

News Corporation

Directors' Report

for the half year ended 31 December, 2013

DIRECTORS

The following Directors were in office, unless otherwise stated, during the period 1 July, 2013 to the date of this report:

K R Murdoch AC
J M Aznar
N Bancroft
P L Barnes
E L Chao
J Elkann
J I Klein
J R Murdoch
L K Murdoch
A P Pessoa
M Siddiqui
R J Thomson

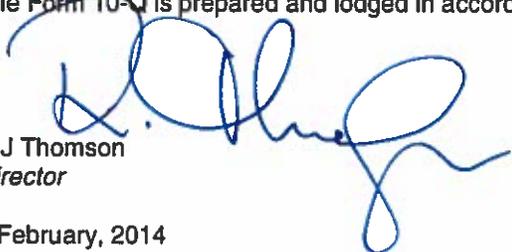
REVIEW OF OPERATIONS

Please see the Form 10-Q, Item 2, relating to the period ended 31 December, 2013.

AUDITORS INDEPENDENCE

The Directors obtain an annual independence declaration from the Company's auditors, Ernst & Young, in accordance with the regulations issued by the Public Company Accounting Oversight Board.

The Form 10-Q is prepared and lodged in accordance with a resolution of the Directors.


R J Thomson
Director

7 February, 2014

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News Corporation

Directors' Declaration

for the half year ended 31 December, 2013

The Directors of News Corporation declare that with regards to the attached Form 10-Q:

- a) the Report complies in all material respects with the accounting standards in accordance with which it was prepared;
- b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company; and
- c) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



R J Thomson
Director

7 February, 2014

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Appendix 4D
Half year report

Name of entity

NEWS CORPORATION

ABN or equivalent company reference

ARBN: 163 882 933

Financial half year ended

31 December, 2013

Results for announcement to the market

US\$ million

Revenues	down 3.2%	to	4,310
Net income	down 86.4%	to	178

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.

News Corporation was subsequently converted to New Newscorp Inc, a Delaware corporation, on June 11, 2013. On June 28, 2013, 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. CHES 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."

Dividends

No dividends have been paid or declared with respect to the current financial year.

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.

Net tangible asset backing per share is US\$13.86 as of December 31, 2013 and is based on asset values disclosed in the Consolidated Balance Sheet.

Commentary on these results is contained in the attached Form 10-Q for the period ended 31 December, 2013.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2013

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 001-35769

News Corp

NEWS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

46-2950970

(I.R.S. Employer Identification No.)

1211 Avenue of the Americas, New York, New York

(Address of Principal Executive Offices)

10036

(Zip Code)

Registrant's telephone number, including area code (212) 416-3400

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 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 No

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

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

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

As of February 3, 2014, 379,386,334 shares of Class A Common Stock and 199,630,240 shares of Class B Common Stock were outstanding.

NEWS CORPORATION

FORM 10-Q
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NEWS CORPORATION
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(Unaudited; millions, except per share amounts)

	Notes	For the three months ended December 31,		For the six months ended December 31,	
		2013	2012	2013	2012
Revenues:					
Advertising		\$ 1,080	\$ 1,163	\$ 2,038	\$ 2,204
Circulation and Subscription		661	654	1,340	1,262
Consumer		377	346	688	672
Other		120	158	244	316
Total Revenues		2,238	2,321	4,310	4,454
Operating expenses					
Selling, general and administrative		(637)	(669)	(1,273)	(1,379)
Depreciation and amortization		(138)	(129)	(279)	(254)
Impairment and restructuring charges	3	(36)	(62)	(63)	(177)
Equity earnings of affiliates	4	17	28	30	54
Interest, net		16	18	33	29
Other, net	14	(231)	1,252	(672)	1,255
(Loss) income before income tax benefit		(45)	1,407	(483)	1,296
Income tax benefit	12	211	4	687	32
Net income		166	1,411	204	1,328
Less: Net income attributable to noncontrolling interests		(15)	(12)	(26)	(21)
Net income attributable to News Corporation stockholders		\$ 151	\$ 1,399	\$ 178	\$ 1,307
Net income available to News Corporation stockholders per share:					
Basic and diluted	8	\$ 0.26	\$ 2.42	\$ 0.31	\$ 2.26

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

NEWS CORPORATION
CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited; millions)

	<u>For the three months ended December 31,</u>		<u>For the six months ended December 31,</u>	
	2013	2012	2013	2012
Net income	\$ 166	\$ 1,411	\$ 204	\$ 1,328
Other comprehensive income (loss):				
Foreign currency translation adjustments	(240)	(30)	(39)	77
Unrealized holding (losses) gains on securities	(1)	1	(1)	1
Benefit plan adjustments, net of income tax (benefit) of (\$2) million and nil for the three months ended December 31, 2013 and 2012, respectively, and income tax expense (benefit) of \$8 million and (\$2) million for the six months ended December 31, 2013 and 2012, respectively	(2)	2	9	(3)
Share of other comprehensive income from equity affiliates, net of income tax expense of \$1 million and nil for the three months ended December 31, 2013 and 2012, respectively, and income tax expense of \$4 million and nil for the six months ended December 31, 2013 and 2012, respectively	3	—	11	—
Other comprehensive (loss) income	(240)	(27)	(20)	75
Comprehensive (loss) income	(74)	1,384	184	1,403
Less: Net income attributable to noncontrolling interests	(15)	(12)	(26)	(21)
Less: Other comprehensive loss (income) attributable to noncontrolling interests	8	(1)	6	(2)
Comprehensive (loss) income attributable to News Corporation stockholders	<u>\$ (81)</u>	<u>\$ 1,371</u>	<u>\$ 164</u>	<u>\$ 1,380</u>

