounted cash flows to be generated by such asset, an impairment adjustment is recognized if the carrying value of such asset exceeds its fair value. The Company generally measures fair value by considering sale prices for similar assets or by discounting estimated future cash flows using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of assets, accordingly, actual results could vary significantly from such estimates. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value, less their costs to sell.

Revenue recognition

Revenue is recognized when persuasive evidence of an arrangement exists, the fees are fixed or determinable, the product or service has been delivered and collectability is reasonably assured. The Company considers the terms of each arrangement to determine the appropriate accounting treatment.

News and Information Services

Advertising revenues are recognized in the period when advertising is printed or placed on digital platforms, net of commissions and provisions for estimated sales incentives including rebates, rate adjustments and discounts. Advertising revenues from integrated marketing services are recognized when free-standing inserts are published or over the time period in which in-store marketing services are performed. Billings to clients and payments received in advance of the performance of services or delivery of products are recorded as deferred revenue until the services are performed or the product is delivered.

Circulation and information services revenues include single-copy and subscription revenues. Circulation revenues are based on the number of copies of the printed newspaper (through home-delivery subscriptions and single-copy sales) and digital subscriptions sold and the rates charged to the respective customers. Single-copy revenue is recognized based on date of publication, net of provisions for related returns. Proceeds from print, digital and electronic information services subscription revenues are deferred at the time of sale and are recognized in earnings on a pro rata basis over the terms of the subscriptions.

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Other revenues are recognized when the related services are performed or the product has been delivered.

Book Publishing

Revenue from the sale of books for distribution in the retail channel is primarily recognized upon passing of control to the buyer. Revenue for electronic books (e-books), which is the net amount received from the retailer, is generally recognized upon electronic delivery to the customer by the retailer. Revenue is reported net of any amounts billed to customers for taxes which are remitted to government authorities.

Digital Real Estate Services

Advertising revenues from providing online real estate advertising services are recognized on the fulfillment of customer service obligations, which may include product performance and/or product service periods.

Subscription revenues from licensing and advanced reporting products are typically recognized ratably over the service period of the related subscription.

Cable Network Programming

Affiliate fees received from cable television systems, direct broadcast satellite operators and other distribution systems are recognized as revenue in the period that services are provided. Advertising revenues are recognized, net of agency commissions, in the period that the advertisements are aired.

Digital Education

License revenues from the sale of software subscriptions are recognized ratably over the license period. Consulting revenues are recognized as the related services are being performed. Other revenues, including those for training and kits, are recognized when the related services are performed or the product has been shipped.

Multiple element arrangements

Revenues derived from a single sales contract that contains multiple products and services are allocated based on the relative fair value of each item to be delivered and recognized in accordance with the applicable revenue recognition criteria for the specific unit of accounting.

Gross versus net revenue recognition

In the normal course of business, the Company acts as or uses an intermediary or agent in executing transactions with third parties. In connection with these arrangements, the Company must determine whether to report revenue based on the gross amount billed to the ultimate customer or on the net amount received from the customer after commissions and other payments to third parties.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in the transaction. If the Company is acting as a principal in a transaction, the Company reports revenue on a gross basis. If the Company is acting as an agent in a transaction, the Company reports revenue on a net basis. The determination of whether the Company is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of an arrangement. The Company serves as the principal in transactions in which it has substantial risks and rewards of ownership.

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Barter transactions

The Company enters into transactions that involve the exchange of advertising, in part, for other products and services, which are recorded at the lesser of estimated fair value of the advertising given or product or service received in accordance with the provisions of ASC 605-20-25, Advertising Barter Transactions. Revenue from barter transactions is recognized when advertising is provided, and expenses are recognized when products are received or services are incurred. Revenue from barter transactions included in the Statements of Operations was $56 million, $47 million and $48 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively. Expense from barter transactions included in the Statements of Operations was $56 million, $41 million and $48 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

Sales returns

Consistent with industry practice, certain of the Company s products, such as books and newspapers, are sold with the right of return. The Company records, as a reduction of revenue, the estimated impact of such returns. In determining the estimate of product sales that will be returned, management analyzes historical returns, current economic trends, 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.

Advertising expenses

The Company expenses advertising costs as incurred in accordance with ASC 720-35, Other Expenses Advertising Cost. Advertising and promotional expenses recognized totaled $534 million, $446 million and $442 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

Shipping and handling

Costs incurred for shipping and handling are reflected in Operating expenses in the Statements of Operations.

Translation of foreign currencies

The financial results and position of foreign subsidiaries and affiliates are translated into U.S. dollars using the current rate method, whereby operating results are converted at the average rate of exchange for the period and assets and liabilities are converted at the closing rates on the period end date. The resulting translation adjustments are accumulated as a component of Accumulated other comprehensive income. Gains and losses from foreign currency transactions are generally included in income for the period.

Income taxes

The Company accounts for income taxes in accordance with ASC 740, Income Taxes (ASC 740). ASC 740 requires an asset and liability approach for financial accounting and reporting for income taxes. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are established where management determines that it is more likely than not that some portion or all of a deferred tax asset will not be realized. Deferred taxes have not been provided on the cumulative undistributed earnings of foreign subsidiaries to the extent amounts are expected to be reinvested indefinitely. The Company recognizes interest and penalty charges related to unrecognized tax benefits as income tax expense.

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Earnings (loss) per share

Basic earnings (loss) per share for the Class A Common Stock and Class B Common Stock is calculated by dividing Net income (loss) available to News Corporation stockholders by the weighted average number of shares of Class A Common Stock and Class B Common Stock outstanding. Diluted earnings (loss) per share for Class A Common Stock and Class B Common Stock is calculated similarly, except that the calculation includes the dilutive effect of the assumed issuance of shares issuable under the Company s equity-based compensation plans. (See Note 12 (Loss) Earnings per Share).

Equity-based compensation

Equity-based awards are accounted for in accordance with ASC 718, Compensation Stock Compensation (ASC 718). ASC 718 requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. ASC 718 establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all companies to apply a fair-value-based measurement method in accounting for generally all share-based payment transactions with employees.

Prior to the Separation, the Company s employees participated in 21st Century Fox s equity-based compensation plans. Equity-based compensation expense related to those plans has been allocated to and recorded by the Company based on the awards and terms previously granted to the Company s employees. As of the Distribution Date, Restricted Stock Unit (RSU) and Performance Stock Unit (PSU) awards that vested and stock options that expired on or before December 31, 2013 continued as 21st Century Fox awards. RSU and PSU awards that vest and stock options that expire on or after January 1, 2014 were converted to Company awards as of the Distribution Date. (See Note 11 Equity-Based Compensation).

Retirement Benefit Obligations

The Company provides defined benefit pension, postretirement healthcare, defined contribution and medical benefits to the Company s eligible employees and retirees. The Company accounts for its defined benefit pension, postretirement healthcare and defined contribution plans in accordance with ASC 715, Compensation Retirement Benefits (ASC 715). The expense recognized by the Company is determined using certain assumptions, including the discount rate, expected long-term rate of return and mortality rates, among others. The Company recognizes the funded status of its defined benefit plans (other than multiemployer plans) as an asset or liability in the Balance Sheets and recognizes changes in the funded status in the year in which the changes occur through Accumulated other comprehensive (loss) income in the Balance Sheets.

Prior to the Separation, certain of the Company s employees participated in defined benefit pension plans sponsored by 21st Century Fox. As a result, the Statements of Operations included expenses related to these shared plans including direct expenses related to the Company s employees as well as allocations of expenses related to corporate employees through the corporate expense allocations in the pre-Separation period. (See Note 15 Retirement Benefit Obligations).

Fair Value Measurements

The Company has various financial instruments that are measured at fair value on a recurring basis, including certain marketable securities and derivatives. The Company also applies the provisions of fair value measurement to various non-recurring measurements for the Company s non-financial assets and liabilities. In accordance with ASC 820, Fair Value Measurements (ASC 820), the Company measures assets and liabilities using inputs from the following three levels of the fair value hierarchy: (i) inputs that are quoted prices in active markets for identical assets or liabilities (Level 1); (ii) inputs other than quoted prices included within

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Level 1 that are observable, including quoted prices for similar assets or liabilities (Level 2); and (iii) unobservable inputs that require the entity to use its own best estimates about market participant assumptions (Level 3).

The Company s assets measured at fair value on a nonrecurring basis include investments, long-lived assets, indefinite-lived intangible assets and goodwill. The Company reviews the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually as of June 30 for indefinite-lived intangible assets and goodwill. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to be Level 3 measurements.

Financial instruments and derivatives

The carrying value of the Company s financial instruments, including cash and cash equivalents, approximate fair value. The Company did not estimate the fair value of certain cost method investments because it was not practicable to do so. The fair value of financial instruments is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market which are considered to be Level 2 measurements. 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. As of June 30, 2015, the Company did not anticipate nonperformance by any of the counterparties.

ASC 815, Derivatives and Hedging (ASC 815), requires every derivative instrument (including certain derivative instruments embedded in other contracts) to be recorded on the balance sheet at fair value as either an asset or a liability. ASC 815 also requires that changes in the fair value of recorded derivatives be recognized currently in earnings unless specific hedge accounting criteria are met. The Company uses financial instruments to hedge its limited exposures to foreign currency exchange risks primarily associated with payments made to manufacturers and service providers. These derivative contracts are primarily economic hedges. The Company records the changes in the fair value of these items in current earnings. The fair market value of foreign exchange forward contracts with foreign currency risk outstanding as of June 30, 2015 and June 30, 2014 was not material.

Recent Accounting Guidance

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 became effective for the Company for interim reporting periods beginning July 1, 2014. The adoption of ASU 2013-04 did not have an impact on the Company s 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 within a foreign entity. ASU 2013-05 became effective for the Company for interim reporting periods beginning July 1, 2014. The adoption of ASU 2013-05 did not have an impact on the Company s Financial Statements.

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In July 2013, the FASB issued ASU 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (ASU 2013-11). ASU 2013-11 clarifies guidance and eliminates diversity in practice on the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. ASU 2013-11 became effective for the Company for interim reporting periods beginning July 1, 2014. The adoption of ASU 2013-11 did not have an impact on the Company s Financial Statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). ASU 2014-09 removes inconsistencies and differences in existing revenue requirements between GAAP and International Financial Reporting Standards (IFRS) and requires a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASU 2014-09 will require companies to use more judgment and make more estimates, such as identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation, when determining the amount of revenue to recognize. On July 9, 2015, the FASB approved a one-year deferral of ASU 2014-09. ASU 2014-09 is effective for the Company for annual and interim periods beginning July 1, 2018. Once effective, ASU 2014-09 can be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initial adoption recognized at the date of initial application. The Company is currently evaluating the method of adoption to be utilized as well as the impact ASU 2014-09 will have on its Financial Statements.

In June 2014, the FASB issued ASU 2014-12, Compensation Stock Compensation (Topic 718) (ASU 2014-12). ASU 2014-12 clarifies guidance and eliminates diversity in practice on how to account for share-based payments in which the terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period. That is, the employee would be eligible to vest in the award regardless of whether the employee is rendering service on the date the performance target is achieved. ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for the Company for annual and interim periods beginning July 1, 2016, however, early adoption is permitted. The Company is currently evaluating the impact of ASU 2014-12, but does not expect the adoption to have a significant impact on its Financial Statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements Going Concern (Subtopic 205-40) (ASU 2014-15). ASU 2014-15 is intended to define management s responsibility to evaluate whether there is substantial doubt about an entity s ability to continue as a going concern and to provide related footnote disclosures. Specifically, ASU 2014-15 provides a definition of the term substantial doubt and requires an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). It also requires certain disclosures when substantial doubt is alleviated as a result of consideration of management s plans and requires an express statement and other disclosures when substantial doubt is not alleviated. ASU 2014-15 is effective for the Company for annual and interim periods beginning July 1, 2016, however, early adoption is permitted. The Company does not expect the adoption of ASU 2014-15 to have a significant impact on its Financial Statements.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis (ASU 2015-02). ASU 2015-02 is intended to address stakeholder concerns regarding the usefulness of financial statements where a reporting entity is required to consolidate a legal entity where the reporting entity s contractual rights do not give it the ability to act primarily on its own behalf, the reporting entity does not hold a majority of the legal entity s voting rights, or the reporting entity is not exposed to a majority of the legal entity s economic benefits or obligations. The update amends the accounting guidance around the consolidation of limited partnerships, the consideration surrounding the primary beneficiary

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determination and the consolidation of certain investment funds. ASU 2015-02 is effective for the Company for annual and interim periods beginning after December 16, 2015, however, early adoption is permitted. The Company does not expect the adoption of ASU 2015-02 to have a significant impact on its Financial Statements.

