NEWS CORP
Form 10-K
August 14, 2014
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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, 2014

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 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 27, 2013, 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 $6,673,268,817, based upon the closing price of $17.73 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 $2,137,586,380, based upon the closing price of $17.68 per share as quoted on The NASDAQ Stock Market on that date.

As of August 8, 2014, 379,404,735 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 2014 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, 2014 (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, cable network programming in Australia, digital real estate services, book publishing, 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, 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 expanding 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 recurring subscriptions, circulation copies, licensing fees, affiliate fees and direct sales, as well as the sale of advertising and sponsorships. 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.

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Headquartered in New York, 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) Cable Network Programming; (iii) Digital Real Estate Services; (iv) Book Publishing; (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, 2014, June 30, 2013 and June 30, 2012 relate to the 12-month periods ended June 29, 2014, June 30, 2013 and July 1, 2012, 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 and Combined 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 years ended June 30, 2013 and 2012 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, 2014

	Revenues	Segment EBITDA
	(in millions)	
News and Information Services	$ 6,153	$ 665
Cable Network Programming	491	128
Digital Real Estate Services	408	214
Book Publishing	1,434	197
Digital Education[(a)]	88	(193)
Other		(241)
Total	$ 8,574	$ 770

(a) In the fourth quarter of fiscal 2014, the Company revised the composition of its reporting segments to present the digital education business as a separate segment. All prior periods have been reclassified to reflect the revised segment presentation.

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 that was acquired by the Company in December 2013 and 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 and tablets, electronic readers, newsletters, magazines, proprietary databases, conferences, radio 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). The Wall Street Journal, Dow Jones s flagship product, is available in print, online and across multiple mobile, tablet and electronic reader devices. WSJ covers national and

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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. *The Wall Street Journal* had a total average paid print and digital circulation of 2,294,093 Monday to Friday (2,321,996 Weekend) for the six months ended March 31, 2014 based on Alliance for Audited Media (AAM) data, and is the leading paid circulation daily newspaper in the U.S. 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 over 70 million visits per month for the 12 months ended June 30, 2014 according to Adobe Omniture, and includes local language content in Chinese, Japanese, German, Spanish, Portuguese, Bahasa, Turkish and Korean. Print and digital products under the WSJ brand include:

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

Digital: WSJ.com (includes *Risk & Compliance Journal*, *CIO Journal, CFO Journal* and *CMO Journal*) and WSJ.com international sites: Asia.WSJ.com, Europe.WSJ.com, WSJ.de (Germany), cn.WSJ.com (China), jp.WSJ.com (Japan), kr.wsj.com (Korea), indo.wsj.com (Indonesia), india.wsj.com, wsj.com.tr (Turkey) and Latin American and Brazil local language content available through WSJ.com. In January 2014, Dow Jones introduced WSJ.D, WSJ s new home for technology news, analysis, commentary, daily buzz and consumer product reviews.

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. Print and digital products under the *Barron s* brand include:

Print: *Barron s* (weekly magazine with an average paid weekly circulation of 302,155 for the six months ended June 30, 2014 based on AAM data).

Digital: Barrons.com (offers both free and premium content providing in-depth analysis and commentary on the markets, updated every business day, along with alerts and tools) and *Barron s* tablet applications (paid applications which substantially replicate the website). Barrons.com had over 190,000 paid subscribers on average for the year ended June 30, 2014 based on internal sources.

Marketwatch.com. Marketwatch.com 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, MarketWatch Premium Newsletter (paid newsletter on a variety of investing topics), Big Charts (free investment charting website) and Virtual Stock Exchange (free stock simulation game through the website). Marketwatch.com averaged more than 41 million visits per month for the 12 months ended June 30, 2014 according to Adobe Omniture.

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.com websites and mobile applications and related services. WSJDN had more than 1.3 million paid subscribers on average for the year ended June 30, 2014 and, during that same period, averaged more than 133 million visits per month, with more than 500 million page views per month, according to Adobe Omniture.

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

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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, 2014, 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.

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 in 13 languages 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, 2014, its daily, Sunday, weekly and bi-weekly newspapers accounted for more than 59% of the total circulation of newspapers in Australia, and during the year ended March 31, 2014, its Sunday newspaper network was read by approximately 4.7 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, 2014 was

approximately 114,000 for *The Australian* and 246,000 for *The Weekend Australian*. In addition, *The Australian* and *The Weekend Australian* had a total unduplicated print and digital audience of over 3.2 million for the month of March 2014 based on average monthly Enhanced Media Metrics Australia (EMMA) combined print, mobile and tablet audience data for the year ended March 31, 2014 and total unique website audience in March 2014 according to Nielsen monthly total audience ratings. The Company believes EMMA data, which incorporates more frequent sampling and combines both online and print usage into a single metric, more accurately and comprehensively reflects consumption of its publications.

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, 2014 was approximately 291,000 for *The Daily Telegraph* and 523,000 for *The Sunday Telegraph*. In addition, *The Daily Telegraph* and *The Sunday Telegraph* had a total unduplicated print and digital audience of over 4.3 million for the month of March 2014 based on average monthly EMMA combined print, mobile and tablet audience data for the year ended March 31, 2014 and total unique website audience in March 2014 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, 2014 was approximately 398,000 for *Herald Sun* and 465,000 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 2014 based on average monthly EMMA combined print, mobile and tablet audience data for the year ended March 31, 2014 and total unique website audience in March 2014 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, 2014 was approximately 177,000 for *The Courier Mail* and 406,000 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 2014 based on average monthly EMMA combined print, mobile and tablet audience data for the year ended March 31, 2014 and total unique website audience in March 2014 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, 2014 was approximately 159,000 for *The Advertiser* and 239,000 for *Sunday Mail*. In addition, *The Advertiser* and *Sunday Mail* had a total unduplicated print and digital audience of 1.7 million for the month of March 2014 based on average monthly EMMA combined print, mobile and tablet audience data for the year ended March 31, 2014 and total unique website audience in March 2014 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 launched paid-for digital platforms for *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, a 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 3.2 million based on Nielsen monthly total audience ratings for the year ended June 30, 2014. 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 a 50% stake in CareerOne.com.au (a joint venture with

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Monster.com), a 50% stake in carsguide.com.au (a joint venture with a consortium of leading car dealers), 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).