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

NEWS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Millions, except share and per share amounts)

	Notes	As of December 31, 2013 (unaudited)	As of June 30, 2013 (audited)
Assets:			
Current assets:			
Cash and cash equivalents		\$ 2,908	\$ 2,381
Amounts due from 21st Century Fox	9	—	247
Receivables, net	14	1,481	1,335
Income taxes receivable	12	147	29
Other current assets	14	576	651
Total current assets		<u>5,112</u>	<u>4,643</u>
Non-current assets:			
Investments	4	2,431	2,499
Property, plant and equipment, net		2,927	2,992
Intangible assets, net		2,120	2,186
Goodwill		2,728	2,725
Other non-current assets	14	665	598
Total assets		<u>\$ 15,983</u>	<u>\$ 15,643</u>
Liabilities and Equity:			
Current liabilities:			
Accounts payable		\$ 242	\$ 242
Accrued expenses		1,115	1,108
Amounts due to 21st Century Fox, net	9	83	—
Deferred revenue		380	389
Other current liabilities	14	472	432
Total current liabilities		<u>2,292</u>	<u>2,171</u>
Non-current liabilities:			
Retirement benefit obligations	11	284	345
Deferred income taxes	12	239	152
Other non-current liabilities		277	279
Commitments and contingencies	10		
Redeemable preferred stock		20	20
Class A common stock ^(a)		4	4
Class B common stock ^(b)		2	2
Additional paid-in capital		12,309	12,281
Retained earnings		177	—
Accumulated other comprehensive income		257	271
Total News Corporation stockholders' equity		<u>12,749</u>	<u>12,558</u>
Noncontrolling interests		122	118
Total equity	6	<u>12,871</u>	<u>12,676</u>
Total liabilities and equity		<u>\$ 15,983</u>	<u>\$ 15,643</u>

^(a) **Class A common stock**, \$0.01 par value per share ("Class A Common Stock"), 1,500,000,000 shares authorized, 379,294,477 and 379,174,445 shares issued and outstanding, net of 27,338,065 and 27,395,821 treasury shares at par at December 31, 2013 and June 30, 2013, respectively.

^(b) **Class B common stock**, \$0.01 par value per share ("Class B Common Stock"), 750,000,000 shares authorized, 199,630,240 shares issued and outstanding, net of 78,430,424 treasury shares at par at December 31, 2013 and June 30, 2013.

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

NEWS CORPORATION
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(Unaudited; millions)

	Notes	For the six months ended December 31,	
		2013	2012
Operating activities:			
Net income		\$ 204	\$ 1,328
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization		279	254
Equity earnings of affiliates	4	(30)	(54)
Cash distributions received from affiliates		47	118
Foreign tax refund payable to 21st Century Fox	12	148	—
Foreign tax refund receivable	12	(140)	—
Impairment charges, net of tax	3	12	—
Other, net	14	(49)	(1,255)
Deferred income taxes and taxes payable	12	85	(82)
Change in operating assets and liabilities, net of acquisitions:			
Receivables and other assets		(244)	(188)
Inventories, net		51	11
Accounts payable and other liabilities		65	(129)
Pension and postretirement benefit plans		(21)	2
Net cash provided by operating activities		<u>407</u>	<u>5</u>
Investing activities:			
Capital expenditures		(147)	(141)
Acquisitions, net of cash acquired		(26)	(2,154)
Investments in equity affiliates and other		(2)	(3)
Proceeds from dispositions		100	26
Net cash used in investing activities		<u>(75)</u>	<u>(2,272)</u>
Financing activities:			
Net transfers from 21st Century Fox and affiliates		217	2,115
Repayment of borrowings acquired in the CMH acquisition		—	(235)
Dividends paid		(13)	(11)
Purchase of subsidiary shares from noncontrolling interest		—	(8)
Net cash provided by financing activities		<u>204</u>	<u>1,861</u>
Net increase (decrease) in cash and cash equivalents		536	(406)
Cash and cash equivalents, beginning of period		2,381	1,133
Exchange movement on opening cash balance		(9)	14
Cash and cash equivalents, end of period		<u>\$ 2,908</u>	<u>\$ 741</u>

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

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

News Corporation (together with its subsidiaries, “News Corporation,” “News Corp,” the “Company,” “we,” or “us”) is a global diversified media and information services company comprised of businesses across a range of media, including: news and information services, 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 “Distribution Date”), the Company completed the separation of its businesses (the “Separation”) from Twenty-First Century Fox, Inc. (“21st Century Fox”). As of the effective time of the Separation, all of the outstanding shares of the Company were distributed to 21st Century Fox stockholders based on a distribution ratio of one share of Company Class A or Class B Common Stock for every four shares of 21st Century Fox Class A or Class B Common Stock, respectively, held of record as of June 21, 2013 (the “Record Date”). Following the Separation, the Company’s Class A and Class B Common Stock began trading independently on The NASDAQ Global Select Market (“NASDAQ”), and CHES Depository Interests representing the Company’s Class A and Class B Common Stock began trading on the Australian Securities Exchange (“ASX”). In connection with the Separation, the Company entered into the Separation and Distribution Agreement (the “Separation and Distribution Agreement”) and certain other related agreements which govern the Company’s relationship with 21st Century Fox following the Separation. (See Note 9 – Related Party Transactions and 21st Century Fox Investment for further information).