In April 2015, the FASB issued ASU 2015-05, Intangibles Goodwill and Other Internal-Use Software (Subtopic 350-40): Customer s Accounting for Fees Paid in a Cloud Computing Arrangement (ASU 2015-05). ASU 2015-05 clarifies guidance about whether a customer s cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance will not change GAAP for customer s accounting for service contracts. In addition, the guidance in this update supersedes paragraph 350-40-25-16. Consequently, all software licenses within the scope of Subtopic 350-40 will be accounted for consistent with other licenses of intangible assets. The amendment can either be adopted prospectively for all arrangements entered into or materially modified after the effective date or retrospectively. ASU 2015-05 is effective for the Company for annual and interim periods beginning July 1, 2016, however, early adoption is permitted. The Company does not expect the adoption of ASU 2015-05 to have a significant impact on its Financial Statements.

NOTE 3. ACQUISITIONS, DISPOSALS AND OTHER TRANSACTIONS

Fiscal 2015

Harlequin Enterprises Limited

In August 2014, the Company acquired Harlequin Enterprises Limited (Harlequin) from Torstar Corporation for $414 million in cash, net of $19 million of cash acquired. Harlequin is a leading publisher of women s fiction and extends HarperCollins global platform, particularly in Europe and Asia Pacific. Harlequin is a subsidiary of HarperCollins, and its results are included within the Book Publishing segment. As a result of the acquisition, the Company recorded net tangible assets of approximately $115 million, primarily consisting of accounts receivable, accounts payable, author advances, property, plant and equipment and inventory, at their estimated fair values at the date of acquisition. In addition, the Company recorded approximately $165 million of intangible assets, comprised of approximately $105 million of imprints which have an indefinite life and $60 million related to finite lived intangible assets with a weighted average life of approximately 5 years, and recorded an associated deferred tax liability of approximately $35 million. In accordance with ASC 350, the excess of the purchase price over the fair values of the net tangible and intangible assets of approximately $185 million was recorded as goodwill on the transaction. The values assigned to the acquired assets and liabilities are based on estimates of fair value available as of the date of this filing and will be adjusted upon completion of final valuations of certain assets and liabilities. Any changes in these fair values could potentially result in an adjustment to the goodwill recorded for this transaction.

Move, Inc.

In November 2014, the Company acquired all of the outstanding shares of Move, Inc. (Move), which was a publicly traded company, for $21.00 per share in cash. Move is a leading provider of online real estate services, and the acquisition expanded the Company s digital real estate services business into the U.S., one of the largest real estate markets. Move primarily operates realtor.com®, a premier real estate information and services marketplace. Move also offers a number of professional software and services products, including Top Producer®, TigerLead® and ListHub™. Move s results of operations are included within the Digital Real Estate Services segment, and it was considered a separate reporting unit for purposes of the Company s annual goodwill impairment review.

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The aggregate cash payment at closing to acquire the outstanding shares of Move was approximately $864 million, which was funded with cash on hand. The Company also assumed outstanding Move equity-based compensation awards with a fair value of $67 million, consisting of vested and unvested stock options, RSUs and restricted stock awards. Of the total fair value of the assumed equity-based compensation awards, $28 million was allocated to pre-combination services and included in total consideration transferred and $39 million was allocated to future services and will be expensed over the weighted average remaining service period of 2.5 years. Refer to Note 11 for further details on the conversion of Move s equity-based compensation awards. In addition, following the acquisition, the Company utilized approximately $129 million of cash to settle all of Move s outstanding indebtedness that was assumed as part of the transaction. The total transaction value for the Move acquisition is set forth below (in millions):

Cash paid for Move equity	$ 864
Assumed equity-based compensation awards pre-combination services	28
Total consideration transferred	892
Plus: Assumed debt	129
Plus: Assumed equity-based compensation awards post-combination services	39
Less: Cash acquired	(108)
Total transaction value	$ 952

REA Group, in which the Company holds a 61.6% interest, acquired a 20% interest in Move upon closing of the transaction. In connection with the acquisition, the Company granted REA Group a put option to require the Company to purchase REA Group s interest in Move, which can be exercised at any time beginning two years from the date of acquisition at fair value.

Under the purchase method of accounting, the total consideration transferred is allocated to net tangible and intangible assets based upon the fair value as of the date of completion of the acquisition. The allocation is as follows (in millions):

Assets acquired:	
Cash	$ 108
Current assets	28
Intangible assets	198
Deferred income taxes	153
Goodwill	564
Noncurrent assets	69
Total assets acquired	$ 1,120
Liabilities assumed:	
Current liabilities	$ 50
Deferred income taxes	46
Borrowings	129
Other noncurrent liabilities	3
Total liabilities assumed	228

Net assets acquired	$ 892

The acquired intangible assets relate to the license of the realtor.com® trademark, which has a fair value of approximately $116 million and an indefinite life, and customer relationships, other tradenames and certain multiple listing service agreements with an aggregate fair value of approximately $82 million, which will be

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amortized over a weighted-average useful life of approximately 15 years. The Company also acquired technology, primarily associated with the realtor.com® website, that have a fair value of approximately $39 million which will be amortized over 4 years. The acquired technology has been recorded in Property, Plant and Equipment, net in the Consolidated Balance Sheet at June 30, 2015.

Move had U.S. federal net operating loss carryforwards (NOLs) of $947 million ($332 million tax-effected) at the date of acquisition. These NOLs are subject to limitations under Section 382 of the Internal Revenue Code of 1986, as amended (the Code) and subject to review by the Internal Revenue Service. The utilization of these NOLs is dependent on generating sufficient U.S. taxable income prior to expiration which begins in varying amounts starting in 2017. Valuation allowances and unrecognized tax benefits have been recorded against these NOLs in the amounts of $368 million and $116 million, respectively ($129 million and $41 million tax-effected). Valuation allowances and unrecognized tax benefits related to these NOLs may be adjusted upon completion of the final valuation of Move s deferred taxes. The deferred tax assets established for these NOLs, net of valuation allowance and unrecognized benefits are included in Other non-current assets on the Balance Sheet as of June 30, 2015. Based on this, the Company expects approximately $463 million of the NOLs can be utilized, accordingly, the Company has recorded a net deferred tax asset of $162 million.

The excess of the total consideration transferred over the fair value of the net tangible and intangible assets acquired was recorded as goodwill. The values assigned to the acquired assets and liabilities, including deferred taxes, are based on estimates of fair value available as of the date of this filing and will be adjusted upon completion of final valuations of certain assets and liabilities. Any changes in these fair values could potentially result in an adjustment to the goodwill recorded for this transaction.

Fiscal 2014

In September 2013, the Company sold the Dow Jones Local Media Group (LMG), which operated eight daily and 15 weekly newspapers in seven states. The gain recognized on the sale of LMG was not significant as the carrying value of the assets held for sale on the date of sale approximated the proceeds received. The net income, assets, liabilities and cash flows attributable to the LMG operations were not material to the Company in any of the periods presented and, accordingly, have not been presented separately.

In December 2013, the Company acquired Storyful, a social news agency, for approximately $25 million, of which $19 million was paid in cash, with the remainder primarily related to an earn-out that is contingent upon the achievement of certain performance objectives. The Storyful acquisition complements the Company s existing video capabilities, including the creation and distribution of original and on-demand programming such as WSJ Live and BallBall. Storyful s results are included within the Company s News and Information Services segment.

Fiscal 2013

In July 2012, the Company acquired Australian Independent Business Media Pty Limited (AIBM) for approximately $30 million in cash. AIBM publishes a subscription-based online newsletter for investors and a business news and commentary website.

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, the excess purchase price of approximately $160 million has been 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.

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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. This acquisition supports the Company s strategic priority of acquiring greater control of investments that complement its portfolio of businesses. CMH owned a 25% interest in Foxtel through its 50% interest in FOX SPORTS Australia. The acquisition doubled the Company s stakes in FOX SPORTS Australia and Foxtel to 100% and 50%, respectively. Prior to November 2012, the Company accounted for its investments in FOX SPORTS Australia and Foxtel under the equity method of accounting. The Company s investment in Foxtel continues to be accounted for under the equity method of accounting.

The results of FOX SPORTS Australia have been included within the Cable Network Programming segment in the Company s consolidated results of operations since November 2012.

At the time of acquisition, 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 $1.3 billion which was included in Other, net in the Statement of Operations for the fiscal year ended June 30, 2013. The fair value of the Company s 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 the 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 the Company s 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 $3.2 billion has been allocated as follows: $1.9 billion to equity method investments, approximately $684 million to amortizable intangible assets, primarily customer relationships, with useful lives ranging from 15 to 25 years and approximately $657 million representing the goodwill on the transaction.

Summarized financial information for FOX SPORTS Australia for the period July 1, 2012 through the date of acquisition was as follows:

	For the period July 1 through November 19, 2012 (in millions)	
Revenues	$	192
Operating income[a]		63
Net income		46

(a) Includes Depreciation and amortization of $4 million for the period July 1, 2012 through the date of acquisition. Operating income before depreciation and amortization was $67 million for the period July 1, 2012 through the date of acquisition.

NOTE 4. RESTRUCTURING PROGRAMS

The Company recorded restructuring charges of $84 million and $79 million for the fiscal years ended June 30, 2015 and 2014, respectively, of which $75 million and $67 million related to the News and Information Services segment, respectively. The restructuring charges recorded in fiscal 2015 and 2014 were primarily for employee termination benefits.

In fiscal 2013, the Company recorded restructuring charges of $293 million, of which $276 million related to the News and Information Services segment. The restructuring charges primarily related to the reorganization of the Australian newspaper businesses which was announced at the end of fiscal 2012 and the continued

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reorganization of the U.K. newspaper businesses. The restructuring charges recorded were primarily for termination benefits in Australia and contract termination payments in the U.K.

Changes in the restructuring program liabilities were as follows:

	One time employee termination benefits	Facility related costs	Other costs	Total
		(in millions)		
Balance, June 30, 2012	$ 51	$ 8	$	$ 59
Additions	208	4	81	293
Payments	(207)	(5)	(69)	(281)
Other	(1)	(1)	(10)	(12)
Balance, June 30, 2013	$ 51	$ 6	$ 2	$ 59
Additions	69	8	2	79
Payments	(101)	(5)	(1)	(107)
Other	2	(2)	(3)	(3)
Balance, June 30, 2014	$ 21	$ 7	$	$ 28
Additions	74	1	9	84
Payments	(46)	(3)	(3)	(52)
Other	(2)			(2)
Balance, June 30, 2015	$ 47	$ 5	$ 6	$ 58

As of June 30, 2015, restructuring liabilities of approximately $49 million were included in the Balance Sheet in Other current liabilities and $9 million were included in Other non-current liabilities.

NOTE 5. INVESTMENTS

The Company s investments were comprised of the following:

	Ownership Percentage as of June 30, 2015	As of June 30, 2015	2014
		(in millions)	
Equity method investments:			
Foxtel[a]	50%	$ 1,476	$ 1,869
Other equity method investments[b]	various	168	24
Loan receivable from Foxtel[c]	N/A	345	425
Available-for-sale securities[d]	various	185	151

Cost method investments[e]	various	205	140
Total Investments		$ 2,379	$ 2,609

[a] The change in the Foxtel investment for the fiscal year ended June 30, 2015 was primarily due to the impact of foreign currency fluctuations. For the fiscal years ended June 30, 2015 and 2014, the Company received dividends from Foxtel of $107 million and $151 million, respectively.

The Company s investment in Foxtel exceeds its equity in the underlying net assets by approximately $1.6 billion as of June 30, 2015. This amount represented the excess cost over the Company s proportionate share of its investment s underlying net assets. This has been allocated between finite-lived intangible assets,

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indefinite-lived intangible assets and goodwill. The finite-lived intangible assets of approximately $0.5 billion primarily represent subscriber relationships with a weighted remaining average useful life of 8 years.

(b) In July 2014, REA Group purchased a 17.22% interest in iProperty Group Limited (ASX: IPP) (iProperty) for total cash consideration of approximately $100 million. iProperty has online property advertising operations primarily in Malaysia, Indonesia, Hong Kong, Macau, Thailand and Singapore. In December 2014, REA Group sold Squarefoot, its Hong Kong based business, to iProperty in exchange for an additional 2.2% interest in iProperty. As of June 30, 2015, including an acquisition of additional shares of iProperty in October 2014, REA Group owns an approximate 19.9% interest in iProperty. The Company retroactively applied the equity method of accounting in the second quarter of fiscal 2015 in accordance with ASC 323, Investments Equity Method and Joint Ventures. The carrying value of the investment in iProperty was $90 million as of June 30, 2015. The change in the iProperty investment was primarily due to the impact of foreign currency fluctuations.

(c) In May 2012, Foxtel purchased Austar United Communications Ltd. 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 interests. The Company s share of the subordinated shareholder notes was approximately A$451 million ($345 million and $425 million as of June 30, 2015 and June 30, 2014, respectively). The subordinated shareholder note can be repaid beginning in July 2022 provided that Foxtel s senior debt has been repaid. The subordinated shareholder note has a maturity date of July 15, 2027, with interest of 12% payable on June 30 each year and at maturity. Upon maturity, the principal advanced will be repayable.