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, 2014, 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 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 continues to enhance its online and mobile offerings, including through its recent acquisition of the rights to show English Premiership Rugby Union, English Cricket, Gaelic Athletic Association games and UEFA Champions League match clips across its digital platforms. News UK s portfolio includes:

The Sun. Published Monday through Saturday and on Sunday since February 2012. Based on National Readership Survey data for the six months ended March 31, 2014, *The Sun* is the most read national newspaper in the U.K., with an average issue readership of approximately 5,453,000 Monday through Saturday for *The Sun* and 4,828,000 for *The Sun on Sunday*. Average daily paid print circulation for the six months ended June 30, 2014 based on ABC data was approximately 2,083,000 for *The Sun* and 1,703,000 for *The Sun on Sunday.*

In August 2013, News UK launched *The Sun s* new digital bundle, which delivers exclusive digital entertainment, including Barclay s Premier League match clips and Sun+ perks, a collection of perks, downloads, offers and competitions. *The Sun* is the first tabloid newspaper to be fully paid-for across every platform.

The Times. Published Monday through Saturday with an average issue readership of approximately 1,116,000 for the six months ended March 31, 2014 based on National Readership Survey data. Average daily paid print circulation for the six months ended June 30, 2014 based on ABC data was approximately 391,000. As of June 30, 2014, *The Times* had approximately 162,000 paid print subscribers and 156,000 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 2,249,000 for the six months ended March 31, 2014 based on National Readership Survey data. Average daily paid print circulation for the six months ended June 30, 2014 based on ABC data was approximately 829,000. As of June 30, 2014, *The Sunday Times* had approximately 207,000 paid print subscribers and 157,000 paid digital subscribers based on internal sources.

In addition, News UK has also assembled a portfolio of complementary ancillary product offerings, including Sun Bingo, as well as newer products such as Sunmotors.co.uk, a digital classified offering, Times Wealth Management, which offers readers investment advice, and The Handpicked Collection, a recently acquired 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 six months ended March 31, 2014, average weekday circulation based on AAM data, including digital editions, was 477,314. 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 1,800 publications, 58,000 retail stores and 450 partner sites, including SmartSource.com. NAM offers direct consumer marketing 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, American Express, 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 almost 74 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 approximately 58,000 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 manages NAM s portfolio of database and electronic marketing solutions. The database marketing business, branded SmartSource Direct, provides direct-mail solutions via access to a national network of retailer frequent-shopper card databases offering information on the purchase behavior of millions of cardholders. The SmartSource Savings Network, which includes SmartSource.com, encompasses all of NAM s electronic couponing and sampling solutions accessed through the web, mobile and tablet-based programming.

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 and global financial newswires, including Thomson Reuters, Bloomberg L.P., LexisNexis, as well as many other Internet-based providers of news and information.

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.

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, 2014. 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 Rugby Union. FOX SPORTS Australia offers seven 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 FOOTY, FOX SPORTS NEWS, FUEL TV and SPEED 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, the Free-To-Air (FTA) channels and certain telecommunications companies in Australia.

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) that is a leading digital advertising business specializing in real estate services. Established in Melbourne in 1995, REA Group owns and operates Australia s largest residential property website, realestate.com.au, and Australia s largest commercial property site, realcommercial.com.au. Together, realestate.com.au and realcommercial.com.au have approximately 23.0 million desktop site visits and 7.2 million mobile site visits on average each month based on Nielsen monthly total traffic ratings for the year ended June 30, 2014, as well as approximately 10.5 million mobile application visits on average each month based on Adobe Omniture SiteCatalyst monthly site visits for the same period. REA Group also operates a market-leading Italian property site, casa.it, and other property sites and apps in Europe and Asia, and its portfolio of property sites is used by approximately 21,700 real estate agents.

REA Group s Australian operations are comprised primarily of realestate.com.au, realcommercial.com.au and its media business, which services the display media market. Realestate.com.au derives the majority of its revenue via residential monthly advertising subscriptions and advertising listing upgrades from real estate offices. Agents subscribing to the website may upload unlimited listings for sale or rent and purchase a selection of upgrade products to increase the prominence of their listings on the site. Additionally, realestate.com.au offers a variety of targeted products, including brand-building services for real estate agents. Realcommercial.com.au generates revenue through three main sources, agent subscription revenue, agent branding revenue and listing revenue. 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 other operations include property sites in Italy and Asia, as well as Luxembourg and France. Casa.it, with approximately 9.0 million visits on average each month based on Adobe Omniture SiteCatalyst monthly site visits for the year ended June 30, 2014, is Italy s leading residential property site. In Asia, REA Group operates Squarefoot.com.hk, REA Group s English and Chinese language property site in Hong Kong, as well as myfun.com, its recently-launched Chinese website, which extends the audience of property seekers for realestate.com.au s Australian property listings by allowing them to be seen by Chinese consumers. Squarefoot.com.hk and myfun.com together have approximately 0.5 million visits on average each month based on Adobe Omniture SiteCatalyst monthly site visits for the year ended June 30, 2014. REA Group s sites in Luxembourg and France include AtHome.lu, atOffice.lu, atHome.de and immoRegion.fr. These sites have approximately 0.9 million visits combined on average each month based on Adobe Omniture SiteCatalyst monthly site visits for the year ended June 30, 2014. REA Group s other assets include its 17.22% interest in iProperty Group Limited, an online property portal with operations in Malaysia, Indonesia, Hong Kong, Macau and Singapore, which it acquired in July 2014.

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

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Book Publishing

The Company s Book Publishing segment consists of HarperCollins Publishers (together with its subsidiaries and affiliates, HarperCollins), one of the largest English-language consumer publishers in the world based on global revenue, with operations in the U.S., the U.K., Canada, Australia, New Zealand and India. 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 the Apple iPad, Amazon s Kindle, Google s Nexus and Barnes & Noble s NOOK as well as audio downloads for smartphones and MP3 players. HarperCollins owns over 60 branded imprints, including Avon, Harper, HarperCollins Children s Publishers, William Morrow and Christian publishers Zondervan and Thomas Nelson, which HarperCollins acquired in July 2012. In addition, in August 2014, HarperCollins acquired Harlequin Enterprises Limited, a leading publisher of women s fiction, from Torstar Corporation, extending its global platform, particularly in Europe and Asia Pacific.

HarperCollins publishes works by well-known authors such as 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 active print and digital global catalog includes approximately 50,000 publications and over 100,000 SKUs, including various print and digital editions of the same title. 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.

HarperCollins is rapidly transitioning from print production to digital with leading e-book offerings. As of June 30, 2014, HarperCollins offered approximately 35,000 e-book titles, which accounted for approximately 22% of global consumer revenues in the quarter (up from approximately 19% in the prior year period). Nearly all of HarperCollins titles published in the last five years, as well as the majority of its entire catalog, are available in electronic reader and tablet formats. With the rapid adoption of electronic formats by consumers, HarperCollins is publishing many 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. The series has already generated nine *New York Times* electronic bestsellers since its launch.