Basis of Presentation

Subsequent to the Distribution Date, the Company’s financial statements as of June 30, 2013 and as of and for the three and six months ended December 31, 2013 are presented on a consolidated basis, as the Company became a separate consolidated group on June 28, 2013. The Company’s consolidated statements of operations for the three and six months ended December 31, 2013 reflect the Company’s operations as a stand-alone company. The Company’s consolidated balance sheets as of June 30, 2013 and December 31, 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 three and six months ended December 31, 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.

Prior to the Separation, the Company’s combined statements of operations 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 combined revenues, operating income, headcount or other measures of the Company. Management believes the assumptions underlying the combined financial statements, including the assumptions regarding allocating general corporate expenses from 21st Century Fox, are reasonable. Nevertheless, the 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 combined results of operations and cash flows had it been a stand-alone company during the periods presented. 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 will be referred to as the “Financial Statements” herein. The consolidated and combined statements of operations will be referred to as the “Statements of Operations” herein. The consolidated balance sheets will be referred to as the “Balance Sheets” herein.

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

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

The accompanying Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting only of normal recurring adjustments necessary for a fair presentation have been reflected in these unaudited consolidated and combined financial statements. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2014.

The accompanying Financial Statements and notes thereto should be read in conjunction with the audited consolidated and combined financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2013 as filed with the Securities and Exchange Commission ("SEC") on September 20, 2013 (the "2013 Form 10-K").

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

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

The Company's fiscal year ends on the Sunday closest to June 30. Fiscal 2014 and fiscal 2013 include 52 weeks. All references to December 31, 2013 and December 31, 2012 relate to the three and six months ended December 29, 2013 and December 30, 2012, respectively. For convenience purposes, the Company continues to date its financial statements as of December 31.

Certain fiscal 2013 amounts have been reclassified to conform to the fiscal 2014 presentation.

Recent Accounting Guidance

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

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

In February 2013, the FASB issued ASU 2013-02, “Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (“ASU 2013-02”), which requires the Company to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, it requires the Company to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, the Company is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. ASU 2013-02 was effective for the Company for interim reporting periods beginning July 1, 2013. (See Note 11 – Pension and Other Postretirement Benefits).

In February 2013, the FASB issued ASU 2013-04, “Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date” (“ASU 2013-04”). The objective of ASU 2013-04 is to provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation (within the scope of this guidance) is fixed at the reporting date. Examples of obligations within the scope of ASU 2013-04 include debt arrangements, other contractual obligations, and settled litigation and judicial rulings. ASU 2013-04 is effective for the Company for interim reporting periods beginning July 1, 2014, however, early adoption is permitted. The Company is currently evaluating the impact that ASU 2013-04 will have on its Financial Statements, but does not expect the adoption will have a significant impact on the Company’s Financial Statements.

In March 2013, the FASB issued ASU 2013-05, “Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity” (“ASU 2013-05”). The objective of ASU 2013-05 is to resolve the diversity in practice regarding the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets within a foreign entity. ASU 2013-05 is effective for the Company for interim reporting periods beginning July 1, 2014, however, early adoption is permitted. The Company is currently evaluating the impact that ASU 2013-05 will have on its Financial Statements, but does not expect the adoption will have a significant impact on the Company’s Financial Statements.

In July 2013, the FASB issued ASU 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists” (“ASU 2013-11”). ASU 2013-11 clarifies guidance and eliminates diversity in practice on the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. This new guidance is effective for the Company for annual reporting periods beginning July 1, 2014 and subsequent interim periods. Based on its review, the Company has determined that ASU 2013-11 will not have a significant impact on its Financial Statements.

NOTE 2. ACQUISITIONS, DISPOSALS AND OTHER TRANSACTIONS

Fiscal 2014

In September 2013, the Company sold the Dow Jones Local Media Group (“LMG”), which operated eight daily and 15 weekly newspapers in seven states. No significant gain or loss was recognized on the sale of LMG as the carrying value of the assets held for sale on the date of sale approximated the proceeds received. The net income, assets, liabilities and cash flows attributable to the LMG operations were not material to the Company in any of the periods presented and, accordingly have not been presented separately.

In December 2013, the Company acquired Storyful Limited (“Storyful”), a social news agency, for approximately \$25 million, of which \$19 million was 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.

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Fiscal 2013

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

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

In November 2012, the Company acquired Consolidated Media Holdings Ltd. (“CMH”), a media investment company that operates in Australia, for approximately \$2 billion in cash and assumed debt of approximately \$235 million. This acquisition supports the Company’s strategic priority of acquiring greater control of investments that complement its portfolio of businesses. CMH owned a 25% interest in Foxtel through its 50% interest in FOX SPORTS Australia. The acquisition doubled the Company’s stakes in FOX SPORTS Australia and Foxtel to 100% and 50%, respectively. Prior to November 2012, the Company accounted for its investments in FOX SPORTS Australia and Foxtel under the equity method of accounting. The Company’s investment in Foxtel continues to be accounted for under the equity method of accounting.