(d) During fiscal 2015, the Company purchased a 14.99% interest in APN News and Media Limited (APN) for approximately $112 million. APN operates a portfolio of Australian and New Zealand radio and outdoor media assets and small regional print interests.

In August 2014, REA Group completed the sale of a minority interest held in marketable securities for total cash consideration of $104 million. As a result of the sale, REA Group recognized a pre-tax gain of $29 million, which was reclassified out of accumulated other comprehensive (loss) income and included in Other, net in the Statement of Operations.

(e) Cost method investments primarily include the Company s investment in SEEKAsia Limited (SEEK Asia) and certain investments in China. In November 2014, SEEK Asia, in which the Company owned a 12.1% interest, acquired the online employment businesses of JobStreet Corporation Berhad (JobStreet), which were combined with JobsDB, Inc., SEEK Asia s existing online employment business. The transaction was funded primarily through additional contributions by SEEK Asia shareholders which did not have an impact on the Company s ownership. The Company s share of the funding contribution was approximately $60 million. In June 2015, the Company purchased an additional 0.8% interest in SEEK Asia for approximately $7 million, which increased the Company s investment to approximately 12.9%.

The Company measures the fair market values of available-for-sale investments as Level 1 financial instruments under ASC 820 as such investments have quoted prices in active markets. The cost basis, unrealized gains, unrealized losses and fair market value of available-for-sale investments are set forth below:

	As of June 30, 2015	2014
	(in millions)	
Cost basis of available-for-sale investments	$ 164	$ 113
Accumulated gross unrealized gain	46	38
Accumulated gross unrealized loss	(25)	
Fair value of available-for-sale investments	$ 185	$ 151
Net deferred tax liability	$ 11	$ 14

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Equity Earnings of Affiliates

The Company s share of the earnings of its equity affiliates was as follows:

	For the fiscal years ended June 30, 2015	2014 (in millions)	2013
Foxtel[(a)]	$ 59	$ 90	$ 66
Pay television and cable network programming equity affiliates[(b)]			51
Other equity affiliates, net	(1)		(17)
Total Equity earnings of affiliates	$ 58	$ 90	$ 100

(a) The Company owned 25% of Foxtel through November 2012. In November 2012, the Company increased its ownership in Foxtel to 50% as a result of the CMH acquisition. In accordance with ASC 350, the Company amortized $57 million, $62 million and $43 million related to excess cost over the Company s proportionate share of its investment s underlying net assets allocated to finite-lived intangible assets during the fiscal years ended June 30, 2015, 2014 and 2013, respectively. Such amortization is reflected in Equity earnings of affiliates in the Statements of Operations.

(b) Includes equity earnings of FOX SPORTS Australia and SKY Network Television Ltd. The Company acquired the remaining interest in FOX SPORTS Australia in November 2012 as a result of the CMH acquisition. The results of FOX SPORTS Australia have been included within the Cable Network Programming segment in the Company s consolidated results of operations since November 2012. 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 Statement of Operations for the fiscal year ended June 30, 2013. For the fiscal year ended June 30, 2013, the Company received dividends from SKY Network Television Ltd. of $60 million.

Impairments of investments

The Company regularly reviews its investments for impairments based on criteria that include the extent to which the investment s carrying value exceeds its related market value, the duration of the market decline, the Company s ability to hold its investment until recovery and the investment s financial strength and specific prospects. The Company recorded impairment charges of $15 million related to the Company s investment in an Australian newspaper business included in Other equity method investments during the fiscal year ended June 30, 2013, which were reflected in Equity earnings of affiliates in the Statements of Operations. The Company recorded write-offs of certain investments in the fiscal year ended June 30, 2015 and 2014 of $5 million and $10 million, respectively. These write-offs were reflected in Other, net in the Statements of Operations. These impairments and write-offs were taken as a result of either the deteriorating financial position of the investee or due to other-than-temporary impairment resulting from sustained losses and limited prospects for recovery.

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Summarized Financial Information

Summarized financial information for the significant equity affiliates, including Foxtel, FOX SPORTS Australia for periods through November 2012 and SKY Network Television Ltd. for periods through March 2013, accounted for under the equity method was as follows:

	For the fiscal years ended June 30,		
	2015	2014	2013
		(in millions)	
Revenues	$ 2,658	$ 2,897	$ 3,872
Operating income	441	554	675
Net income	232	304	357

	As of June 30,	
	2015	2014
	(in millions)	
Current assets	$ 480	$ 490
Non-current assets	2,490	2,805
Current liabilities	732	817
Non-current liabilities	2,550	2,887

Summarized financial information for Foxtel, presented in accordance with U.S. GAAP, was as follows:

	For the fiscal years ended June 30,		
	2015	2014	2013
		(in millions)	
Revenues	$ 2,658	$ 2,897	$ 3,184
Operating income[a]	441	554	491
Net income	232	304	240

(a) Includes Depreciation and amortization of $319 million, $349 million and $441 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively. Operating income before depreciation and amortization was $760 million, $903 million and $932 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

	Useful Lives	As of June 30,	
		2015	2014
		(in millions)	
Land		$ 161	$ 177
Buildings and leaseholds	3 to 50 years	1,932	2,069
Machinery and equipment[a]	3 to 40 years	3,070	3,282
		5,163	5,528

Less: accumulated depreciation and amortization[b]	(2,542)	(2,623)
	2,621	2,905
Construction in progress[a]	125	104
Total Property, plant and equipment, net	$ 2,746	$ 3,009

(a) Includes capitalized software of approximately $982 million and $870 million as of June 30, 2015 and 2014, respectively. For the fiscal year ended June 30, 2015, the Company recorded impairment charges of $45

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million. (See Note 7 Goodwill and Other Intangible Assets for further discussion of the impairment charges). For the fiscal year ended June 30, 2014, recorded an impairment charge of $15 million related to the sale of a U.S. printing plant.

(b) Includes accumulated amortization of capitalized software of approximately $479 million and $412 million as of June 30, 2015 and 2014, respectively.

Depreciation and amortization related to property, plant and equipment was $428 million, $483 million and $454 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively. This includes amortization of capitalized software of $186 million, $155 million and $122 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

Total operating lease expense was approximately $200 million, $192 million and $146 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

NOTE 7. GOODWILL AND OTHER INTANGIBLE ASSETS

The carrying values of the Company s intangible assets and related accumulated amortization for the fiscal years ended June 30, 2015 and June 30, 2014 were as follows:

	As of June 30, 2015	As of June 30, 2014
	(in millions)	
Intangible Assets Not Subject to Amortization		
Newspaper Mastheads	$ 308	$ 317
Distribution Networks	392	397
Imprints	266	190
Tradenames	120	4
Total intangible assets not subject to amortization	1,086	908
Intangible Assets Subject to Amortization		
Channel Distribution Agreements[a]	366	471
Publishing Rights[b]	389	358
Customer Relationships[c]	360	352
Other[d]	41	48
Total intangible assets subject to amortization, net	1,156	1,229
Total Intangible assets, net	$ 2,242	$ 2,137

(a) Net of accumulated amortization of $43 million and $33 million as of June 30, 2015 and 2014, respectively. The average useful life of the channel distribution agreements is 25 years primarily based on the period that a majority of the future cash flows from these intangibles will be generated.

(b) Net of accumulated amortization of $122 million and $94 million as of June 30, 2015 and 2014, respectively. The average useful life of publishing rights is 4 to 30 years primarily based on the weighted-average remaining contractual terms of the underlying publishing contracts and the Company s estimates of the period within those terms that the asset is expected to generate a majority of its future cash flows.

(c)

Net of accumulated amortization of $354 million and $325 million as of June 30, 2015 and 2014, respectively. The average useful life of customer relationships ranges from 2 to 25 years. The useful lives of these assets are estimated by applying historical attrition rates and determining the resulting period over which a majority of the accumulated undiscounted cash flows related to the customer relationships are

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expected to be generated. The useful lives represent the periods over which these intangible assets are expected to contribute directly or indirectly to the Company s future cash flows.

(d) Net of accumulated amortization of $90 million and $86 million as of June 30, 2015 and 2014, respectively. The average useful life of other intangible assets ranges from 2 to 10 years. The useful lives represent the periods over which these intangible assets are expected to contribute directly or indirectly to the Company s future cash flows.

Amortization related to amortizable intangible assets was $102 million, $95 million and $94 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

Based on the current amount of amortizable intangible assets, the estimated amortization expense for each of the succeeding five fiscal years is as follows: 2016 $94 million; 2017 $90 million; 2018 $83 million; 2019 $70 million; and 2020 $65 million. These amounts may vary as acquisitions and disposals occur in the future and as purchase price allocations are finalized.

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

	News and Information Services	Book Publishing	Digital Real Estate Services	Cable Network Programming (in millions)	Digital Education	Other	Total Goodwill
Balance, June 30, 2013	$ 1,679	$ 70	$ 70	$ 581	$ 325	$	$ 2,725
Acquisitions	19	2	12				33
Foreign currency movements	3		4	18			25
Dispositions		(1)					(1)
Balance, June 30, 2014	$ 1,701	$ 71	$ 86	$ 599	$ 325	$	$ 2,782
Acquisitions		191	566			4	761
Foreign currency movements	(5)	(21)	(16)	(113)			(155)
Impairments					(325)		(325)
Balance, June 30, 2015	$ 1,696	$ 241	$ 636	$ 486	$	$ 4	$ 3,063

The carrying amount of goodwill as of June 30, 2015 reflected accumulated impairments, principally relating to the News and Information Services segment of $3.4 billion and the Digital Education segment of $325 million. Refer to the discussion below for further details on the fiscal 2015 goodwill and intangible asset impairment in the Digital Education segment.

Annual Impairment Assessments

Fiscal 2015

In accordance with ASC 350, the Company s goodwill and indefinite-lived intangible assets are tested annually in the fourth quarter for impairment or earlier if events or circumstances change that would more likely than not reduce the fair value of the reporting unit below their carrying amount. (See Note 2 Summary of Significant Accounting Policies for additional information regarding the Company s annual impairment methodology).

During the fourth quarter of fiscal 2015, as part of the Company s long-range planning process, the Company changed its strategy and related outlook with respect to the Amplify reporting unit which resulted in a reduction in expected future cash flows for the business (See Note

18 Segment Information). As a result, the Company determined that the fair value of this reporting unit declined below its carrying value and recorded a

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non-cash impairment charge of $371 million, with no associated tax impact, in the fiscal year ended June 30, 2015. The charge primarily consisted of a write-down of the Company s goodwill of $325 million and a write-down of capitalized software development costs of $45 million. For the impaired reporting unit, significant unobservable inputs utilized in the income approach valuation method were discount rates (ranging from 12%-45%) and long-term growth rates (ranging from 0%-4%).

Other than the impairment noted above, the Company determined that the goodwill and indefinite-lived intangible assets included in the Balance Sheets were not impaired for the remaining reporting units. Significant unobservable inputs utilized in the income approach valuation method for these reporting units were discount rates (ranging from 9%-14%), long-term growth rates (ranging from 0%-3%) and royalty rates (ranging from 0.5%-3.3%). Significant unobservable inputs utilized in the market approach valuation methods were EBITDA multiples from guideline public companies operating in similar industries and control premiums (ranging from 10%-15%). Significant increases (decreases) in royalty rates, growth rates, control premium 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 royalty rates, growth rates, control premium and multiples, would result in a significantly higher (lower) fair value measurement.

Fiscal 2014

The performance of the Company s annual impairment analysis did not result in any impairments of goodwill in fiscal 2014. Significant unobservable inputs utilized in the income approach valuation methods were discount rates (ranging from 9.0%-35.0%), long-term growth rates (ranging from 0.0%-4.0%) and royalty rates (ranging from 0.5%-2.8%). Significant unobservable inputs utilized in the market approach valuation methods were EBITDA multiples from guideline public companies operating in similar industries and control premiums (ranging from 5%-20%). Significant increases (decreases) in royalty rates, growth rates, control premium 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 royalty rates, growth rates, control premium and multiples, would result in a significantly higher (lower) fair value measurement.

Fiscal 2013

During the fourth quarter of fiscal 2013, as part of the Company s long-range planning process in preparation for the Separation, the Company adjusted its future outlook and related strategy principally with respect to the News and Information Services business in Australia and secondarily with respect to the News and Information Services businesses in the U.S. which resulted in a reduction in expected future cash flows. As a result, the Company determined that the fair value of these reporting units declined below their respective carrying values and recorded non-cash impairment charges of approximately $1.4 billion ($1.1 billion, net of tax) in the fiscal year ended June 30, 2013. The charges primarily consisted of a write-down of the Company s goodwill of $494 million, a write-down of intangible assets (primarily newspaper mastheads) of $862 million and a write-down of fixed assets of $46 million. The impairment charges also included $42 million reflecting the expected sale of assets at values below their carrying value. As of June 30, 2013, these net assets of approximately $89 million were classified as held for sale and included in other current assets in the Balance Sheets.