During fiscal 2014, HarperCollins U.S. had 158 titles on the *New York Times* bestseller list, with 17 titles hitting number one, including *Divergent (series)* by Veronica Roth, *The 100* by Jorge Cruise, *Heaven is For Real* by Todd Burpo with Lynn Vincent, *The Body Book* by Cameron Diaz with Sandra Bark, *The First Phone Call from Heaven* by Mitch Albom, *The Ocean at the End of the Lane* by Neil Gaiman, *The Pioneer Woman Cooks: A Year of Holidays* by Ree Drummond, *10 % Happier* by Dan Harris, *The English Girl* by Daniel Silva, *Eat to Live Cookbook* by Joel Fuhrman, *The Undead Pool* by Kim Harrison, *Orphan Train* by Christina Baker Kline, *The Daniel Plan* by Rick Warren, Daniel Amen, & Mark Hyman, *Pete the Cat: The Wheels on the Bus* by James Dean, *Pete the Cat and his Magic Sunglasses* by Kimberly & James Dean, and *The Selection* by Kiera Cass.

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. As HarperCollins digital products continue to account for more of its business, it expects to benefit from increased profit contribution and improved working capital dynamics due to diminishing physical plant requirements, inventory and returns related to its print business, as well as faster payment for e-books. 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 e-book devices 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, since 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 and as an early adopter of the digital model, where it is an industry leader with approximately 35,000 e-book titles. Furthermore, HarperCollins is a leader in children s and religious books, categories which have been less impacted by the transition to digital consumption.

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 is focused on improving K-12 education by creating digital products and services that empower teachers, students and parents in new ways. Its products serve more than three million students in all 50 states. Amplify is dedicated to creating technology solutions that transform the way teachers teach and students learn in three 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. Key products include *mClass*™, a suite of products that enable teachers to easily and quickly monitor individual and class progression through goals and standards and access detailed analysis, custom grouping and instructional planning tools.

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 new Common Core State Standards adopted by most states in the U.S. and is available for use on multiple platforms.

Amplify Access: Amplify s platform business is delivering a tablet-based distribution system to facilitate personalized instruction and enable anytime, anywhere learning. Amplify Access offers a bundle that includes a tablet designed for the K-12 market, instructional software and curated third-party content, as well as implementation support.

Amplify s digital products are or will generally be available on a subscription basis. The Company also expects to market and sell some supplemental print-based materials, as well as instructional and information technology-related services. In addition, while each of Amplify s products will be available on a stand-alone basis, the Company also anticipates that it will have the ability to cross-sell products between Amplify s three business areas and offer bundled solutions to its customers.

Amplify competes with existing K-12 education publishers and content providers such as Pearson plc, McGraw-Hill Education and Houghton Mifflin Harcourt, large platform companies such as Google, Apple, and Amazon that market their tablet or e-reader products for educational use, as well as a number of smaller content, analytics and distribution platform companies. The Company believes that Amplify s capabilities across analytics and assessment, content and curriculum and distribution and delivery make it well positioned to offer schools a unique integrated learning solution.

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. Recent 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 Strategy and Creative Group also oversaw the Company s acquisition of 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 has approximately 2.6 million subscribing households throughout Australia as of June 30, 2014 through cable, satellite and IPTV 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, sport, 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 and FOX SPORTS 3 and TV shows from HBO, FOX and Universal, among others. Foxtel also owns and operates 26 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 offers limited versions of its services via broadband through Foxtel Play, an Internet television service available to view on a number of compatible devices, including the Xbox platform, the Sony PlayStation platform, Telstra s T-Box platform, select Samsung televisions and Blu-ray players, select LG televisions, and mobile devices and tablets (including iPads and iPhones via Foxtel Go), as well as via the Internet to personal computers. Foxtel also offers an Internet television service called Presto, which features movies from the eight Foxtel Movies channels. Foxtel customers are also able to access their electronic programming guide via their tablet, mobile devices and personal computers to remotely record programming.

Foxtel generates revenue primarily through subscription revenue as well as advertising revenue. For the year ended June 30, 2014, in accordance with U.S. generally accepted accounting principles (GAAP), Foxtel recorded revenues of $2.9 billion and earnings before interest, taxes and depreciation and amortization, or EBITDA, of $903 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, 2014, Foxtel s average residential recurring subscription revenue per user, or ARPU, was A$96 (US$88) per month (as calculated by Foxtel), and its annualized residential subscriber churn rate based on data for the year ended June 30, 2014 was 12.5% (as calculated by Foxtel). In addition, Foxtel had $2.0 billion of indebtedness outstanding as of June 30, 2014 (excluding $851 million of shareholder loans due to Telstra and the Company), and paid distributions of $151 million to the Company during the year ended June 30, 2014. The amount included for Foxtel in the Company s Equity earnings of affiliates was $90 million for the year ended June 30, 2014.

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 and IPTV providers.

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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 the FTA networks. Through innovations such as digital HD channels, the extension of pay-TV programming to mobile devices and the use of DVR and Electronic Program Guide technology, 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 this legislation 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.

On March 18, 2013, the U.K. Government published a draft Royal Charter on Self-Regulation of the Press which, if granted, would establish a Recognition Panel that would be responsible for recognizing, overseeing and monitoring a new press regulatory body. The new press regulatory body, a majority of the members of which would be independent of the industry, would be responsible for overseeing the U.K. press and would replace the existing Press Complaints Commission. The U.K. Government also proposed legislation which would ensure that the Royal Charter could only be altered by a two-thirds majority of parliament. In addition to the Royal Charter and establishment of a new regulatory body, rules have been proposed which, if adopted, would result in publishers who do not participate in this new U.K. press regulatory system being potentially 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. Since then, steps have been taken to form the new regulator and appoint an independent chairman and its board. The new regulator is expected to be operational by September 2014. The new regulator will, among other things, oversee the press code of practice, require members to implement appropriate internal governance processes and require self-reporting of any failures, provide a complaints handling service, have the ability to require publications to print corrections, have the power to investigate serious or systemic breaches of the press code and be able to levy fines. It may also introduce an arbitration service to resolve claims against publications. When established, the new regulatory regime will impose burdens on the print media, including the Company s newspaper businesses in the U.K., which may represent 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 apps 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. In addition, regulators such as the Federal Trade Commission continue to expand their application of general consumer protection laws to commercial data practices, including the use of personal and profiling data from online users to deliver targeted Internet advertisements. Many states have also enacted legislation regulating data privacy and security, including laws requiring businesses to provide notice 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.

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.

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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; 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 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, 2014, the Company had approximately 22,000 employees, of whom approximately 7,000 were located in the U.S., 4,000 were located in the U.K. and 9,000 were located in Australia. Of the Company s employees, approximately 6,000 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.

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ITEM 1A. RISK FACTORS

You should carefully consider the following risks and other information in this Annual Report 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 on or in 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, auto sales, housing 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, demographics of the customer base, advertising rates and results observed by advertisers. For example, circulation levels for the Company s newspapers, the number of visits to its websites 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. Newer technologies, including new streaming and downloading capabilities via the Internet and other devices and technologies, as well as growing consumer engagement with new 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. These technological developments may also cause changes in consumer behavior that could affect the attractiveness of the Company s offerings to advertisers. In addition, 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. 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.