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

At the time of acquisition, the carrying amount of the Company’s previously held equity interest in FOX SPORTS Australia, through which the Company held its indirect 25% interest in Foxtel, was revalued to fair value as of the acquisition date, resulting in a non-taxable gain of approximately \$1.3 billion which was included in Other, net in the Statements of Operations for the three and six months ended December 31, 2012. The fair value of the Company’s previously held equity interest of \$1.6 billion was determined using an income approach (discounted cash flow analysis) adjusted to remove an assumed control premium. Significant unobservable inputs utilized in the income approach valuation method were discount rates ranging from 9.5% to 10.5%, based on the weighted average cost of capital for FOX SPORTS Australia and Foxtel using the capital asset pricing model, and long-term growth rates of approximately 2.5%, reflecting the Company’s assessment of the long-term inflation rate for Australia.

In accordance with ASC 350 the excess purchase price, including the revalued previously held investment, of approximately \$3.2 billion has been allocated as follows: \$1.9 billion to equity method investments, approximately \$684 million to amortizable intangible assets, primarily customer relationships, with useful lives ranging from 15 to 25 years and approximately \$657 million representing the goodwill on the transaction.

Summarized financial information for FOX SPORTS Australia for the periods October 1, 2012 through date of acquisition and July 1, 2012 through the date of acquisition was as follows (in millions):

	<u>For the period October 1 through November 19, 2012</u>	<u>For the period July 1 through November 19, 2012</u>
	(in millions)	
Revenues	\$ 60	\$ 192
Operating income ^(a)	24	63
Net income	21	46

^(a) Includes Depreciation and amortization of \$1 million for the period October 2012 through the date of acquisition and \$4 million for the period July 2012 through the date of acquisition. Operating income before depreciation and amortization was \$25 million for the period October 2012 through the date of acquisition and \$67 million for the period July 2012 through the date of acquisition.

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NOTES TO THE UNAUDITED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

NOTE 3. RESTRUCTURING AND IMPAIRMENT

Fiscal 2014

During the three and six months ended December 31, 2013, the Company recorded restructuring charges of \$24 million and \$51 million, respectively, of which \$21 million and \$44 million, respectively, related to the newspaper businesses. The restructuring charges recorded in fiscal 2014 were primarily for employee termination benefits.

During the second quarter of fiscal 2014, the Company reached an agreement to sell one of its U.S. printing plants. The carrying value of the plant was more than the net proceeds the Company received in January 2014 by approximately \$12 million which was recorded as an impairment charge in the three and six months ended December 31, 2013. As of December 31, 2013, this asset was classified as held for sale and included in other current assets in the Balance Sheets.

Fiscal 2013

During the three and six months ended December 31, 2012, the Company recorded restructuring charges of \$62 million and \$177 million, respectively, of which \$62 million and \$174 million, respectively, 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 business. The restructuring charges recorded in the three and six months ended December 31, 2012 were primarily for employee termination benefits in Australia and contract termination payments in the U.K.

Changes in program liabilities were as follows:

	For the three months ended December 31,				2012			
	2013				2012			
	One time employee termination benefits	Facility related costs	Other costs	Total (in millions)	One time employee termination benefits	Facility related costs	Other costs	Total
Balance, beginning of period	\$ 29	\$ 7	\$ 1	\$ 37	\$ 45	\$ 7	\$ —	\$ 52
Additions	22	2	—	24	55	—	7	62
Payments	(28)	(1)	—	(29)	(66)	—	(2)	(68)
Other	—	—	—	—	—	—	(2)	(2)
Balance, end of period	\$ 23	\$ 8	\$ 1	\$ 32	\$ 34	\$ 7	\$ 3	\$ 44

	For the six months ended December 31,				2012			
	2013				2012			
	One time employee termination benefits	Facility related costs	Other costs	Total (in millions)	One time employee termination benefits	Facility related costs	Other costs	Total
Balance, beginning of period	\$ 51	\$ 6	\$ 2	\$ 59	\$ 51	\$ 8	\$ —	\$ 59
Additions	45	5	1	51	119	—	58	177
Payments	(74)	(3)	(1)	(78)	(136)	(1)	(51)	(188)
Other	1	—	(1)	—	—	—	(4)	(4)
Balance, end of period	\$ 23	\$ 8	\$ 1	\$ 32	\$ 34	\$ 7	\$ 3	\$ 44

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For existing restructuring programs, the Company expects to record approximately \$10 million of restructuring charges for the remainder of fiscal 2014. As of December 31, 2013, restructuring liabilities of approximately \$24 million were included in the Balance Sheets in Other current liabilities and \$8 million were included in Other non-current liabilities.

Dow Jones

As a result of the Dow Jones acquisition, in fiscal 2008, the Company established and approved plans to integrate the acquired operations into the Company's News and Information Services segment. The cost to implement these plans consisted of separation payments for certain Dow Jones executives under the change in control plan Dow Jones had established prior to the acquisition, non-cancelable lease commitments and lease termination charges for leased facilities and other contract termination costs associated with the restructuring activities. As of December 31, 2013, all of the material aspects of the plans have been completed and the remaining obligation primarily pertains to the lease termination charges for leased facilities of approximately \$25 million.

NOTE 4. INVESTMENTS

The Company's investments were comprised of the following:

	Ownership Percentage as of December 31, 2013	As of December 31, 2013	As of June 30, 2013
(in millions)			
Equity method investments:			
Foxtel ^(a)	50%	\$ 1,819	\$ 1,875
Other equity method investments	various	34	35
Loan receivable from Foxtel ^(b)	N/A	400	412
Other investments	various	178	177
Total Investments		<u>\$ 2,431</u>	<u>\$ 2,499</u>

^(a) For the six months ended December 31, 2013 and 2012, the Company received dividends from Foxtel of \$46 million and \$57 million, respectively.