Significant unobservable inputs utilized in the income approach valuation methods were discount rates (ranging from 11.0%-14.5%), long-term growth rates (ranging from (0.5)%-1.5%) and royalty rates (ranging from 0.5%-1.5%). Significant unobservable inputs utilized in the market approach valuation methods were EBITDA multiples from guideline public companies operating in similar industries and a control premium of 5%. Significant increases (decreases) in royalty rates, growth rates, control premium 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 royalty rates, growth rates, control premium and multiples, would result in a significantly higher (lower) fair value measurement.

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NOTE 8. CREDIT FACILITY

The Company s Credit Agreement (the Credit Agreement) provides for an unsecured $650 million five-year revolving credit facility (the Facility) that can be used for general corporate purposes. The Facility has a sublimit of $100 million available for issuances of letters of credit. Under the Credit Agreement, the Company may request increases in the amount of the Facility up to a total maximum amount of $900 million. Subject to certain conditions stated in the Credit Agreement, the Company may borrow, prepay and reborrow amounts under the Facility during the term of the Credit Agreement. All amounts under the Credit Agreement are due on October 23, 2018, unless the commitments are terminated earlier either at the request of the Company or, if an event of default occurs, by the designated agent at the request or with the consent of the lenders (or automatically in the case of certain bankruptcy-related events). The Company may request that the commitments be extended under certain circumstances as set forth in the Credit Agreement for up to two additional one-year periods. Additionally, interest on borrowings is based on either (a) a Eurodollar Rate formula or (b) the Base Rate formula, each as set forth in the Credit Agreement.

The Credit Agreement contains certain customary affirmative and negative covenants and events of default, with customary exceptions, including limitations on the ability of the Company and the Company s subsidiaries to engage in transactions with affiliates, incur liens, merge into or consolidate with any other entity, incur subsidiary debt or dispose of all or substantially all of its assets or all or substantially all of the stock of its subsidiaries taken as a whole. In addition, the Credit Agreement requires the Company to maintain an adjusted operating income leverage ratio of not more than 3.0 to 1.0 and an interest coverage ratio of not less than 3.0 to 1.0. If any of the events of default occur and are not cured within applicable grace periods or waived, any unpaid amounts under the Credit Agreement may be declared immediately due and payable. As of June 30, 2015, the Company was in compliance with all of the applicable debt covenants.

The applicable margin and the commitment fee are based on the pricing grid in the Credit Agreement which varies based on the Company s adjusted operating income leverage ratio. As of June 30, 2015, the Company is paying a commitment fee of 0.25% on any undrawn balance and an applicable margin of 0.50% for a Base Rate borrowing and 1.50% for a Eurodollar Rate borrowing.

As of the date of this filing, the Company has not borrowed any funds under the Facility.

NOTE 9. REDEEMABLE PREFERRED STOCK

In connection with the Separation, 21st Century Fox sold 4,000 shares of cumulative redeemable preferred stock with a par value of $5,000 per share of a newly formed U.S. subsidiary of the Company. The preferred stock pays dividends at a rate of 9.5% per annum, payable quarterly, in arrears. The preferred stock is callable by the Company at any time after the fifth year and is puttable at the option of the holder after 10 years. As of June 30, 2015 and 2014, $20 million is included in Redeemable preferred stock on the Balance Sheets.

NOTE 10. STOCKHOLDERS EQUITY

The following relates to Stockholders equity subsequent to the Separation. For a discussion of 21st Century Fox s investment prior to the Separation. (See Note 13 Related Party Transactions and Relationship with 21st Century Fox).

Authorized Capital Stock

The Company s authorized capital stock consists of 1,500,000,000 shares of Class A Common Stock, par value $0.01 per share, 750,000,000 shares of Class B Common Stock, par value $0.01 per share, 25,000,000 shares of Series Common Stock, par value $0.01 per share, and 25,000,000 shares of Preferred Stock, par value $0.01 per share.

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Common Stock

Shares Outstanding On June 28, 2013, the distribution of one share of Class A Common Stock of the Company for every four shares of 21st Century Fox Class A Common Stock and one share of Class B Common Stock of the Company for every four shares of 21st Century Fox Class B Common Stock was completed. Following the Separation, the Company had approximately 379 million shares of Class A Common Stock outstanding at a par value of $0.01 per share and 200 million shares of Class B Common Stock outstanding at a par value of $0.01 per share. As of June 30, 2015, the Company had approximately 382 million shares of Class A Common Stock outstanding at a par value of $0.01 per share and approximately 200 million shares of Class B Common Stock outstanding at a par value of $0.01 per share.

Dividends Holders of shares of the Company s Class A Common Stock and Class B Common Stock are entitled to receive dividends when and if declared by the Board of Directors out of assets or funds legally available for that purpose. In August 2015, the Company s Board of Directors (the Board of Directors) declared a semi-annual cash dividend of $0.10 per share of Class A Common Stock and Class B Common Stock. This dividend is payable on October 21, 2015 with a record date for determining dividend entitlements of September 16, 2015. Future dividends are dependent on the Company s financial condition and results of operations, the capital requirements of its business, covenants associated with debt obligations, other contractual restrictions, legal requirements, regulatory constraints, industry practice and other factors deemed relevant by its Board of Directors.

Voting Rights Holders of the Company s Class A Common Stock are entitled to vote only in the limited circumstances set forth in the Company s Restated Certificate of Incorporation. Holders of the Company s Class B Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders.

Liquidation Rights In the event of a liquidation or dissolution of the Company holders of Class A Common Stock and Class B Common Stock shall be entitled to receive all of the remaining assets of the Company available for distribution to its stockholders, ratably in proportion to the number of shares held by Class A Common Stock holders and Class B Common Stock holders, respectively. In the event of any merger or consolidation with or into another entity, the holders of Class A Common Stock and the holders of Class B Common Stock shall generally be entitled to receive substantially identical per share consideration.

Stock Repurchases

In May 2013, the Board of Directors authorized the Company to repurchase up to an aggregate of $500 million of its Class A Common Stock. On May 10, 2015, the Company announced it had begun repurchasing shares of Class A Common Stock under the stock repurchase program. Through August 6, 2015 the Company repurchased approximately 3.0 million shares of Class A Common Stock for an aggregate purchase price of approximately $45 million. The remaining authorized amount under the stock repurchase program as of August 6, 2015 was approximately $455 million. All decisions regarding any future stock repurchases are at the sole discretion of a duly appointed committee of the Board of Directors and management. The committee s decisions regarding future stock repurchases will be evaluated from time to time in light of many factors, including the Company s financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice and other factors that the committee may deem relevant. The stock repurchase authorization may be modified, extended, suspended or discontinued at any time by the Board of Directors and the Board of Directors cannot provide any assurances that any additional shares will be repurchased.

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Stockholder Rights Agreement

During fiscal 2015, the Company s Board of Directors determined to again amend and restate the Company s rights agreement, dated as of June 18, 2014, under which the rights provided for therein were scheduled to expire on June 18, 2015. Pursuant to the second amended and restated rights agreement, which is referred to below as the rights agreement, the expiration date of the rights is now June 18, 2018, unless the rights agreement is earlier terminated or such date is advanced or extended by the Company, or the rights are earlier redeemed or exchanged by the Company.

Under the rights agreement, each outstanding share of common stock of the Company has attached to it one right. Initially, the rights are represented by the common stock of the Company, are not traded separately from the common stock and are not exercisable. The rights, unless redeemed or exchanged, will become exercisable for common stock of the Company 10 business days after public announcement that a person or group has obtained beneficial ownership (defined to include stock which a person has the right to acquire, regardless of whether such right is subject to the passage of time or the satisfaction of conditions), including by means of a tender offer, of 15% or more of the outstanding shares of the Company s Class B Common Stock. Following such acquisition of beneficial ownership, each right will entitle its holder (other than the acquiring person or group) to purchase, at the exercise price (subject to adjustments provided in the rights agreement), a number of shares of the Company s Class A or Class B Common Stock, as applicable, having a then-current market value of twice the exercise price, and in the event of a subsequent merger or other acquisition of the Company or transfer of 50% or more of the Company, to purchase, at the exercise price, a number of shares of common stock of the acquiring entity having a then-current market value of twice the exercise price. The exercise price for the Company rights will be $90.00, subject to certain adjustments.

The rights will not become exercisable by virtue of (i) any person s or group s beneficial ownership, as of the Distribution Date, of 15% or more of the Class B Common Stock of the Company, unless such person or group acquires beneficial ownership of additional shares of the Company s Class B Common Stock after June 18, 2015; (ii) the repurchase of the Company s shares that causes a holder to become the beneficial owner of 15% or more of the Company s Class B Common Stock, unless such holder acquires beneficial ownership of additional shares representing one percent or more of the Company s Class B Common Stock; (iii) acquisitions by way of a pro rata stock dividend or a stock split; (iv) acquisitions solely as a result of any unilateral grant of any security by the Company or through the exercise of any options, warrants, rights or similar interests (including restricted stock) granted by the Company to its directors, officers and employees pursuant to any equity incentive or award plan; or (v) certain acquisitions determined by the Company s Board of Directors to be inadvertent, provided, that following such acquisition, the acquirer promptly, but in any case within 10 business days, divests a sufficient number of shares so that such person would no longer otherwise qualify as an acquiring person.

NOTE 11. EQUITY-BASED COMPENSATION

For the fiscal year ended June 30, 2015, the Company s employees participated in the Company s 2013 Long-Term Incentive Plan (the 2013 LTIP) which was approved by the Compensation Committee of 21st Century Fox s Board of Directors (the 21st Century Fox Compensation Committee) prior to the Separation. The Company has the ability to award up to 30 million shares under the terms of the 2013 LTIP in addition to the converted awards described below under News Corporation Incentive Plans subsequent to the Separation. The equity-based compensation expense recorded by the Company for fiscal 2015 includes the direct expenses associated with equity awards granted to the Company s employees under the 2013 LTIP. Prior to the Separation from 21st Century Fox, the Company s employees participated in 21st Century Fox s equity-based compensation plans (the 21st Century Fox Plans) pursuant to which they were granted 21st Century Fox equity awards. The equity-based payment expense recorded by the Company prior to the Separation includes the expense associated with the employees historically attributable to the Company s operations, as well as an allocation of equity-based compensation expense for 21st Century Fox corporate employees who provided certain centralized support functions.

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In connection with the acquisition of Move in November 2014, the Company assumed Move s equity incentive plans and substantially all of the awards outstanding under such plans. The stock options, RSUs and restricted stock awards that were assumed continue to have the same terms and conditions that applied to those awards immediately prior to the acquisition, except that such assumed awards were converted into awards with the right to be settled in, or by reference to, the Company s Class A Common Stock in accordance with the acquisition agreement, using a formula designed to preserve the value of the awards based on the price per share paid in the acquisition. The Company assumed and converted approximately 4.3 million stock options and approximately 2.5 million RSUs and restricted stock awards in connection with the transaction.

The following table summarizes the Company s equity-based compensation expense reported in the Statements of Operations:

	For the fiscal years ended June 30,		
	2015	2014	2013
		(in millions)	
News Corporation s employees	$ 54	$ 34	$ 41
Allocated[a]			8
Total	$ 54	$ 34	$ 49
Total intrinsic value of stock options exercised	$ 24	$ 2	$ 23

[a] The allocated expense includes executive directors and corporate executives of 21st Century Fox, allocated using a proportional allocation methodology, which management has deemed to be reasonable.

As of June 30, 2015, total compensation cost not yet recognized for all plans presented related to unvested awards held by the Company s employees was approximately $73 million and is expected to be recognized over a weighted average period between one and two years.

The tax benefit recognized on vested PSUs and RSUs for the Company s employees and stock options exercised by the Company s employees was $17 million, $8 million and $10 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

News Corporation Incentive Plans subsequent to the Separation

Subsequent to the Separation, employees of News Corporation participate in the 2013 LTIP under which equity-based compensation, including stock options, PSUs, restricted stock, RSUs and other types of awards, can be granted. The Compensation Committee of the Board of Directors determines the recipients, type of award to be granted and amounts of awards granted under the 2013 LTIP.

In addition, in connection with the Separation, RSUs and PSUs granted to the Company s employees under the 21st Century Fox plan s that vested on or after January 1, 2014 and stock option awards that expired on or after January 1, 2014 were converted into new equity awards of the Company, in accordance with the Employee Matters Agreement that the Company entered into with 21st Century Fox in connection with the Separation (the Employee Matters Agreement), using a formula designed to preserve the value of the awards immediately prior to the Separation. Converted awards have the same terms and features as the original awards, except with respect to PSU performance metrics, which were adjusted to account for the impact of the Separation. These awards will be settled under the terms of the Company s 2013 LTIP.