Advertising, Circulation and Audience Share May Continue to Decline as Consumers Migrate to Other Media Alternatives.

The Company s businesses face competition from other sources of news, information and entertainment content delivery, 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 Must Respond to New Technologies and Changes in Consumer Behavior in Order to Remain Competitive.

Technology continues to evolve rapidly, leading to 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. These technological advancements have driven changes in consumer behavior and have empowered consumers to seek more control over when, where and how they consume digital content. Content owners are increasingly delivering their content directly to consumers over the Internet, often without charge, and innovations in distribution platforms have enabled consumers to view such Internet-delivered content on 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 cost of producing and distributing content on a wide scale, allowing additional digital content providers 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. 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. The Company may be required to incur significant capital expenditures in order to respond to these new technologies 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 and business models to take advantage of advancements in technology and the latest consumer preferences, could have a significant adverse effect on its businesses, asset values and results of operations.

No Assurance of Profitability of the Digital Education Business.

Many 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.

Since the 2010 acquisition of Wireless Generation, the former brand of Amplify s data and analytics business, now Amplify Insight, and the initiation of the development of the broader business initiatives of Amplify, the Company has invested cash of approximately $825 million cumulatively through June 30, 2014, which includes $380 million, net of cash acquired, for the acquisition of Wireless Generation. Significant expenses associated with Amplify s businesses include salaries, employee benefits and other routine overhead associated with product development.

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.

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

The U.S. and global economies have in the recent past undergone a period of economic uncertainty, 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 and lower consumer net worth. The resulting pressure on the labor and retail markets and the downturn in consumer confidence weakened the economic climate in certain markets in which the Company does business and 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, television operations and other consumer products. 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 May Make Strategic Acquisitions That Could Introduce Significant Risks and Uncertainties.

In order to position its business to take advantage of growth opportunities, the Company may 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 an 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.

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.

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.

U.K. and U.S. regulators and governmental authorities 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 investigation by the U.S. Department of Justice (the DOJ) is directed at conduct that occurred within 21st Century Fox prior to the creation of the Company. Accordingly, 21st Century Fox has been and continues to be responsible for responding to the DOJ investigation. The Company, together with 21st Century Fox, 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.

From July 1, 2010 through June 30, 2014, the Company incurred aggregate fees, costs and expenses related to the U.K. Newspaper Matters of $470 million, net of costs that have been or will be indemnified by 21st Century Fox, which includes $36 million paid to claimants for civil settlements. As of June 30, 2014, the Company accrued $110 million, representing its best estimate of the liability for the claims that have been filed, as well as incurred but unpaid legal and professional fees. Certain liabilities recorded by the Company as of June 30, 2014 related to matters that will be indemnified by 21st Century Fox as described below. Amounts due from 21st Century Fox relating to indemnified costs were approximately $66 million as of June 30, 2014.

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.

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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. 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. The News and Information Services and Digital Education segments have reporting units with goodwill that is at risk for future impairment. As of June 30, 2014, $1.7 billion of goodwill at these reporting units was at risk for future impairment because the fair values of the reporting units exceeded their carrying values by less than 10%. 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.

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
- legislation such as the Broadcasting Services Act that regulates 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 likely to be 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. In response, the U.K. Government is taking steps to establish a regulatory framework to oversee a new U.K. press regulator. Separately, a majority of the U.K. press has proposed an alternative regulator, the Independent Press Standards Organisation, or IPSO, which is expected to be operational by September 2014. IPSO will impose 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.

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 fiscal year ended June 30, 2014, the Company s average cost per ton of newsprint was approximately 2.0% 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 Relies on Network and Information Systems and Other Technology Whose Failure or Misuse Could Cause a Disruption of Services or Improper Disclosure of Personal Data or 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, natural disasters (including extreme weather), terrorist activities or human error that may affect such systems, could result in disruption of the Company s services or improper disclosure of personal data or confidential information. In recent years, there has been a rise in the number of cyberattacks on companies network and information systems by both state-sponsored and criminal organizations, and as a result, the risks associated with such an event continue to increase. 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 and a loss of customers or revenues. 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 personnel, customer and vendor information, 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, 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.

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 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

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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, 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 and other intellectual property rights are important to its continued success and its competitive position. Any impairment of any such intellectual property or brands could adversely impact the Company s results of operations or financial condition.

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, including as a result of a significant change in stock or asset ownership after the Separation. 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 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 Company Might Not Be Able to Engage in Desirable Strategic Transactions and Equity Issuances Following the Separation Because of Certain Restrictions Relating to Requirements for Tax-Free Distributions for U.S. Federal Income Tax Purposes.

The Company s ability to engage in significant strategic transactions and equity issuances may be limited or restricted after the Separation in order to preserve, for U.S. federal income tax purposes, the tax-free nature of the distribution by 21st Century Fox. Even if the distribution otherwise qualifies for tax-free treatment under Section 355 of the Code, it may result in corporate level taxable gain to 21st Century Fox under Section 355(e) of the Code if 50% or more, by vote or value, of shares of the Company s stock is acquired or issued as part of a plan or series of related transactions that includes the distribution.

To preserve the tax-free treatment to 21st Century Fox of the distribution and the internal transactions in connection with the distribution for U.S. federal income tax purposes, under the Tax Sharing and Indemnification Agreement that the Company entered into with 21st Century Fox, the Company is prohibited from taking or failing to take certain actions that may prevent the distribution and related transactions from being tax-free for U.S. federal income tax purposes. Further, for the two-year period following the Separation, without obtaining the consent of 21st Century Fox, the Company may be prohibited from:

- approving or allowing any transaction that results in a change in ownership of more than a specified percentage of the Company s common stock,
- a merger,
- a redemption of equity securities,
- a sale or other disposition of certain businesses or a specified percentage of the Company s assets,
- an acquisition of a business or assets with equity securities to the extent one or more persons would acquire in excess of a specified percentage of the Company s common stock, or
- amending the Company s organizational documents or taking any other action through stockholder vote or otherwise that affects the relative economic or voting rights of the Company s outstanding stock.

These restrictions may limit the Company s ability to pursue strategic transactions or engage in new business or other transactions that may maximize the value of its business. Moreover, the Tax Sharing and Indemnification Agreement also provides that the Company is responsible for any tax-related liabilities incurred by 21st Century Fox or any of its affiliates as a result of the failure of the distribution or the internal transactions to qualify for favorable treatment under the Code if such failure is attributable to certain actions taken after the Separation by or in respect of the Company or any of its affiliates.

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.