^(b) In May 2012, Foxtel purchased Austar United Communications Ltd. The transaction was funded by Foxtel bank debt and Foxtel's shareholders made pro-rata capital contributions in the form of subordinated shareholder notes based on their respective ownership interests. The Company's share of the subordinated shareholder notes was approximately A\$451 million (\$400 million and \$412 million as of December 31, 2013 and June 30, 2013, respectively). The subordinated shareholder note can be repaid beginning in July 2022 provided that Foxtel's senior debt has been repaid. The subordinated shareholder note has a maturity date of July 15, 2027, with interest of 12% payable on June 30 each year and at maturity. Upon maturity, the principal advanced will be repayable.

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Equity Earnings of Affiliates

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

	For the three months ended December 31,		For the six months ended December 31,	
	2013	2012	2013	2012
	(in millions)			
Foxtel ^(a)	\$ 17	\$ 8	\$ 30	\$ 13
Pay television and cable network programming equity affiliates ^(b)	—	20	—	42
Other equity affiliates	—	—	—	(1)
Total Equity earnings of affiliates	<u>\$ 17</u>	<u>\$ 28</u>	<u>\$ 30</u>	<u>\$ 54</u>

^(a) The Company owned 25% of Foxtel through November 2012. In November 2012, the Company increased its ownership in Foxtel to 50% as a result of the CMH acquisition. In accordance with ASC 350, the Company amortized \$15 million and \$31 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 three and six months ended December 31, 2013, respectively, and \$6 million in both the corresponding periods of fiscal 2013. Such amortization is reflected in Equity earnings of affiliates in the Statements of Operations.

^(b) Includes equity earnings of FOX SPORTS Australia and SKY Network Television Ltd. The Company acquired the remaining interest in FOX SPORTS Australia in November 2012 as a result of the CMH acquisition and sold its investment in SKY Network Television Ltd. in March 2013. 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.

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

	For the six months ended December 31,	
	2013	2012
	(in millions)	
Revenues	\$ 1,457	\$ 1,605
Operating income ^(a)	260	214
Net income	122	60

^(a) Includes Depreciation and amortization of \$171 million and \$229 million for the six months ended December 31, 2013 and 2012, respectively. Operating income before depreciation and amortization was \$431 million and \$443 million for the six months ended December 31, 2013 and 2012, respectively.

For the six months ended December 31, 2013, Foxtel's net income increased \$62 million to \$122 million from \$60 million in the corresponding prior year period. Foxtel revenues, while higher in local currency, were down from the corresponding period in the prior year due to foreign currency fluctuations. Operating income increased reflecting the realization of costs savings from the Austar acquisition and the absence of costs associated with the London Olympics. Depreciation and amortization decreased reflecting foreign exchange fluctuations and reduced Austar intangible asset amortization.

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NOTE 5. CREDIT FACILITY

In October 2013, the Company entered into a Credit Agreement (the "Credit Agreement") which provides for an unsecured \$650 million five-year revolving credit facility (the "Facility") to the Company for general corporate purposes. The Facility has a sublimit of \$100 million available for issuances of letters of credit. Under the Credit Agreement, the Company may request increases in the amount of the Facility up to a total maximum amount of \$900 million. Subject to certain conditions stated in the Credit Agreement, the Company may borrow, prepay and reborrow amounts under the Facility during the term of the Credit Agreement. All amounts under the Credit Agreement are due on October 23, 2018, unless the commitments are terminated earlier either at the request of the Company or, if an event of default occurs, by the designated agent at the request or with the consent of the lenders (or automatically in the case of certain bankruptcy-related events). The Company may request that the commitments be extended under certain circumstances as set forth in the Credit Agreement for up to two additional one-year periods. Additionally, interest on borrowings is based on either (a) a Eurodollar Rate formula or (b) the Base Rate formula, each as set forth in the Credit Agreement.

The Credit Agreement contains certain customary affirmative and negative covenants and events of default, with customary exceptions, including limitations on the ability of the Company and the Company's subsidiaries to engage in transactions with affiliates, incur liens, merge into or consolidate with any other entity, incur subsidiary debt or dispose of all or substantially all of its assets or all or substantially all of the stock of its subsidiaries taken as a whole. In addition, the Credit Agreement requires the Company to maintain an adjusted operating income leverage ratio of not more than 3.0 to 1.0 and an interest coverage ratio of not less than 3.0 to 1.0. If any of the events of default occur and are not cured within applicable grace periods or waived, any unpaid amounts under the Credit Agreement may be declared immediately due and payable. As of December 31, 2013, the Company was in compliance with all of the applicable debt covenants.

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

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

NOTE 6. EQUITY

The following table summarizes changes in equity:

	For the six months ended December 31,					
	2013			2012		
	News Corporation stockholders	Noncontrolling Interests	Total Equity	News Corporation stockholders	Noncontrolling Interests	Total Equity
	(in millions)					
Balance, beginning of period	\$ 12,558	\$ 118	\$12,676	\$ 8,809	\$ 110	\$ 8,919
Net income	178	26	204	1,307	21	1,328
Other comprehensive (loss) income	(14)	(6)	(20)	73	2	75
Dividends	(1)	(12)	(13)	—	(11)	(11)
Other	28	(4)	24	—	(3)	(3)
Net increase in 21st Century Fox investment	—	—	—	2,129	—	2,129
Balance, end of period	<u>\$ 12,749</u>	<u>\$ 122</u>	<u>\$12,871</u>	<u>\$ 12,318</u>	<u>\$ 119</u>	<u>\$12,437</u>

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NOTE 7. EQUITY BASED COMPENSATION

Prior to the Separation from 21st Century Fox, the Company's employees participated in 21st Century Fox's equity-based compensation plans. The equity-based compensation expense recorded by the Company in the three and six months ended December 31, 2012 included the expense associated with the employees historically attributable to the Company, as well as the expense associated with the allocation of stock compensation expense for 21st Century Fox corporate employees which will not recur in periods subsequent to the Separation.