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21st Century Fox Incentive Plans prior to the Separation

Prior to the Separation, the Company s employees participated in the 21st Century Fox Plans under which equity-based compensation, including stock options, PSUs, restricted stock, RSUs and other types of awards, was granted. The 21st Century Fox Compensation Committee determined the recipients, type of award to be granted and amounts of awards granted under the 21st Century Fox Plans. Stock options awarded under the 21st Century Fox Plans were granted at exercise prices which were equal to or exceeded the market price of the underlying shares of common stock at the date of grant. The majority of equity-based compensation awards which vested on or prior to December 31, 2013 were settled in 21st Century Fox stock. As of June 30, 2015, all awards held by the Company s employees will be settled in shares of the Company.

Summary of Incentive plans

The fair value of equity-based compensation granted under the 2013 LTIP or the 21st Century Fox Plans, as applicable, is calculated according to the type of award issued. Cash settled awards are marked-to-market at each reporting period.

Performance Stock Units

PSUs are fair valued on the date of grant and expensed using a straight-line method as the awards cliff vest at the end of the three-year performance period. The number of shares expected to vest is based on management s determination of the probable outcome of the performance condition. The number of shares that will be issued upon the vesting of PSUs can range from 0% to 200% of the target award. The Company records a cumulative adjustment in periods in which its estimate of the number of shares expected to vest changes. Additionally, the expense recognized is ultimately adjusted to reflect the actual vested shares following the achievement, if any, of the performance conditions. The number of awards which vest are also impacted by the Company s three-year total shareholder return (TSR) as measured against the three-year TSR of the companies that comprise the Standard and Poor s 500 Index. The fair value of the TSR condition is determined using a Monte Carlo simulation model. Any person who holds PSUs shall have no ownership interest in the shares to which such PSUs relate until and unless the shares are delivered to the holder. All shares of Class A Common Stock reserved for cancelled or forfeited equity-based compensation awards become available for future grants.

In the first quarter of fiscal 2015, certain executives of the Company responsible for various business units each received a grant of PSUs that has a three-year performance measurement period beginning on July 1, 2014. The awards are subject to the achievement of pre-defined targets for cumulative earnings per share and cumulative free cash flow for the applicable performance period. The majority of these awards will be settled in shares of the Company s Class A Common Stock subject to the achievement of the relevant performance metrics and participants continued employment with the Company.

In the second quarter of fiscal 2014, certain executives of the Company responsible for various business units each received a grant of PSUs that has a three-year performance measurement period beginning on July 1, 2013. The awards are subject to the achievement of pre-defined targets for cumulative earnings per share and consolidated free cash flow growth for the applicable performance period. The majority of these awards will be settled in shares of the Company s Class A Common Stock subject to the achievement of the relevant performance metrics and participants continued employment with the Company.

In the first quarter of fiscal 2013, certain executives of the Company responsible for various business units each received a grant of PSUs that has a three-year performance measurement period beginning in July 2012. The awards are subject to the achievement of pre-defined goals for operating profit, cash flow and key divisional

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performance indicators for the applicable performance period. These awards were converted to equity awards of the Company and the majority will be settled in shares of the Company s Class A Common Stock subject to the achievement of the relevant performance metrics and participants continued employment with the Company.

For the fiscal years ended June 30, 2015, 2014 and 2013, a total of 3.4 million, 4.3 million and 1.7 million target PSUs were granted to the Company s employees, respectively, of which 2.3 million, 2.7 million and 1.2 million, respectively, will be settled in Class A Common Stock of the Company, with the remaining having been granted to executive directors and to employees in certain foreign locations, being settled in cash.

Restricted Stock Units

RSU awards are grants that entitle the holder to shares of the Company s Class A Common Stock or the cash equivalent value of such shares based on the expected vesting date. The fair value of RSUs issued under the 2013 LTIP or 21st Century Fox Plans is based upon the fair market value of the shares underlying the awards on the grant date. Any person who holds RSUs shall have no ownership interest in the shares to which such RSUs relate until and unless shares are delivered to the holder. Certain RSU awards are settled in cash and are subject to the terms and conditions of the 2013 LTIP and such other terms and conditions as were previously established by the 21st Century Fox Compensation Committee or as may be established by the Company s Compensation Committee.

During fiscal 2015 and 2014, certain employees of the Company received a grant of time-vested RSUs. The awards are subject to the participants continued employment with the Company.

In fiscal 2013, certain executives responsible for various business units within the Company had the opportunity to earn a grant of RSUs under the 21st Century Fox Plans. These awards were conditioned upon the achievement of pre-determined operating profit goals for fiscal 2013 by the executive s respective business unit. If the actual fiscal 2013 operating profit of the executive s business unit as compared to its pre-determined target operating profit for the fiscal year was within a certain performance goal range, the executive was entitled to receive a grant of RSUs pursuant to a Performance Award. To the extent that it was determined that the business unit s actual fiscal 2013 operating profit fell within the performance goal range for that fiscal year, the executive received a percentage of his or her annualized base salary, ranging from 0% to 100%, in time-vested RSUs representing shares of Class A Common Stock of either 21st Century Fox or the Company depending on the vesting date of such awards. As of June 30, 2014, all such RSUs were settled by the Company in accordance with the terms of the awards.

During the fiscal years ended June 30, 2015, 2014 and 2013, 0.5 million, 0.2 million and 0.2 million RSUs were granted to the Company s employees, respectively, which primarily vest over three to four years. RSUs held by the Company s employees as of the Distribution Date were settled in shares of 21st Century Fox s Class A Common Stock if such awards vested on or prior to December 31, 2013. The remaining awards will be settled in shares of the Company s Class A Common Stock or the cash equivalent value of such shares under the 2013 LTIP upon vesting. Approximately 52,000 cash-settled RSUs held by the Company s employees vested during the fiscal year ended June 30, 2015, no cash-settled RSUs vested during the fiscal year ended June 30, 2014 and approximately 266,000 cash-settled RSUs vested during the fiscal year ended June 30, 2013. Cash paid to the Company s employees for vested cash-settled RSUs was approximately $0.9 million for the fiscal year ended June 30, 2015, nil for the fiscal year ended June 30, 2014, and approximately $6 million in the fiscal year ended June 30, 2013.

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The following table summarizes the activity related to the target PSUs and RSUs granted to the Company s employees which will be settled in shares of the Company (PSUs and RSUs in thousands):

	Fiscal 2015		Fiscal 2014		Fiscal 2013	
	Number of shares	Weighted average grant-date fair value[g]	Number of shares	Weighted average grant-date fair value[g]	Number of shares	Weighted average grant-date fair value[g]
PSUs and RSUs						
Unvested units at beginning of the year	7,222	$ 13.00	5,557	$ 9.46	3,076	$ 14.81
Granted[a]	2,975	17.29	2,924	19.06	1,414	24.83
RSUs assumed in acquisition[b]	2,491	15.20				
Vested[c]	(3,131)	10.19	(24)	10.70	(869)	14.46
Cancelled[d]	(1,202)	11.36	(1,235)	11.39	(426)	15.52
Units impacted by the Separation[e]					(609)	17.02
Units granted in conversion, as a result of the Separation					2,971	9.46
Unvested units at the end of the year[f]	8,355	$ 16.77	7,222	$ 13.00	5,557	$ 9.46

(a) Includes 2.3 million target PSUs and 0.5 million RSUs granted during fiscal 2015 and a payout adjustment of 0.2 million PSUs due to the actual performance level achieved for PSUs granted in 2012 that vested during fiscal 2015.

(b) Represents RSUs assumed in the Move acquisition. The weighted average grant date fair value for the assumed awards was calculated using the fair value of the awards at the acquisition date.

(c) The fair value of PSUs and RSUs held by the Company s employees that vested during the fiscal years ended June 30, 2015, 2014 and 2013 was $32 million, nil and $20 million, respectively.

(d) Includes 0.3 million of target PSUs and 0.3 million RSUs cancelled during fiscal 2015 and a payout adjustment of 0.6 million PSUs due to the actual performance level achieved for PSUs granted in 2012 that vested during fiscal 2015.

(e) Represented 0.9 million of unvested PSUs and RSUs as of June 28, 2013, the date of the Separation, which were converted to and were settled in shares of 21st Century Fox Class A Common Stock as such awards vested on or prior to December 31, 2013, offset by 0.3 million awards which represent PSUs and RSUs held by 21st Century Fox Corporate employees who became employed by the Company during the 12 months prior to the Separation. These awards have been assumed by the Company and will be settled in the shares of the Company.

(f) The intrinsic value of these unvested RSUs and target PSUs was approximately $127 million as of June 30, 2015.

(g) The weighted average grant date fair value prior to June 30, 2013 represents the fair value of awards granted with respect to 21st Century Fox Class A Common Stock prior to conversion to awards of the Company. The weighted average grant date fair value of awards granted under the 21st Century Fox plans and converted into Company equity awards as of and subsequent to June 30, 2013 represents the fair value of the award using the conversion ratio set forth by the 21st Century Fox Compensation Committee.

Stock Options

As of June 28, 2013, the Company s employees participated in certain stock option plans which were assumed by the Company. Outstanding awards under these plans were converted to and will be settled in Class A Common Stock of the Company as the expiration of such awards was subsequent to December 31, 2013. No stock options have been granted by the Company during the fiscal years ended June 30, 2015 and 2014.

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The following table summarizes information about stock option transactions for the employee stock option plans (options in thousands):

	Fiscal 2015		Fiscal 2014		Fiscal 2013		
	Options	Weighted average exercise price[e] (in US$)	Options	Weighted average exercise price[e] (in US$)	Options	Weighted average exercise price[e] (in US$)	(in A$)
Outstanding at the beginning of the year	263	$ 6.25	463	$ 5.88	4,086	$ 12.40	$ 18.27
Options assumed in acquisition[a]	4,336	7.46					
Exercised	(2,521)	6.22	(200)	5.39	(2,924)	12.57	18.53
Cancelled	(70)	8.37			(191)	12.39	18.86
Options impacted by the Separation[b]					(786)	11.27	17.08
Shares granted in conversion, as a result of the Separation					278	5.88	
Outstanding at the end of the year[c]	2,008	$ 8.82	263	$ 6.25	463	$ 5.88	$
Exercisable at the end of the year[d]	1,117		263		463		

(a) Represents options assumed in the Move acquisition. The weighted average exercise price for the assumed options was calculated using the converted exercise price at the acquisition date. The converted exercise price was calculated using a formula designed to preserve the value of the awards based on the price per share paid in the acquisition.

(b) Represents 0.8 million of outstanding options as of the Distribution Date, which were converted into and settled in Class A Common Stock of 21st Century Fox.

(c) Represents the total number of outstanding options as of the Distribution Date which was converted to and will be settled in Class A Common Stock of the Company as the options expire subsequent to December 31, 2013. The intrinsic value of options outstanding held by the Company s employees as of June 30, 2015, 2014 and 2013 was $12.8 million, $3.1 million, and $4.3 million, respectively. The weighted average remaining contractual life of options outstanding as of June 30, 2015 was 6.01 years.

(d) The weighted average remaining contractual life of options exercisable as of June 30, 2015 was 4.34 years.

(e) The weighted average exercise price prior to June 30, 2013 represents the exercise price of options granted with respect to 21st Century Fox Class A Common Stock prior to conversion to awards of the Company. The weighted average exercise price of awards as of and subsequent to June 30, 2013 represents the exercise price of the awards using the conversion ratio set forth by the 21st Century Fox Compensation Committee.

The exercise prices for the stock options issued prior to 21st Century Fox s reorganization in November 2004 are in Australian dollars. The U.S. dollar equivalents presented above have been converted at historical exchange rates; therefore, the proceeds from the exercise of these stock options may differ due to fluctuations in exchange rates in periods subsequent to the date of the grant.

NOTE 12. (LOSS) EARNINGS PER SHARE

On the Distribution Date, approximately 579 million shares of News Corporation common stock were distributed to 21st Century Fox stockholders as of the Record Date and were outstanding as of June 30, 2013. This share amount is being utilized for the calculation of both basic and diluted (loss) earnings per share for all years presented prior to the Distribution Date as no News Corporation common stock or equity-based awards were outstanding prior to June 28, 2013.

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The dilutive effect of the Company s equity-based awards issued in connection with the Separation is included in the computation of diluted (loss) earnings per share in periods subsequent to the Separation.

	For the fiscal years ended June 30,		
	2015	2014	2013
	(in millions, except per share amounts)		
Net (loss) income attributable to News Corporation stockholders	$ (147)	$ 239	$ 506
Redeemable preferred stock dividends[a]	(2)	(2)	
Net (loss) income available to News Corporation stockholders basic and diluted	$ (149)	$ 237	$ 506
Weighted-average number of shares of common stock outstanding basic	581.0	579.0	578.8
Dilutive effect of equity awards[b]		0.7	0.6
Weighted-average number of shares of common stock outstanding diluted	581.0	579.7	579.4
Net (loss) income per share available to News Corporation stockholders basic	$ (0.26)	$ 0.41	$ 0.87
Net (loss) income per share available to News Corporation stockholders diluted	$ (0.26)	$ 0.41	$ 0.87

(a) Refer to Note 9 Redeemable Preferred Stock

(b) The dilutive impact of the Company s PSUs, RSUs and stock options have been excluded from the calculation of diluted (loss) earnings per share for the fiscal year ended June 30, 2015 because their inclusion would have an antidilutive effect on the net loss per share.