The Company s historical financial statements for the fiscal years ended June 30, 2013 and 2012 included in this Annual Report 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 periods presented 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. The Company s historical financial statements for the fiscal years ended June 30, 2013 and 2012 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 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 the Chairman and Chief Executive Officer of 21st Century Fox, and Gerson Zweifach, who serves as the Company s General Counsel and as Senior Executive Vice President and Group General Counsel of 21st Century Fox. This ownership or service to both companies may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for 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 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. Pursuant to the 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, 2015, 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 8, 2014, 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 8, 2014. 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 8, 2014. 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 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 office and warehouse facilities of HarperCollins U.S. in Scranton, Pennsylvania;

(d) The owned office and warehouse facilities of Thomas Nelson in Nashville, Tennessee. The warehouse facilities were sold in July 2014;

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

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

(g) 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 Thomas More Square, London, England; 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.

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(c) The leased headquarters and editorial offices of HarperCollins Publishers Limited in London, England;

(d) The leased executive and editorial offices of Dow Jones in London, England; and

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

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 in the litigation and Robbins Geller Rudman & Dowd as lead counsel. Thereafter, on July 3, 2012, the court issued an order providing that an amended consolidated complaint was to be filed by July 31, 2012. 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

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repeats the allegations of the amended consolidated complaint and also expands the class period to comprise July 8, 2009 to July 18, 2011. 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, U.K. and U.S. regulators and governmental authorities continue to conduct investigations initiated in 2011 with respect to the U.K. Newspaper Matters. The investigation by the DOJ is directed at conduct that occurred within 21st Century Fox prior to the creation of the Company. Accordingly, 21st Century Fox has been and continues to be responsible for responding to the DOJ investigation. The Company, together with 21st Century Fox, 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 legal and professional fees related to the U.K. Newspaper Matters and costs for civil settlements totaling approximately $169 million, $183 million and $199 million during the fiscal years ended June 30, 2014, 2013 and 2012, respectively. With respect to the fees and costs incurred during the fiscal year ended June 30, 2014, the Company has been or will be indemnified by 21st Century Fox for $97 million, net of tax, 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, 2014, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred and has accrued approximately $110 million, of which approximately $66 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, 2014. 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 verified 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 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. While it is not possible to predict with any degree of certainty the ultimate outcome of this action, the Company and the Board of Directors believe that the allegations in the complaint are without merit and intend to defend against them vigorously.

HarperCollins

Commencing on August 9, 2011, 29 purported consumer class actions were filed in the U.S. District Courts for the Southern District of New York and for the Northern District of California, which related to the decisions by certain publishers, including HarperCollins Publishers L.L.C., to sell their e-books pursuant to an agency relationship. The Judicial Panel on Multidistrict Litigation transferred the various class actions to the Honorable Denise L. Cote in the Southern District of New York. On January 20, 2012, plaintiffs filed a consolidated amended complaint, again alleging that certain named defendants, including HarperCollins, violated the antitrust and unfair competition laws by virtue of the switch to the agency model for e-books. The actions sought as relief treble damages, injunctive relief and attorneys fees. As a result of the settlement agreement with the Attorneys General discussed below, consumers in all states other than Minnesota were ultimately barred from participating in these class actions. On June 21, 2013, plaintiffs filed a motion for preliminary approval of a settlement with HarperCollins, among others, for a class of consumers residing in Minnesota, which was the only state that did not sign onto the settlement agreement with the Attorneys General. On December 6, 2013, Judge Cote granted final approval of the Minnesota consumer settlement, which did not have a material impact on the results of operations or the financial position of the Company. Additional information about In re MDL Electronic Books Antitrust Litigation, Civil Action No. 11-md-02293 (DLC), can be found on Public Access to Court Electronic Records (PACER).

Following an investigation, on April 11, 2012, the DOJ filed an action in the U.S. District Court for the Southern District of New York against certain publishers, including HarperCollins, and Apple, Inc. The DOJ s complaint alleged antitrust violations related to defendants decisions to sell e-books pursuant to an agency relationship. The case was assigned to Judge Cote. Simultaneously, the DOJ announced that it had reached a proposed settlement with three publishers, including HarperCollins, and filed a Proposed Final Judgment and related materials detailing that agreement. Among other things, the Proposed Final Judgment required that HarperCollins terminate its agreements with certain e-book retailers and placed certain restrictions on any agreements subsequently entered into with such retailers. On September 5, 2012, Judge Cote entered the Final Judgment. Additional information about the Final Judgment can be found on the DOJ s website.

Following an investigation, on April 11, 2012, 16 state Attorneys General led by Texas and Connecticut (the AGs) filed a similar action against certain publishers and Apple, Inc. in the Western District of Texas. On April 26, 2012, the AGs action was transferred to Judge Cote. On May 17, 2012, 33 AGs filed a second amended complaint. As a result of a memorandum of understanding agreed upon with the AGs for Texas and Connecticut, HarperCollins was not named as a defendant in this action. Pursuant to the terms of the memorandum of understanding, HarperCollins entered into a settlement agreement with the AGs for Texas, Connecticut and Ohio on June 11, 2012. By August 28, 2012, 49 states (all but Minnesota) and five U.S. territories had signed on to that settlement agreement. On August 29, 2012, the AGs simultaneously filed a complaint against HarperCollins and two other publishers, a motion for preliminary approval of that settlement agreement and a proposed distribution plan. On September 14, 2012, Judge Cote granted the AGs motion for preliminary approval of the settlement agreement and approved the AGs proposed distribution plan. Notice was subsequently sent to potential class members, and a fairness hearing took place on February 8, 2013 at which Judge Cote gave final approval to the settlement. The settlement is now effective, and the final judgment bars consumers from states and territories covered by the settlement from participating in the class actions.

On October 12, 2012, HarperCollins received a Civil Investigative Demand from the Minnesota Attorney General (the Minnesota AG). HarperCollins complied with the Demand on November 16, 2012. On June 26, 2013, the Minnesota AG filed a petition for an order approving an assurance of discontinuance in the Second Judicial District Court for the State of Minnesota, wherein Minnesota agreed to cease its investigation and not seek further legal remedies relating to or arising from the alleged conduct. On June 28, 2013, Judge Gary Bastion signed an order approving the discontinuance.

The European Commission conducted an investigation into whether certain companies in the book publishing and distribution industry, including HarperCollins, violated the antitrust laws by virtue of the switch to the agency model for e-books. HarperCollins settled the matter with the European Commission on terms substantially similar to the settlement with the DOJ. On December 13, 2012, the European Commission formally adopted the settlement.

Commencing on February 24, 2012, five purported consumer class actions were filed in the Canadian provinces of British Columbia, Quebec and Ontario, which relate to the decisions by certain publishers, including HarperCollins, to sell their e-books in Canada pursuant to an agency relationship. The actions seek as relief special, general and punitive damages, injunctive relief and the costs of the litigations. On May 8, 2014, the parties entered into a settlement agreement, which is subject to court approval, the terms of which will not be material to the Company.