In connection with the Separation, restricted stock units ("RSUs") and performance stock units ("PSUs") that vest after December 31, 2013 and stock option awards that expire after December 31, 2013 were converted into new equity awards of the Company using a formula designed to preserve the value of the awards immediately prior to the Separation. Such awards have the same terms and features as the original awards. In addition to the awards converted, the Company has the ability to award up to 30 million shares under the terms of the News Corporation 2013 Long-Term Incentive Plan (the "2013 LTIP").

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

	For the three months ended December 31,		For the six months ended December 31,	
	2013	2012	2013	2012
	(in millions)			
News Corporation's employees	\$ 12	\$ 6	\$ 20	\$ 21
Allocated	—	5	—	6
Total	\$ 12	\$ 11	\$ 20	\$ 27

During the second quarter of fiscal 2014, the Company granted 4.3 million PSUs, of which 2.7 million will be settled in Class A Common Stock of the Company with the remaining, having been granted to executive directors and to employees in certain foreign locations, being settled in cash. Cash settled awards are marked to market each reporting period. In addition, the Company granted 0.1 million RSUs during the second quarter of fiscal 2014 which will be settled in Class A Common Stock of the Company.

NOTE 8. EARNINGS PER SHARE

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

On the Distribution Date, approximately 579 million shares of News Corporation common stock were distributed to 21st Century Fox stockholders as of the Record Date. This share amount is being utilized for the calculation of both basic and diluted earnings per share for the three and six months ended December 31, 2012 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 issued in connection with the Separation is included in the computation of diluted earnings per share in the period subsequent to the Separation.

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	For the three months ended December 31,		For the six months ended December 31,	
	2013	2012	2013	2012
	(in millions, except per share amounts)			
Net income attributable to News Corporation stockholders	\$ 151	\$ 1,399	\$ 178	\$ 1,307
Less: Adjustments to Net income attributable to News Corporation stockholders				
Redeemable preferred stock dividends ^(a)	<u>(1)</u>	<u>—</u>	<u>(1)</u>	<u>—</u>
Net income available to News Corporation stockholders—basic and diluted	<u>\$ 150</u>	<u>\$ 1,399</u>	<u>\$ 177</u>	<u>\$ 1,307</u>
Weighted-average number of shares of common stock outstanding—basic	578.9	578.8	578.8	578.8
Add: Effect of dilutive securities				
Equity awards	<u>0.7</u>	<u>—</u>	<u>0.8</u>	<u>—</u>
Weighted-average number of shares of common stock outstanding—diluted	<u>579.6</u>	<u>578.8</u>	<u>579.6</u>	<u>578.8</u>
Net income per share available to News Corporation stockholders—basic	\$ 0.26	\$ 2.42	\$ 0.31	\$ 2.26
Net income per share available to News Corporation stockholders—diluted	\$ 0.26	\$ 2.42	\$ 0.31	\$ 2.26

^(a) In connection with the Separation, 21st Century Fox sold 4,000 shares of cumulative redeemable preferred stock with a par value of \$5,000 per share of a newly formed U.S. subsidiary of the Company. The preferred stock pays dividends at a rate of 9.5% per annum, payable quarterly. The preferred stock is callable by the Company at any time after the fifth year and is puttable at the option of the holder after 10 years.

NOTE 9. RELATED PARTY TRANSACTIONS AND 21ST CENTURY FOX INVESTMENT

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

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

The Separation and Distribution Agreement between the Company and 21st Century Fox contains the key provisions relating to the separation of the Company’s business from 21st Century Fox and the distribution of the Company’s common stock to 21st Century Fox stockholders. The Separation and Distribution Agreement identifies the assets that were transferred and liabilities that were assumed by the Company from 21st Century Fox in the Separation and describes how these transfers and assumptions occurred. In accordance with the Separation and Distribution Agreement, the Company’s aggregate cash and cash equivalents balance at the Distribution Date was to approximate \$2.6 billion. As of June 30, 2013, the Company had cash and cash equivalents of \$2.4 billion. The remaining \$0.2 billion was received from 21st Century Fox during the first quarter of fiscal 2014 as part of a cash true-up mechanism in accordance with the aforementioned agreement.

Also, as part of the Separation and Distribution Agreement, 21st Century Fox will indemnify the Company for payments, on an after-tax basis, made after the Distribution Date arising out of civil claims and investigations relating to voicemail interception, illegal data access, inappropriate payments to public officials and obstruction of justice at the Company’s former publication, *The News of the World*, and at *The Sun*, and related matters (the “U.K. Newspaper Matters”), as well as legal and professional fees and expenses paid in connection with the criminal matters, other than fees, expenses and costs relating to employees (i) who are not directors, officers or certain designated employees or (ii) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. (See Note 10 – Commitments and Contingencies).