NOTE 13. RELATED PARTY TRANSACTIONS AND RELATIONSHIP WITH 21ST CENTURY FOX

Related Party Transactions

In the ordinary course of business, the Company enters into transactions with related parties, such as equity affiliates, to sell certain broadcast rights and purchase and/or sell advertising and administrative services. The following table sets forth the net revenue from related parties included in the Statements of Operations:

	For the fiscal years ended June 30,		
	2015	2014	2013
	(in millions)		
Related party revenue, net of expense	$ 330	$ 349	$ 242

The following table sets forth the amount of accounts receivable due from and payable to related parties outstanding on the Balance Sheets:

	As of June 30,	
	2015	2014
	(in millions)	
Accounts receivable from related parties	$ 3	$ 2
Notes receivable from related parties	345	425
Accounts payable to related parties		

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Relationship Between News Corp and 21st Century Fox After the Separation

In conjunction with the Separation, the Company entered into the Separation and Distribution Agreement, Transition Services Agreement (TSA), Tax Sharing and Indemnification Agreement (the Tax Sharing and Indemnification Agreement) and Employee Matters Agreement with 21st Century Fox to effect the Separation and to provide a framework for the Company s relationship with 21st Century Fox subsequent to the Separation.

The Separation and Distribution Agreement between the Company and 21st Century Fox contains the key provisions relating to the separation of the Company s business from 21st Century Fox and the distribution of the Company s common stock to 21st Century Fox stockholders. The Separation and Distribution Agreement identifies the assets that were transferred and liabilities that were assumed by the Company from 21st Century Fox in the Separation and describes how these transfers and assumptions and assignments occurred. In accordance with the Separation and Distribution Agreement, the Company s aggregate cash and cash equivalents balance at the Distribution Date was to be approximately $2.6 billion. As of June 30, 2013, the Company had cash and cash equivalents of $2.4 billion. The remaining $0.2 billion was received from 21st Century Fox during the first quarter of fiscal 2014 and was recorded in Amounts due from 21st Century Fox on the Balance Sheet as of June 30, 2013.

Also, as part of the Separation and Distribution Agreement, 21st Century Fox will indemnify the Company for payments, on an after-tax basis, 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 (i) who are not directors, officers or certain designated employees or (ii) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. (See Note 14 Commitments and Contingencies).

Under the TSA, the Company and 21st Century Fox provided each other with certain specified services on a transitional basis, including, among others, payroll, employee benefits and pension administration, information systems, insurance, legal and other corporate services, as well as procurement and sourcing support. The charges for the transition services were generally intended to allow the providing company to fully recover the allocated direct costs of providing the services, plus all out-of-pocket costs and expenses, generally without profit. The Company expected it would generally be in a position to complete the transition of most services (excluding certain insurance, sourcing and other services) on or before 24 months following the Distribution Date. Services under the TSA began on July 1, 2013. As a result, there was no financial impact resulting from the TSA in fiscal 2013. Costs associated with these services were not material for the fiscal years ended June 30, 2015 and 2014. As of June 30, 2015 substantially all of these services are performed by the Company.

The Tax Sharing and Indemnification Agreement governs the Company s and 21st Century Fox s respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, tax contests and other matters regarding income taxes, non-income taxes and related tax returns. Under the Tax Sharing and Indemnification Agreement, the Company will generally indemnify 21st Century Fox against taxes attributable to the Company s assets or operations for all tax periods or portions thereof after the Separation. For taxable periods or portions thereof prior to the Separation, 21st Century Fox will generally indemnify the Company against U.S. consolidated taxes attributable to such periods, and the Company will indemnify 21st Century Fox against the Company s separately filed U.S. state and foreign taxes and foreign consolidated taxes for such periods. The Tax Sharing and Indemnification Agreement also provides that the proceeds from the refund of certain foreign income taxes (plus interest) of a subsidiary of the Company that were claimed prior to the Separation be paid to 21st Century Fox, net of certain taxes (See Note 17 Income Taxes).

The Employee Matters Agreement governs the Company s and 21st Century Fox s obligations with respect to employment, compensation, benefits and other related matters for employees of certain of the Company s

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U.S.-based businesses. In general, the Employee Matters Agreement addresses matters relating to employees transferring to the Company s U.S. businesses and former employees of those businesses that participated in benefit plans (including postretirement benefits) and programs, that were retained by 21st Century Fox following the Separation. The Employee Matters Agreement also addresses equity compensation matters relating to employees of all of the Company s businesses, both U.S. and non-U.S. (See Note 11 Equity-Based Compensation and Note 15 Retirement Benefit Obligations).

Relationship between News Corp and 21st Century Fox Prior to the Separation

Historically, 21st Century Fox provided services to and funded certain expenses for the Company that have been included as a component of 21st Century Fox investment within Stockholders Equity such as: global real estate and occupancy, and employee benefits. In addition, as discussed in Note 1 Description of Business and Basis of Presentation, the Company s Financial Statements for the fiscal year ended June 30, 2013 included general corporate expenses of 21st Century Fox which were not historically allocated to the Company for certain support functions that were provided on a centralized basis within 21st Century Fox and not recorded at the business unit level, such as expenses related to finance, human resources, information technology, facilities, and legal, among others (General Corporate Expenses). For purposes of these stand-alone financial statements, the General Corporate Expenses incurred prior to the Separation have been allocated to the Company. The General Corporate Expenses incurred prior to the Separation are included in the Statements of Operations in Selling, general and administrative expenses and accordingly as a component of 21st Century Fox investment. These expenses were allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a pro rata basis of consolidated revenues, operating income, headcount or other measures of the Company. Management believes the assumptions underlying these Financial Statements, including the assumptions regarding allocating General Corporate Expenses from 21st Century Fox, were reasonable. Nevertheless, these Financial Statements may not include all of the actual expenses that would have been incurred and may not reflect the Company s consolidated results of operations, financial position and cash flows had it been a stand-alone company during the applicable period. Actual costs that would have been incurred if the Company had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure. The corporate allocations made during the fiscal year ended June 30, 2013 of $240 million included both general corporate expenses of 21st Century Fox which were not historically allocated to the Company of $112 million, and historical direct allocations, primarily consisting of rent, insurance and stock compensation expense, of approximately $128 million.

All significant intercompany transactions that occurred prior to the Distribution Date between the Company and 21st Century Fox have been included in these Financial Statements and were considered to be effectively settled for cash at the time the transaction was recorded. The total net effect of the settlement of these intercompany transactions is reflected in the Statements of Cash Flows as a financing activity.

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The following table summarizes the components of the net decrease in 21st Century Fox investment for the fiscal year ended June 30, 2013:

	For the fiscal year ended June 30, 2013 (in millions)
Cash pooling and general financing activities[a]	$ (176)
Corporate allocations	240
Cash transfer from 21st Century Fox for acquisitions and dispositions	1,933
Contribution of assets and liabilities assumed upon Separation:	
Cash	786
Amounts due from 21st Century Fox[b]	247
Taxes payable[c]	571
Deferred taxes, net of valuation allowances[d]	416
Cost and equity-based investments	127
Employee benefits and compensation liabilities	(94)
Redeemable preferred stock	(20)
Other liabilities, net	(11)
Conversion of 21st Century Fox investment to Additional paid-in capital	(12,287)
Net decrease in 21st Century Fox investment	$ (8,268)

(a) The activities included in the line item Cash pooling and general financing activities include financing activities for capital transfers, cash sweeps and other treasury services prior to the Separation. Such pooling activities no longer exist between the Company and 21st Century Fox post-Separation.

(b) The amounts due from 21st Century Fox consisted of a receivable of $207 million related to the final cash distribution which was received from 21st Century Fox during the first quarter of fiscal 2014 and $40 million related to the indemnification of certain costs related to the U.K. Newspaper Matters as discussed below.

(c) For purposes of the Company s Financial Statements for periods prior to the Separation, income tax expense has been recorded as if the Company filed tax returns on a stand-alone basis separate from 21st Century Fox by applying the separate tax returns method. This amount represents the difference between the separate return method and the actual income tax liabilities allocated to the Company, pursuant to the applicable tax law, as of the Distribution Date.

(d) The deferred taxes primarily relate to a U.S. deferred tax asset of $429 million ($378 million, net of valuation allowance) as a result of the increased tax basis recognized for goodwill and intangible assets pursuant to the internal reorganization, that transferred to the Company upon Separation.

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NOTE 14. 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 following table summarizes the Company s material firm commitments as of June 30, 2015:

	As of June 30, 2015 Payments Due by Period				
	Total	1 year	2-3 years	4-5 years	After 5 years
			(in millions)		
Purchase obligations[a]	$ 941	$ 353	$ 220	$ 118	$ 250
Sports programming rights[b]	324	125	181	15	3
Operating leases[c]					
Land and buildings	1,710	138	276	264	1,032
Plant and machinery	5	3	2		
Total commitments and contractual obligations	$ 2,980	$ 619	$ 679	$ 397	$ 1,285

(a) The Company has commitments under purchase obligations related to printing contracts, capital projects, marketing agreements and other legally binding commitments.

(b) The Company has sports programming rights commitments with National Rugby League, Football Federation Australia, English Premier League as well as certain other broadcast rights which are payable through fiscal 2021.

(c) The Company leases office facilities, warehouse facilities, printing plants and equipment. These leases, which are classified as operating leases, are expected to be paid at certain dates through fiscal 2062. This amount includes approximately $280 million of office facilities that have been subleased from 21st Century Fox.

The Company has certain contracts to purchase newsprint, ink and plates that require the Company to purchase a percentage of its total requirements for production. Since the quantities purchased annually under these contracts are not fixed and based on the Company s total requirements, the amount of the related payments for these purchases is excluded from the table above.

In accordance with ASC 715, the net liability for pension and other postretirement benefit plans recognized as of June 30, 2015 was approximately $281 million (See Note 15 Retirement Benefit Obligations). This amount is affected by, among other items, statutory funding levels, changes in plan demographics and assumptions and investment returns on plan assets. Because of the current overall funded status of the Company s material plans, the accrued liability does not represent expected near-term liquidity needs and, accordingly, this amount is not included in the contractual obligations table.

Contingencies

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed below. The outcome of these matters and claims is subject to significant uncertainty, and the Company often cannot predict what the eventual outcome of pending matters will be or the timing of the ultimate resolution of these matters. Fees, expenses, fines, penalties, judgments or settlement costs which might be incurred by the Company in connection with the various proceedings could adversely affect its results of operations and financial condition.

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The Company establishes an accrued liability for legal claims when it 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 are expensed as incurred. Except as otherwise provided below, for the contingencies disclosed for which there is at least a reasonable possibility that a loss may be incurred, the Company was unable to estimate the amount of loss or range of loss.

U.K. Newspaper Matters and Related Investigations and Litigation

On July 19, 2011, a purported class action lawsuit captioned Wilder v. News Corp., et al. was filed on behalf of all purchasers of 21st Century Fox s common stock between March 3, 2011 and July 11, 2011, in the U.S. District Court for the Southern District of New York (the Wilder Litigation). 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 alleged acts of voicemail interception at *The News of the World*. The suit named as defendants 21st Century Fox, Rupert Murdoch, James Murdoch and Rebekah Brooks, and sought compensatory damages, rescission for damages sustained and costs.

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. Avon filed an amended consolidated complaint on July 31, 2012, which among other things, added as defendants the Company s subsidiary, NI Group Limited (now known as News Corp UK & Ireland Limited), and Les Hinton, and expanded the class period to comprise February 15, 2011 to July 18, 2011. Defendants filed motions to dismiss the litigation, which were granted by the court on March 31, 2014. Plaintiffs were allowed to amend their complaint, and on April 30, 2014, plaintiffs filed a second amended consolidated complaint, which generally repeats the allegations of the amended consolidated complaint and also expands the class period to comprise July 8, 2009 to July 18, 2011. Defendants moved to dismiss the second amended consolidated complaint, and plaintiffs opposed those motions. On November 21, 2014, defendants filed their replies to plaintiffs opposition, and the motions were fully submitted to the court. The Company s management believes these claims are entirely without merit and intends to vigorously defend this action. As described below, the Company will be indemnified by 21st Century Fox for certain payments made by the Company that relate to, or arise from, the U.K. Newspaper Matters, including all payments in connection with the Wilder Litigation.

In addition, governmental authorities in the U.K. continue to conduct investigations initiated in 2011 with respect to the U.K. Newspaper Matters. The Company is cooperating with these investigations.