In July 2012, HarperCollins Canada, a wholly-owned subsidiary of HarperCollins, learned that the Canadian Competition Bureau (CCB) had commenced an inquiry regarding the sale of e-books in Canada. In February 2014, HarperCollins reached a proposed settlement with the CCB on terms substantially similar to the DOJ settlement described above, and on February 7, 2014, the CCB registered that consent agreement with the Competition Tribunal. 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 matters described above. During the fiscal years ended June 30, 2014, 2013 and 2012, the legal and professional fees and settlements incurred in connection with these matters were not material, and as of June 30, 2014, the Company did not have a material accrual related to these matters.

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, BEF Foods, Inc., and Spectrum Brands, 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 the 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.

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.

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Valassis Communications, Inc.

On November 8, 2013, Valassis Communications, Inc. (Valassis) filed a motion for expedited discovery in Valassis Communications, Inc. v. News America Incorporated, et al., No. 2:06-cv-10240 (E.D. Mich.), which previously settled in February 2010. Also on November 8, 2013, Valassis filed a 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, NAI, NAM FSI and NAM In-Store Services opposed the motion for expedited discovery in the previously settled case, and the NAM Group filed a motion to dismiss the newly-filed complaint.

On February 4, 2014, the magistrate judge entered an order granting the motion for expedited discovery. NAI, NAM FSI and NAM In-Store Services filed their objections to the order before the District Court on February 11, 2014 and concurrently filed a motion to stay the decision of the magistrate judge pending the District Court s consideration of their objections. On March 10, 2014, NAI, NAM FSI and NAM In-Store Services 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 three-member panel of antitrust experts pursuant to the parties agreements. On May 20, 2014, the District Court issued an order overruling the objections to the magistrate judge s decision on Valassis s motion for expedited discovery and determining that the motion to stay the magistrate judge s decision was therefore moot. In the same order, the District Court terminated the motion to enforce the parties settlement agreement on the grounds that the issues raised in this motion would be addressed in the context of the NAM Group s motion to dismiss Valassis s newly-filed complaint, described below.

On March 11, 2014, the Court referred the NAM Group s motion to dismiss Valassis s newly-filed complaint to the magistrate judge for determination. On July 16, 2014, the magistrate judge granted the NAM Group s motion in part with respect to certain claims and stayed the remainder of the action.

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

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.

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, 2014, there were approximately 27,200 holders of record of shares of Class A Common Stock and 850 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. In connection with the Separation, which is described in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations, the Company first began trading publicly in the when-issued market beginning on June 19, 2013, and commenced regular-way trading on July 1, 2013, following the Separation. Prior to June 19, 2013, there was no public market for the Company s common stock.

	Class B Common Stock		Class A Common Stock	
	High	**Low**	**High**	**Low**
Fiscal year ended June 30, 2013:				
Fourth Quarter (since June 19, 2013)	$ 15.80	$ 15.37	$ 15.80	$ 15.25
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

Dividend Policy

The Company expects to pay regular cash dividends in the future, though the timing, declaration, amount and payment of future dividends to stockholders will fall within the discretion of its 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. The Board of Directors has not yet declared any cash dividends and cannot provide any assurances that any dividends will be declared or paid.

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. Through August 8, 2014 the Company has not repurchased any Class A Common Stock. 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 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 shares will be repurchased.

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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,				
	2014[a]	2013[a]	2012[a]	2011[b]	2010[c]
	(in millions, except per share information)				
STATEMENT OF OPERATIONS DATA:					
Revenues	$ 8,574	$ 8,891	$ 8,654	$ 9,095	$ 8,752
Net income (loss) attributable to News Corporation stockholders	239	506	(2,075)	678	243
Income (loss) available to News Corporation stockholders per share basic[d]	0.41	0.87	(3.58)	1.17	0.42
Income (loss) available to News Corporation stockholders per share diluted[d]	0.41	0.87	(3.58)	1.17	0.42

	As of June 30,				
	2014	2013[e]	2012	2011	2010
	(in millions)				
BALANCE SHEET DATA:					
Cash and cash equivalents	$ 3,145	$ 2,381	$ 1,133	$ 2,022	$ 1,080
Total assets	16,489	15,643	13,090	17,008	14,326
Redeemable preferred stock	20	20			

(a) See Notes 3, 4, 5, 7 and 14 to the Consolidated and Combined Financial Statements of News Corporation for information with respect to significant acquisitions, disposals, impairment charges, restructuring charges, legal settlements and other transactions during fiscal 2014, 2013 and 2012.

(b) 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.

(c) Fiscal 2010 results included the contribution of the Dow Jones Indexes business to a joint venture formed with CME Group, Inc. and the sale of the Company s investment in STOXX AG, a European market index provider (STOXX). The Company received $903 million in cash proceeds from these transactions in fiscal 2010.

(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 and Combined Financial Statements of News Corporation and related notes set forth elsewhere in this Annual Report.

INTRODUCTION

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

The Separation and Distribution

On June 28, 2013, 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 NASDAQ, and CDIs representing the Company s Class A and Class B Common Stock began trading on 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 and Combined Financial Statements of News Corporation for further information).

Subsequent to the Distribution Date, the Company s financial statements as of and for the fiscal years ended June 30, 2014 and 2013 are presented on a consolidated basis, as the Company became a separate consolidated group on June 28, 2013. The Company s consolidated statement of operations for the fiscal year ended June 30, 2014 reflects the Company s operations as a stand-alone company. The Company s consolidated balance sheets as of June 30, 2014 and June 30, 2013 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 financial statements for the fiscal year ended June 30, 2012 were prepared on a combined basis and presented as carve-out financial statements, as the Company was not a separate consolidated group prior to the Distribution Date. These statements reflect the combined historical results of operations and cash flows of 21st Century Fox s publishing businesses, its education division and other Australian assets.

The Company s consolidated and combined statements of operations for the fiscal years ended June 30, 2013 and 2012 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 or combined revenues, operating income, headcount or other measures of the Company. Management believes the assumptions underlying these consolidated and combined financial statements, including the assumptions regarding allocating general corporate expenses from 21st Century Fox, are reasonable. Nevertheless, these consolidated and combined 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 and combined 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 would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

The consolidated and combined financial statements are referred to as the Financial Statements herein. The consolidated and combined 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 Financial Statements 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. Additionally, the income tax accounts reflected in the Balance Sheet as of June 30, 2013 include income taxes payable and deferred taxes allocated to the Company at the time of the Separation. 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 2013, fiscal 2014 or early fiscal 2015 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, 2014, respectively. This analysis is presented on both a consolidated or combined 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, 2014, 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, 2014.