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Under the TSA, the Company and 21st Century Fox will provide to each other certain specified services on a transitional basis, including, among others, payroll, employee benefits and pension administration, information systems, insurance, legal and other corporate services, as well as procurement and sourcing support. The charges for the transition services are generally intended to allow the providing company to fully recover the allocated direct costs of providing the services, plus all out-of-pocket costs and expenses, generally without profit. The Company anticipates that it will generally be in a position to complete the transition of most services (excluding certain insurance, sourcing and other services) on or before 24 months following the Distribution Date. Services under the TSA began on July 1, 2013. Costs associated with these services were not material in the three and six months ended December 31, 2013.

The Company entered into a Tax Sharing and Indemnification Agreement with 21st Century Fox that governs its and 21st Century Fox's respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, tax contests and other matters regarding income taxes, non-income taxes and related tax returns. Under the Tax Sharing and Indemnification Agreement, the Company will generally indemnify 21st Century Fox against taxes attributable to the Company's assets or operations for all tax periods or portions thereof after the Separation. For taxable periods or portions thereof prior to the Separation, 21st Century Fox will generally indemnify the Company against U.S. consolidated and combined taxes attributable to such periods, and the Company will indemnify 21st Century Fox against the Company's separately filed U.S. state and foreign taxes and foreign consolidated and combined taxes for such periods. The Tax Sharing and Indemnification Agreement also provides that the proceeds from the refund of certain foreign income taxes (plus interest) of a subsidiary of the Company that were claimed prior to the Separation are to be paid to 21st Century Fox, net of certain taxes. (See Note 12 – Income Taxes).

The Company entered into an Employee Matters Agreement that governs the Company's and 21st Century Fox's obligations with respect to employment, compensation, benefits and other related matters for employees of certain of the Company's U.S.-based businesses. In general, the Employee Matters Agreement addresses matters relating to employees transferring to the Company's U.S. businesses and former employees of those businesses that participated in benefit plans (including postretirement benefits) and programs that were retained by 21st Century Fox following the Separation. The Employee Matters Agreement also addresses equity compensation matters relating to employees of all of the Company's businesses, both U.S. and non-U.S. (See Note 7 – Equity-Based Compensation and Note 11 – Pension and Other Postretirement Benefits).

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

Historically, prior to the Separation, 21st Century Fox provided services to and funded certain expenses for the Company that have been included as a component of 21st Century Fox Investment within Stockholders' Equity such as: global real estate and occupancy; and employee benefits. In addition, as discussed in Note 1 – Description of Business and Basis of Presentation, the Company's Financial Statements include general corporate expenses of 21st Century Fox which were not historically allocated to the Company for certain support functions that are provided on a centralized basis within 21st Century Fox and not recorded at the business unit level, such as expenses related to finance, human resources, information technology, facilities, and legal, among others ("General Corporate Expenses"). For purposes of these stand-alone financial statements, the General Corporate Expenses incurred prior to the Separation have been allocated to the Company. The General Corporate Expenses incurred prior to the Separation are included in the Statements of Operations in Selling, general and administrative expenses and accordingly as a component of equity. These expenses have been 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 the Financial Statements, including the assumptions regarding allocating General Corporate Expenses from 21st Century Fox are reasonable. Nevertheless, the Financial Statements may not include all of the actual expenses that would have been incurred and may not reflect the Company's combined results of operations, financial position and cash flows had it been a stand-alone company during the periods presented. Actual costs that would have been incurred if the Company had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure. The corporate allocations made during the three and six months ended December 31, 2012 of \$49 million and \$111 million, respectively, included both General Corporate Expenses of 21st Century Fox which were not historically allocated to the Company of \$21 million and \$47 million, respectively, and historical direct allocations primarily consisting of rent, insurance and stock compensation expense of approximately \$28 million and \$64 million, respectively.

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

The following table summarizes the components of the net increase in 21st Century Fox Investment:

	<u>For the three months ended December 31, 2012</u>	<u>For the six months ended December 31, 2012</u>
	(in millions)	
Cash pooling and general financing activities ^(a)	\$ (7)	\$ 5
Corporate allocations	49	111
Cash transfer from 21st Century Fox for acquisitions and dispositions	1,820	2,013
Net increase in 21st Century Fox Investment	<u>\$ 1,862</u>	<u>\$ 2,129</u>

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

The following table sets forth the amount of accounts receivable due from and payable to 21st Century Fox:

	<u>As of</u>	
	<u>December 31, 2013</u>	<u>June 30, 2013</u>
	(in millions)	
Amounts due from 21st Century Fox ^(a)	\$ —	\$ 247
Amounts due to 21st Century Fox, net ^(b)	83	—

^(a) Amounts due from 21st Century Fox as of June 30, 2013 included a \$207 million cash receivable from 21st Century Fox and \$40 million for amounts to be received relating to the indemnification of the U.K. Newspaper Matters. The \$207 million cash receivable was received from 21st Century Fox during the first quarter of fiscal 2014.

^(b) Amounts due to 21st Century Fox, net as of December 31, 2013 primarily comprised \$148 million related to tax refunds to be paid to 21st Century Fox in connection with the Tax Sharing and Indemnification Agreement, partially offset by \$65 million for amounts to be received relating to the indemnification of the U.K. Newspaper Matters. (See Note 10—Commitments and Contingencies and Note 12—Income Taxes for further information).

NOTE 10. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements (“firm commitments”) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. Other than as previously disclosed in these notes to the Company’s Financial Statements, the Company’s commitments as of December 31, 2013 have not changed significantly from the disclosures included in the 2013 Form 10-K.