Civil claims have also been brought against the Company with respect to the U.K. Newspaper Matters. The Company has admitted liability in many civil cases and has settled a number of cases. The Company has also settled a number of claims through a private compensation scheme established by the Company under which parties could pursue claims against it. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

In connection with the Separation, the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that 21st Century Fox will indemnify the Company 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 (i) who are not directors, officers or certain designated employees or (ii) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. In addition, violations of law may result in criminal fines or penalties for which the Company will not be indemnified by 21st Century Fox. 21st Century Fox s indemnification obligations with respect to these matters will be settled on an after-tax basis.

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The Company incurred gross legal and professional fees related to the U.K. Newspaper Matters and costs for civil settlements totaling approximately $101 million, $169 million and $183 million for the fiscal years ended June 30, 2015, 2014 and 2013, respectively. These costs are included in Selling, general and administrative expenses in the Company s Statements of Operations. With respect to the fees and costs incurred during the fiscal years ended June 30, 2015 and 2014, the Company has been or will be indemnified by 21st Century Fox for $51 million, net of tax, and $97 million, net of tax, respectively, pursuant to the indemnification arrangements described above. Accordingly, the Company recorded a contra expense in Selling, general and administrative expenses for the after-tax costs that were or will be indemnified of $51 million and $97 million for the fiscal years ended June 30, 2015 and 2014, respectively, and recorded a corresponding receivable from 21st Century Fox. Therefore, the net impact on Selling, general and administrative expenses were $50 million and $72 million for the fiscal years ended June 30, 2015 and 2014, respectively.

Refer to the table below for the net impact of the U.K. Newspaper Matters on Selling, general and administrative expenses recorded in the Statements of Operations:

	For the fiscal years ended June 30,		
	2015	**2014**	**2013**
		(in millions)	
Gross legal and professional fees related to the U.K. Newspaper Matters	$ 101	$ 169	$ 183
Indemnification from 21st Century Fox	(51)	(97)	
Net impact on Selling, general and administrative expenses	$ 50	$ 72	$ 183

With respect to the fees and costs incurred on or prior to June 30, 2013, the Company will be indemnified by 21st Century Fox for $40 million, net of tax, and the Company recorded an indemnification asset of $40 million as of June 30, 2013. As the liabilities were incurred while the Company was a wholly-owned subsidiary of 21st Century Fox, the indemnification asset was established as part of the Separation through 21st Century Fox s investment in equity.

As of June 30, 2015, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred, including liabilities associated with employment taxes, and has accrued approximately $125 million, of which approximately $63 million will be indemnified by 21st Century Fox, and a corresponding receivable was recorded in Amounts due from 21st Century Fox on the Balance Sheet as of June 30, 2015. It is not possible to estimate the liability or corresponding receivable 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 and corresponding receivable for such matters.

The Company is not able to predict the ultimate outcome or cost of the civil claims or criminal matters. 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 for which the Company will not be indemnified, could damage its reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

Stockholder Rights Agreement Litigation

On July 7, 2014, Miramar Police Officers Retirement Plan, a purported stockholder of the Company, filed a complaint in the Court of Chancery of the State of Delaware against the Company and its Board of Directors, styled Miramar Police Officers Retirement Plan v. Murdoch et al., C.A. No. 9860-CB. The complaint alleges, among other things, that the Company and the Board of Directors breached the terms of a settlement agreement,

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dated April 12, 2006, by entering into a one-year extension to the Company s stockholder rights agreement on June 18, 2014 without first seeking stockholder approval. The complaint further alleges that the Board of Directors breached its fiduciary duties in approving the one-year extension to the stockholder rights agreement, seeks a declaration that the extension is null and void and requests an award of attorneys fees and costs.

Defendants moved to dismiss the complaint, and on August 25, 2014, plaintiff amended the complaint to seek a declaratory judgment that the Company is bound and subject to the settlement agreement; that the agreement has been breached; that the Board of Directors acted in bad faith by adopting the stockholder rights agreement extension without stockholder approval; and, in the alternative, seeking reformation of the settlement agreement on the grounds of alleged mutual mistake. Thereafter, on September 9, 2014, all defendants moved to dismiss the amended complaint. On April 7, 2015, the Court granted defendants motion to dismiss in its entirety on the grounds that the Company is not bound by the settlement agreement.

HarperCollins

In 2011 and 2012, various civil lawsuits and governmental investigations were commenced against certain publishers, including the Company s subsidiary, HarperCollins Publishers L.L.C. (HarperCollins), relating to alleged violations of antitrust and unfair competition laws arising out of the decisions by those publishers to sell their e-books pursuant to an agency relationship.

The publishers, including HarperCollins, entered into various settlement agreements to resolve these matters. These included a settlement with the DOJ, which, among other things, required that HarperCollins terminate its agreements with certain e-book retailers and placed certain restrictions on any agreements subsequently entered into with such retailers. Additional information about this settlement can be found on the DOJ s website. The publishers, including HarperCollins, also entered into substantially similar settlements with the European Commission and the Canadian Competition Bureau (CCB). The settlements with the DOJ and the European Commission received final approval in September and December 2012, respectively. The consent agreement with respect to the settlement with the CCB was registered with the Competition Tribunal on February 7, 2014. However, on February 21, 2014, Kobo Inc. (Kobo) filed an application to rescind or vary the consent agreement with the Competition Tribunal, and, on March 18, 2014, the Competition Tribunal issued an order staying the registration of the consent agreement. The stay will remain in effect pending further order of the Competition Tribunal or final disposition of Kobo s application.

The Company is not able to predict the ultimate outcome or cost of the unresolved HarperCollins matter described above. The legal and professional fees and settlement costs incurred in connection with the other settlements referred to above were not material.

News America Marketing

In-Store Marketing and FSI Purchasers

On April 8, 2014, in connection with a pending action in the United States District Court for the Southern District of New York in which The Dial Corporation, Henkel Consumer Goods, Inc., H.J. Heinz Company, H.J. Heinz Company, L.P., Foster Poultry Farms, Smithfield Foods, Inc., HP Hood LLC and BEF Foods, Inc. allege various claims under federal and state antitrust law against News Corporation, News America Incorporated (NAI), News America Marketing FSI L.L.C. (NAM FSI), and News America Marketing In-Store Services L.L.C. (NAM In-Store Services and, together with News Corporation, NAI and NAM FSI, the NAM Group), plaintiffs filed a fourth amended complaint on consent of the parties. The fourth amended complaint asserts federal and state antitrust claims both individually and on behalf of two putative classes in connection with

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plaintiffs purchase of in-store marketing services and free-standing insert coupons. The complaint seeks treble damages, injunctive relief and attorneys fees. The NAM Group answered the fourth amended complaint and asserted counterclaims against The Dial Corporation, H.J. Heinz Company, H.J. Heinz Company, L.P., and Foster Poultry Farms on April 21, 2014, and discovery is proceeding.

On August 11, 2014, plaintiffs filed a motion seeking certification of a class of all persons residing in the United States who purchased in-store marketing services on or after April 5, 2008, and have not purchased those services pursuant to contracts with mandatory arbitration clauses. Plaintiffs did not, however, move to certify a class of purchasers of free-standing insert coupons. On June 18, 2015, the District Court granted plaintiffs motion for class certification, and on July 2, 2015, the NAM Group filed a petition for leave to appeal the District Court s decision to the United States Court of Appeals for the Second Circuit, which plaintiffs have opposed.

While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, the NAM Group believes it has been compliant with applicable antitrust laws and intends to defend itself vigorously.

Valassis Communications, Inc.

On November 8, 2013, Valassis Communications, Inc. (Valassis) initiated legal proceedings against certain of the Company s subsidiaries alleging violations of various antitrust laws. These proceedings are described in further detail below.

Valassis previously initiated an action against NAI, NAM FSI and NAM In-Store Services (collectively, the NAM Parties), captioned Valassis Communications, Inc. v. News America Incorporated, et al., No. 2:06-cv-10240 (E.D. Mich.), alleging violations of federal antitrust laws, which was settled in February 2010. On November 8, 2013, Valassis filed a motion for expedited discovery in the previously settled case based on its belief that defendants had engaged in activities prohibited under an order issued by the District Court in connection with the parties settlement.

On February 4, 2014, the magistrate judge granted Valassis s motion for expedited discovery. The NAM Parties objected to the magistrate judge s ruling before the District Court and filed a motion to enforce the parties settlement agreement that sought an order that certain of Valassis s claims, if they are allowed to proceed, must be considered by a panel of antitrust experts. On May 20, 2014, the District Court overruled the NAM Parties objections to the magistrate judge s ruling and terminated the motion to enforce the parties settlement agreement as the issues raised in the motion would be addressed in connection with the NAM Group s motion to dismiss Valassis s newly filed complaint, described below.

On October 7, 2014, the NAM Group filed a motion for an order requiring Valassis to show cause why its allegations that the NAM Group engaged in unlawful bundling and tying of in-store marketing services and free-standing insert coupons should not be referred to a panel of antitrust experts for resolution pursuant to the parties settlement. On November 19, 2014, the magistrate judge denied the NAM Group s motion for an order to show cause. The NAM Group objected to the magistrate judge s order, and Valassis opposed those objections. On January 20, 2015, the NAM Parties filed a motion for expedited discovery in the previously settled case, which was granted by the magistrate judge on April 14, 2015.

On February 3, 2015, Valassis filed a Notice of Violation of an order issued by the District Court in the previously settled case. The Notice contains allegations that are substantially similar to the allegations Valassis made in the new complaint, described below, and seeks treble damages, injunctive relief and attorneys fees. The Notice also re-asserts claims of unlawful bundling and tying which the magistrate

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judge had previously recommended be dismissed from the action described below on the grounds that such claims could only be brought before the panel of antitrust experts. On March 2, 2015, the NAM Group filed a motion to refer the Notice to the panel of antitrust experts or, in the alternative, strike the Notice, which Valassis has opposed.

On November 8, 2013, Valassis also filed a new complaint in the District Court for the Eastern District of Michigan against the NAM Group alleging violations of federal and state antitrust laws and common law business torts. The complaint seeks treble damages, injunctive relief and attorneys fees and costs. On December 19, 2013, the NAM Group filed a motion to dismiss the newly filed complaint.

The District Court referred the NAM Group s motion to dismiss to the magistrate judge for determination, and on July 16, 2014, the magistrate judge recommended that the District Court grant the NAM Group s motion in part with respect to certain claims and stay the remainder of the action. Valassis has objected to the magistrate judge s recommendation that the action be stayed.

While it is not possible at this time to predict with any degree of certainty the ultimate outcome of these actions, the NAM Group believes it has been compliant with applicable laws and intends to defend itself vigorously.

Other

The Company s operations are subject to tax in various domestic and international jurisdictions and as a matter of course, it 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 financial condition, future results of operations or liquidity. As subsidiaries of 21st Century Fox prior to the Separation, the Company and each of its domestic subsidiaries have joint and several liability with 21st Century Fox for the consolidated U.S. federal income taxes of the 21st Century Fox consolidated group relating to any taxable periods during which the Company or any of the Company s domestic subsidiaries were a member of the 21st Century Fox consolidated group. Consequently, the Company could be liable in the event any such liability is incurred, and not discharged, by any other member of the 21st Century Fox consolidated group. The Tax Sharing and Indemnification Agreement requires 21st Century Fox to indemnify the Company for any such liability. Disputes or assessments could arise during future audits by the IRS or other taxing authorities in amounts that the Company cannot quantify.

NOTE 15. RETIREMENT BENEFIT OBLIGATIONS

Employees Participation in Pension Plans Subsequent to the Separation

The Company s employees participate in various defined benefit pension and postretirement plans sponsored by the Company and its subsidiaries (Direct Plans). Plans in the U.S., U.K., Australia, and Canada are accounted for as defined benefit pension plans. Accordingly, the funded and unfunded position of each plan is recorded in the Balance Sheets. Actuarial gains and losses that have not yet been recognized through income are recorded in Accumulated other comprehensive (loss) income, net of taxes, until they are amortized as a component of net periodic benefit cost. The determination of benefit obligations and the recognition of expenses related to the plans are dependent on various assumptions. The major assumptions primarily relate to discount rates, expected long-term rates of return on plan assets and mortality rates. Management develops each assumption using relevant company experience in conjunction with market-related data for each individual country in which such plans exist. The funded status of the plans can change from year to year, but the assets of the funded plans have been sufficient to pay all benefits that came due in each of fiscal 2015, 2014 and 2013.

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Employees Participation in Pension Plans Prior to the Separation

Prior to the Separation, certain of the Company s employees participated in shared plans which were sponsored by 21st Century Fox and included participants of the Company s subsidiaries and other 21st Century Fox subsidiaries (Shared Plans). Such Shared Plans were accounted for as multiemployer benefit plans. Therefore, no asset or liability was recorded to recognize the funded status. The related pension expenses allocated to the Company were based primarily on pensionable compensation of active participants and accounted for in a manner similar to a defined contribution plan.