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 accompanying 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

In the fourth quarter of fiscal 2014, the Company revised the composition of its reporting segments based on the guidance in Accounting Standards Codification (ASC) 280, Segment Reporting, to present the digital education business as a separate segment. All prior periods have been reclassified to reflect the revised segment presentation. As a result of the change, the Company reports its business 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.com, 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 (NAM), a leading provider of free-standing inserts, in-store marketing products and services and digital marketing solutions. NAM s customers include many of the largest consumer packaged goods advertisers in the U.S. and Canada.

Cable Network Programming The Cable Network Programming segment consists of FOX SPORTS Australia, the leading sports programming provider in Australia, with seven 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 the Rugby Union. Prior to the November 2012 acquisition of the portion of FOX SPORTS Australia that it did not own, the Company accounted for its investment in FOX SPORTS Australia under the equity method of accounting. Following the acquisition, the Company owns 100% of FOX SPORTS Australia and its results are included within this segment.

Digital Real Estate Services The Company owns 61.6% of REA Group Limited (REA Group), a publicly traded company listed on the ASX (ASX: REA) that is a leading digital advertising business specializing in real estate services. REA Group operates Australia s largest residential property website, realestate.com.au, as well as Australia s leading commercial property website, realcommercial.com.au. REA Group also operates a market-leading Italian property site, casa.it, and other property sites and apps in Europe and Asia.

Book Publishing The Book Publishing segment consists of HarperCollins which is one of the largest English-language consumer publishers in the world, with particular strengths in general fiction, nonfiction, children s and religious publishing, and an industry leader in digital publishing. HarperCollins includes over 60 branded publishing imprints, including Avon, Harper, HarperCollins Children s Publishers, William Morrow and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as 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 Education The Digital Education segment consists of Amplify, the brand for its digital education business, which it launched in July 2012. Amplify is focused on improving K-12 education by creating digital products and services that empower teachers, students and parents in new ways. Its products serve more than three million students in all 50 states. Amplify is dedicated to creating technology solutions that transform the way teachers teach and students learn.

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Other The Other segment consists primarily of general corporate overhead expenses, the corporate Strategy and Creative Group, and costs related 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 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.

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. The development of 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.

Cable Network Programming

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

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FOX SPORTS Australia competes primarily with ESPN, the 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 Real Estate Services

The Digital Real Estate Services segment sells online advertising services on its residential real estate and commercial property sites. Significant expenses associated with these sites include development costs, advertising and promotional expenses, 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.

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.

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.

The book publishing business has been affected in recent years by new electronic distribution platforms and models and the Company expects that electronic books (e-books) will represent an increasing portion of book publishing revenues in coming years.

Digital Education

The Digital Education segment, which consists of Amplify, the brand for the Company s digital education business, is dedicated to creating technology solutions that transform the way teachers teach and students learn in three 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 new Common Core State Standards adopted by most states in the U.S. and is available for use on multiple platforms.

Amplify Access, Amplify s platform business, is delivering a tablet-based distribution system to facilitate personalized instruction and enable anytime, anywhere learning. Amplify Access offers a bundle that includes a tablet designed for the K-12 market, instructional software and curated third-party content, as well as implementation support.

Significant expenses associated with the Company s digital education business include product development, 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

In August 2014, the Company completed its acquisition of Harlequin Enterprises Limited (Harlequin) from Torstar Corporation for a purchase price of C$455 million (approximately US$420 million), subject to certain adjustments. Harlequin is a leading publisher of women s fiction, and this acquisition extends HarperCollins global platform, particularly in Europe and Asia Pacific. Harlequin will operate as a division of HarperCollins, and its results will be included within the Book Publishing segment. On an annualized basis, the Company expects Harlequin will contribute revenues of $320 to $340 million.

In July 2014, REA purchased 31,283,140 shares, or 17.22%, of iProperty Group Limited (ASX: IPP) from SeLoger.com SA, for total cash consideration of AUD $106 million (approximately US$100 million). iProperty Group has online property advertising operations in Malaysia, Indonesia, Hong Kong, Macau and Singapore, as well as investments in India and the Philippines.

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 and reduced the Company s ownership percentage to 13.7%. 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 will be 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 income, net of tax, in stockholders equity. While the Rubicon investment is classified as an available-for-sale security, the Company is contractually restricted from selling these shares for at least six months from the date of the public offering.

In February 2014, SEEKAsia Limited (SEEK Asia), in which the Company owns a 12.1% interest, agreed to purchase the online employment businesses of JobStreet Corporation Berhad (JobStreet), which will be combined with JobsDB, Inc., SEEK Asia s existing online employment business. The transaction, which is subject to certain conditions, including regulatory approval and JobStreet shareholder approval, will be funded primarily through additional contributions by SEEK Asia shareholders. The Company s share of the funding contribution is expected to be approximately $50 million and is subject to the closing of the JobStreet acquisition. The Company will continue to hold a 12.1% investment in SEEK Asia following the transaction.

In December 2013, the Company entered into new multi-year supply agreements for newsprint and ink, which are expected to yield cost savings over the lives of the agreements. The Company saved approximately $10 million in fiscal 2014 and expects to save approximately $20 million in fiscal 2015.

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.

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.

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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 %)			
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 %)			
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 and Combined Financial Statements of News Corporation for further details.

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 and Combined Financial Statements of News Corporation).

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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 transaction[(c)]		1,263
Gain on sale of investment in SKY Network Television Ltd.[(d)]		321
Gain on the financial indexes business 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 were 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 and Combined Financial Statements of News Corporation.

(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 and Combined Financial Statements of News Corporation.

(c) See Note 3 to the Consolidated and Combined Financial Statements of News Corporation.

(d) See Note 5 to the Consolidated and Combined Financial Statements of News Corporation.

(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 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 2013.

For the fiscal year ended June 30, 2014, the Company recorded a tax benefit, net of applicable tax on interest, of $721 million 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 of $721 million in the Statements of Operations. The expense recorded to Other, net is not deductible for income tax purposes and resulted in a $252 million detriment or 64% reduction to the effective tax rate. The Company also recorded a benefit of approximately $67 million related to the effects of foreign operations in Australia and the United Kingdom which were subject to lower tax rates and which increased the effective tax rate by 17%.

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For the fiscal year ended June 30, 2013 the Company recorded a $306 million tax benefit as a result of a reversal of deferred tax liabilities arising from intangible and fixed asset impairments recorded in fiscal 2013 and a reversal of historic deferred tax liabilities related to the consolidation of FOX SPORTS Australia of $49 million. The Company s tax benefit and effective tax rate for the fiscal year ended June 30, 2013 were lower than the U.S. statutory tax rate of 35% primarily due to the impact of certain non-recurring items of pre-tax income and expense including $0.5 billion of non-deductible goodwill impairment charges, a $1.3 billion non-taxable gain on the consolidation of CMH and a $0.3 billion non-taxable gain on the sale of the investment in SKY Network Television Ltd. 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 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.