During the fourth quarter of fiscal 2013, pursuant to the Employee Matters Agreement, the assets and liabilities of the Shared Plans allocable to the Company s employees were transferred to newly-established plans of the Company. Assets of $58 million, projected benefit obligations of $106 million and $36 million of Other comprehensive income ($22 million, net of tax) were recorded for pension benefits in the U.S. transferred from 21st Century Fox, in addition to a $20 million pension contribution made by the Company. A projected benefit obligation of $11 million and $3 million of Other comprehensive income ($2 million, net of tax) were recorded for an unfunded retirement plan in the U.S. transferred from 21st Century Fox. Such plans were considered Direct Plans as of June 30, 2013 and were accounted for as defined benefit pension and postretirement plans subsequent to the Separation.

Summary of Funded Status

The Company uses a June 30 measurement date for all pension and postretirement benefit plans. The combined domestic and foreign pension and postretirement plans resulted in a net pension and postretirement benefits liability of $281 million and $217 million at June 30, 2015 and 2014, respectively. The Company recognized these amounts in the Balance Sheets at June 30, 2015 and June 30, 2014 as follows:

	Pension Benefits							
	Domestic		Foreign		Postretirement benefits		Total	
	As of June 30,							
	2015	2014	2015	2014	2015	2014	2015	2014
	(in millions)							
Other non-current assets	$	$	$ 36	$ 67	$	$	$ 36	$ 67
Other current liabilities			(1)	(1)	(11)	(11)	(12)	(12)
Retirement benefit obligations	(80)	(49)	(103)	(84)	(122)	(139)	(305)	(272)
Net amount recognized	$ (80)	$ (49)	$ (68)	$ (18)	$ (133)	$ (150)	$ (281)	$ (217)

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The following table sets forth the change in the projected benefit obligation, change in the fair value of the Company s plan assets and funded status:

	Pension Benefits				Postretirement			
	Domestic		Foreign		Benefits		Total	
	As of June 30,							
	2015	2014	2015	2014	2015	2014	2015	2014
	(in millions)							
Projected benefit obligation, beginning of the year	$ 350	$ 342	$ 1,252	$ 1,114	$ 150	$ 183	$ 1,752	$ 1,639
Service cost	1	4	11	12		1	12	17
Interest cost	17	16	49	51	6	7	72	74
Benefits paid	(16)	(15)	(58)	(47)	(9)	(10)	(83)	(72)
Settlements[a]	(9)	(12)		(36)			(9)	(48)
Actuarial loss/(gain)[b]	10	35	85	39	(13)	9	82	83
Foreign exchange rate changes			(122)	117	(1)	2	(123)	119
Plan curtailments		(20)				(1)		(21)
Amendments, transfers and other[c]	29		55	2		(41)	84	(39)
Projected benefit obligation, end of the year	382	350	1,272	1,252	133	150	1,787	1,752
Change in the fair value of plan assets for the Company s benefit plans:								
Fair value of plan assets, beginning of the year	301	255	1,234	1,031			1,535	1,286
Actual return on plan assets	5	36	91	73			96	109
Employer contributions[d]		37	9	100			9	137
Benefits paid	(16)	(15)	(58)	(47)			(74)	(62)
Settlements[a]	(9)	(12)		(36)			(9)	(48)
Foreign exchange rate changes			(120)	111			(120)	111
Amendments, transfers and other[c]	21		48	2			69	2
Fair value of plan assets, end of the year	302	301	1,204	1,234			1,506	1,535
Funded status	$ (80)	$ (49)	$ (68)	$ (18)	$ (133)	$ (150)	$ (281)	$ (217)

(a) Amounts related to payments made to former employees of the Company in full settlement of their deferred pension benefits.

(b) Fiscal 2015 actuarial losses for domestic pension plans are primarily related to the strengthening of the mortality tables utilized in measuring plan obligations as of June 30, 2015. Fiscal 2015 actuarial losses for foreign pension plans are primarily related to changes in the discount rate utilized in measuring the plan obligations as of June 30, 2015. Fiscal 2015 actuarial gains related to postretirement benefits primarily relate to changes in plan demographics. Fiscal 2014 actuarial losses for domestic pension and postretirement benefits primarily related to changes in the discount rate and strengthening of the mortality tables utilized in measuring plan obligations as of June 30, 2014. Fiscal 2014 actuarial losses for foreign pension benefits primarily related to changes in the discount rate as of June 30, 2014.

(c) For fiscal 2015, the increase in the Company s pension benefit obligation and plan assets relates to the acquisition of Harlequin and the assumption of Harlequin s defined benefit pension plans which resulted in an increase in the Company s net pension liability of approximately $15 million. For fiscal 2014, the

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$41 million reduction in the post-retirement medical plan obligation was due to changes made to the Company s retiree medical plans during the first quarter of fiscal 2014. The reduction was recognized in Other comprehensive income during the period and will be amortized over the remaining expected life of the plans participants as actuarially determined.

(d) During the first quarter of fiscal 2014 approximately $37 million of contributions were made to a foreign pension plan by a third party in connection with the sale of a business in a prior period on behalf of former employees who retained certain pension benefits. This contribution reduced the Company s Retirement benefit obligation and resulted in a gain being recognized in Other, net in the Statement of Operations during the fiscal year ended June 30, 2014.

Amounts recognized in Accumulated other comprehensive (loss) income consist of:

	Pension Benefits				Postretirement Benefits		Total	
	Domestic		Foreign					
	As of June 30, (in millions)							
	2015	2014	2015	2014	2015	2014	2015	2014
Actuarial losses (gains)	$ 131	$ 108	$ 439	$ 420	$ 4	$ 18	$ 574	$ 546
Prior service (benefit) cost					(41)	(54)	(41)	(54)
Net amounts recognized	$ 131	$ 108	$ 439	$ 420	$ (37)	$ (36)	$ 533	$ 492

Amounts in Accumulated other comprehensive (loss) income expected to be recognized as a component of net periodic pension cost in fiscal 2016:

	Pension Benefits		Postretirement Benefits	Total
	Domestic	Foreign		
	As of June 30, 2015 (in millions)			
Actuarial losses (gains)	$ 4	$ 15	$	$ 19
Prior service (benefit) cost			(7)	(7)
Net amounts recognized	$ 4	$ 15	$ (7)	$ 12

Accumulated pension benefit obligations as of June 30, 2015 and 2014 were $1,639 million and $1,590 million, respectively. Below is information about funded and unfunded pension plans.

	Domestic Pension Benefits					
	Funded Plans		Unfunded Plans		Total	
	As of June 30, (in millions)					
	2015	2014	2015	2014	2015	2014
Projected benefit obligation	$ 370	$ 339	$ 12	$ 11	$ 382	$ 350
Accumulated benefit obligation	368	339	12	11	380	350
Fair value of plan assets	302	301			302	301

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	Foreign Pension Benefits					
	Funded Plans		Unfunded Plans		Total	
	As of June 30,					
	2015	2014	2015	2014	2015	2014
	(in millions)					
Projected benefit obligation	$ 1,198	$ 1,183	$ 74	$ 69	$ 1,272	$ 1,252
Accumulated benefit obligation	1,185	1,171	74	69	1,259	1,240
Fair value of plan assets	1,204	1,234			1,204	1,234

The accumulated benefit obligation exceeds the fair value of plan assets for all domestic pension plans. Below is information about foreign pension plans in which the accumulated benefit obligation exceeds the fair value of the plan assets.

	Funded Plans		Unfunded Plans		Total	
	As of June 30,					
	2015	2014	2015	2014	2015	2014
	(in millions)					
Projected benefit obligation	$ 550	$ 237	$ 74	$ 69	$ 624	$ 306
Accumulated benefit obligation	549	237	74	69	623	306
Fair value of plan assets	525	221			525	221

Summary of Net Periodic Benefit Costs

The Company recorded ($4) million, $7 million and $56 million in net periodic benefit (income) costs in the Statements of Operations for the fiscal years ended June 30, 2015, 2014 and 2013, respectively. Costs associated with the Company s Direct Plans are included in net periodic benefit costs Direct below. Costs associated with the Shared Plans prior to the Separation are included in the net periodic benefit costs Employees participation in 21st Century Fox plans below. In addition, a portion of certain other benefit plan costs incurred by 21st Century Fox were allocated to the Company prior to the Separation and these costs are included in net periodic benefit costs Corporate allocations. Benefit costs related to employee participation in 21st Century Fox plans and Corporate allocations did not recur in periods subsequent to the Separation.

The amortization of amounts related to unrecognized prior service costs (credits) and deferred losses were reclassified out of Other comprehensive income as a component of net periodic benefit costs. In addition, approximately $2 million related to settlements, curtailments and other was reclassified out of Other comprehensive income as a component of net periodic benefit costs during the fiscal year ended June 30, 2015.

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The components of net periodic benefits costs were as follows:

	Pension Benefits											
	Domestic			Foreign			Postretirement Benefits			Total		
	For the fiscal years ended June 30,											
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
	(in millions)											
Service cost benefits earned during the period	$ 1	$ 4	$ 1	$ 11	$ 12	$ 18	$	$ 1	$ 1	$ 12	$ 17	$ 20
Interest costs on projected benefit obligations	17	16	11	49	51	51	6	7	8	72	74	70
Expected return on plan assets	(22)	(17)	(13)	(71)	(76)	(65)				(93)	(93)	(78)
Amortization of deferred losses	3	4	3	13	12	15		(1)	3	16	15	21
Amortization of prior service costs							(13)	(13)	(13)	(13)	(13)	(13)
Settlements, curtailments and other	2	4			3	15				2	7	15
Net periodic benefits costs- Direct	1	11	2	2	2	34	(7)	(6)	(1)	(4)	7	35
Employees participation in 21st Century Fox plans			16									16
Corporate allocations[a]			5									5
Net periodic benefits costs- Total	$ 1	$ 11	$ 23	$ 2	$ 2	$ 34	$ (7)	$ (6)	$ (1)	$ (4)	$ 7	$ 56

[a] The allocated expense includes corporate executives of 21st Century Fox, allocated using a proportional allocation methodology, which management has deemed as reasonable.

	Pension Benefits								
	Domestic			Foreign			Postretirement Benefits		
	For the fiscal years ended June 30,								
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Additional information:									
Weighted-average assumptions used to determine benefit obligations									
Discount rate	4.5%	4.5%	5.0%	3.7%	4.2%	4.5%	4.2%	4.0%	4.7%
Rate of increase in future compensation	3.0%	N/A	5.3%	2.9%	3.6%	3.7%	N/A	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit cost									
Discount rate	4.5%	5.0%	4.3%	4.2%	4.5%	4.5%	4.0%	4.7%	3.8%
Expected return on plan assets	7.0%	7.0%	7.0%	6.2%	6.8%	6.7%	N/A	N/A	N/A
Rate of increase in future compensation	3.0%	5.3%	5.3%	3.6%	3.7%	3.3%	N/A	N/A	N/A

N/A not applicable

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The following assumed health care cost trend rates as of June 30 were also used in accounting for postretirement benefits:

	Postretirement benefits	
	Fiscal 2015	Fiscal 2014
Health care cost trend rate	6.6%	6.6%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.6%	4.5%
Year that the rate reaches the ultimate trend rate	2027	2027

Assumed health care cost trend rates could have a significant effect on the amounts reported for the postretirement health care plan. The effect of a one percentage point increase and one percentage point decrease in the assumed health care cost trend rate would have the following effects on the results for fiscal 2015:

	Service and Interest Costs	Benefit Obligation
	(in millions)	
One percentage point increase	$ 1	$ 13
One percentage point decrease	$ (1)	$ (11)

The following table sets forth the estimated benefit payments for the next five fiscal years, and in aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure the Company s benefit obligation at the end of the fiscal year and include benefits attributable to estimated future employee service:

	Expected Benefit Payments			
	Pension Benefits			
	Domestic	Foreign	Postretirement Benefits	Total
	(in millions)			
Fiscal year:				
2016	$ 22	$ 55	$ 10	$ 87
2017	21	54	10	85
2018	21	56	10	87
2019	21	58	10	89
2020	21	61	10	92
2021-2025	112	323	47	482

Plan Assets

The Company applies the provisions of ASC 715, which requires disclosures including: (i) investment policies and strategies; (ii) the major categories of plan assets; (iii) the inputs and valuation techniques used to measure plan assets; (iv) the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period; and (v) significant concentrations of risk within plan assets.

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The table below presents the Company s plan assets by level within the fair value hierarchy, as described in Note 2 Summary of Significant Accounting Policies, as of June 30, 2015 and 2014:

	As of June 30, 2015 Fair Value Measurements at Reporting Date Using				As of June 30, 2014 Fair Value Measurements at Reporting Date Using			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**
				(in millions)				
Assets								
Short-term investments	$	$	$	$	$	$	$	$
Pooled funds:[a]								
Money market funds	4		4		6		6	
Domestic equity funds	88		88		87		87	
International equity funds	312	104	208		332	105	227	
Domestic fixed income funds	162		162		149		149	
International fixed income funds	585		585		543		543	
Balanced funds	337		337		377		377	
Other	18	6		12	41	29		12