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).

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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 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 %)			
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

	For the fiscal years ended June 30,			
	2014		2013	
	Revenues	Segment EBITDA	Revenues	Segment EBITDA
	(in millions)			
News and Information Services	$ 6,153	$ 665	$ 6,731	$ 795
Cable Network Programming	491	128	324	63
Digital Real Estate Services	408	214	345	168
Book Publishing	1,434	197	1,369	142
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)

	For the fiscal years ended June 30,			
	2014	2013	Change	% Change
	(in millions, except %)			
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.

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,			
	2014	**2013**	**Change**	**% Change**
	(in millions, except %)			
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.

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

	For the fiscal years ended June 30,			
	2014	2013	Change	% Change
	(in millions, except %)			
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.

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.

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

	For the fiscal years ended June 30,			
	2014	2013	Change	% Change
	(in millions, except %)			
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 Education (1% of the Company s consolidated revenues in fiscal 2014 and 2013)

	For the fiscal years ended June 30,			
	2014	2013	Change	% Change
	(in millions, except %)			
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)

	For the fiscal years ended June 30,			
	2014	2013	Change	% Change
	(in millions, except %)			
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.

Results of Operations Fiscal 2013 versus Fiscal 2012

The following table sets forth the Company s operating results for fiscal 2013 as compared to fiscal 2012.

	For the fiscal years ended June 30,			
	2013	2012	Change	% Change
	(in millions, except %)			
Revenues:				
Advertising	$ 4,346	$ 4,693	$ (347)	(7)%
Circulation and Subscription	2,669	2,365	304	13%
Consumer	1,286	1,123	163	15%
Other	590	473	117	25%
Total Revenues	8,891	8,654	237	3%
Operating expenses	(5,420)	(5,122)	(298)	6%
Selling, general and administrative	(2,783)	(2,750)	(33)	1%
Depreciation and amortization	(548)	(483)	(65)	13%
Impairment and restructuring charges	(1,737)	(2,763)	1,026	(37)%
Equity earnings of affiliates	100	90	10	11%
Interest, net	77	56	21	38%
Other, net	1,593	(59)	1,652	**
Income (loss) before income tax benefit	**173**	**(2,377)**	**2,550**	**
Income tax benefit	374	337	37	11%
Net income (loss)	547	(2,040)	2,587	**
Less: Net income attributable to noncontrolling interests	(41)	(35)	(6)	17%
Net income (loss) attributable to News Corporation	**$ 506**	**$ (2,075)**	**$ 2,581**	**

** not meaningful

Revenues Revenues increased $237 million, or 3%, for the fiscal year ended June 30, 2013 as compared to fiscal 2012, primarily due to the inclusion of revenues resulting from the consolidation of FOX SPORTS Australia and the acquisition of Thomas Nelson (the Acquisitions) of approximately $324 million and $172 million, respectively, and higher U.K. newspaper revenues of approximately $89 million principally due to the

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inclusion of revenues from the launch of the Sunday edition of *The Sun* in February 2012. Also contributing to the revenue increase was higher advertising revenues at the Digital Real Estate Services segment of $59 million. These increases were partially offset by lower revenues at the Australian newspapers of $350 million, primarily reflecting lower newspaper advertising revenues principally due to the continued challenging economic environment in Australia, and lower revenues at Dow Jones of $76 million reflecting lower advertising revenues.

Operating Expenses Operating expenses increased $298 million, or 6%, for the fiscal year ended June 30, 2013 as compared to fiscal 2012, primarily due to the inclusion of operating expenses related to the Acquisitions of $370 million, partially offset by a $96 million decrease in operating expenses at the News and Information Services segment primarily due to lower printing, production and distribution expenses resulting from decreased revenues.

Selling, general and administrative expenses Selling, general and administrative expenses increased $33 million, or 1%, for the fiscal year ended June 30, 2013 as compared to fiscal 2012, primarily due to a $99 million increase at the Other segment, the inclusion of $35 million in expenses resulting from the Acquisitions and higher expenses of $20 million in the Digital Real Estate Services segment directly relating to revenue growth supporting innovation, development and the sale of real estate advertising products. These increases were partially offset by lower expenses of $87 million at the News and Information Services segment principally resulting from the positive impact of cost savings initiatives and lower litigation settlement costs at the Book Publishing segment of approximately $25 million related to an e-books antitrust action that settled in fiscal 2012.

Depreciation and amortization Depreciation and amortization increased $65 million, or 13%, for the fiscal year ended June 30, 2013 as compared to fiscal 2012, primarily due to the inclusion of expenses resulting from the Acquisitions of approximately $32 million and higher depreciation expense at the News and Information Services segment of $25 million.

Impairment and restructuring charges 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 reflect 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 include $42 million for the potential sale of assets at values below their carrying values.

During the fourth quarter of fiscal 2012, the Company completed its annual impairment review of goodwill and indefinite-lived intangible assets. As a result of the impairment review performed, the Company recorded non-cash impairment charges of approximately $2.6 billion ($2.2 billion, net of tax) for the fiscal year ended June 30, 2012. The charges consisted of a write-down of goodwill of approximately $1.3 billion and a write-down of the indefinite-lived intangible assets (primarily newspaper mastheads and distribution networks) of approximately $1.3 billion. These impairment charges were primarily the result of adverse trends affecting several businesses in the Company s News and Information Services segment, including secular declines in the economic environment in Australia, a decline in in-store advertising spend by consumer packaged goods manufacturers in the U.S. and lower forecasted revenues from certain businesses utilizing various trade names owned by the Company s newspaper operations. The charges also reflected the expected sale of certain assets at a value below their carrying value.

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

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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 are primarily for termination benefits in Australia and contract termination payments in the U.K.

In fiscal 2012, the Company recorded restructuring charges of $156 million, of which $151 million related to the newspaper businesses. The Company commenced the reorganization of portions of the newspaper businesses and recorded restructuring charges primarily for termination benefits as a result of the shutdown of *The News of the World*, certain organizational restructurings at other newspapers and the shutdown of a regional newspaper.

Equity earnings of affiliates Equity earnings of affiliates increased $10 million, or 11%, for the fiscal year ended June 30, 2013 as compared to fiscal 2012, primarily due to the Company s increased ownership interest in Foxtel and lower losses at other equity affiliates, partially offset by the consolidation of FOX SPORTS Australia and the sale of the Company s investment in SKY Network Television Ltd.

	For the fiscal years ended June 30,			
	2013	**2012**	**Change**	**% Change**
	(in millions, except %)			
Foxtel[(a)]	$ 66	$ 31	$ 35	**
Pay television and cable network programming equity affiliates[(b)]	51	83		