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In January 2014, the Company signed a 30-year lease to relocate all of its various London operations to a single new location. The lease terminates in fiscal 2044, with an early termination option in fiscal 2039. The Company's London-based staff of News UK, Dow Jones and HarperCollins will be housed together for the first time which the Company expects will allow for improved collaboration and additional efficiencies. Staff are expected to commence relocation to the new London site in the summer of 2014. In connection with this relocation, the Company will pay average rent of approximately \$35 million a year.

Contingencies

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

The Company establishes an accrued liability for legal claims when it determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Legal fees associated with litigation and similar proceedings that are not expected to provide a benefit in future periods are expensed as incurred. Except as otherwise provided below, for the contingencies disclosed for which there is at least a reasonable possibility that a loss may be incurred, the Company was unable to estimate the amount of loss or range of loss.

U.K. Newspaper Matters and Related Investigations and Litigation

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

On June 5, 2012, the court issued an order appointing the Avon Pension Fund ("Avon") as lead plaintiff 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 include February 15, 2011 to July 18, 2011. Defendants have filed their motions to dismiss, which are pending. 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 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 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.

The Company has admitted liability in many civil cases related to the voicemail interception allegations and has settled many cases. The Company also announced a private compensation scheme 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.

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In connection with the Separation, the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that 21st Century Fox will indemnify the Company for payments made after the Distribution Date arising out of civil claims and investigations relating to the U.K. Newspaper Matters as well as legal and professional fees and expenses paid in connection with the criminal matters, other than fees, expenses and costs relating to employees (i) who are not directors, officers or certain designated employees or (ii) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. In addition, violations of law may result in criminal fines or penalties for which the Company will not be indemnified by 21st Century Fox. 21st Century Fox's indemnification obligations with respect to these matters will be settled on an after-tax basis.

The Company incurred gross legal and professional fees related to the U.K. Newspaper Matters and costs for civil settlements totaling approximately \$51 million and \$49 million for the three months ended December 31, 2013 and 2012, respectively. The Company incurred gross legal and professional fees related to the U.K. Newspaper Matters and costs for civil settlements totaling approximately \$91 million and \$110 million for the six months ended December 31, 2013 and 2012, respectively. These costs are included in Selling, general and administrative expenses in the Company's Statements of Operations. With respect to the fees and costs incurred during the three and six months ended December 31, 2013, the Company has been or will be indemnified by 21st Century Fox for \$32 million, net of tax, and \$55 million, net of tax, respectively, pursuant to the indemnification arrangements described above. Accordingly, the Company recorded a contra expense for the after-tax costs that were or will be indemnified of \$32 million and \$55 million in Selling, general and administrative expenses for the three and six months ended December 31, 2013, respectively, and recorded a corresponding receivable from 21st Century Fox. Therefore, the net impact on Selling, general and administrative expenses was \$19 million and \$36 million for the three and six months ended December 31, 2013, respectively.

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

	For the three months ended December 31,		For the six months ended December 31,	
	2013	2012	2013	2012
	(in millions)			
Gross legal and professional fees related to the U.K. Newspaper Matters	\$ 51	\$ 49	\$ 91	\$ 110
Indemnification from 21st Century Fox	(32)	—	(55)	—
Net impact on Selling, general and administrative expenses	\$ 19	\$ 49	\$ 36	\$ 110

As of December 31, 2013, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred and has accrued approximately \$95 million, of which approximately \$65 million will be indemnified by 21st Century Fox and a corresponding receivable was recorded in Amounts due to 21st Century Fox, net on the Balance Sheets as of December 31, 2013. 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.

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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. (“HarperCollins”), 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.

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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. While it is not possible to predict with any degree of certainty the ultimate outcome of these class actions, HarperCollins believes it was compliant with applicable antitrust and competition laws and intends to defend itself vigorously.

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

On February 15, 2013, a purported class of independent bricks-and-mortar bookstores filed an action in the U.S. District Court for the Southern District of New York entitled *The Book House of Stuyvesant Plaza, Inc. et. al. v. Amazon.com, Inc., et. al.*, which relates to the digital rights management protection (“DRM”) of certain publishers’, including HarperCollins’, e-books being sold by Amazon.com, Inc. Plaintiffs filed an Amended Complaint on March 21, 2013. The case involves allegations that certain named defendants in the book publishing and distribution industry, including HarperCollins, violated the antitrust laws by virtue of requiring DRM protection. The action seeks declaratory and injunctive relief, reasonable costs and attorneys’ fees. On April 1, 2013, Defendants moved to dismiss the Amended Complaint, and on December 5, 2013, the Court granted the motion in its entirety. Additional information about *The Book House Of Stuyvesant Plaza, Inc. et. al. v. Amazon.com, Inc. et. al.*, Civil Action No. 1:13-cv-01111-JSR, can be found on PACER.

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, 2013 and 2012, the legal and professional fees and settlement costs incurred in connection with these matters were not material, and as of December 31, 2013, the Company did not have a material accrual related to these matters.

News America Marketing

In-Store Marketing and FSI Purchasers

On August 16, 2013, in connection with a pending action in the United States District Court for the Eastern District of Michigan in which *The Dial Corporation, H.J. Heinz Company and Foster Poultry Farms* (with Foster Poultry Farms as proposed class representative on behalf of putative classes of purchasers) alleged 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 motion for leave to file a third amended complaint, with plaintiffs *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.* asserting the same 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 (“FSI”) coupons. The complaint seeks treble damages, injunctive relief and attorneys’ fees. On September 24, 2013, the NAM Group’s motion to transfer the action to the Southern District of New York was granted by the district court judge. On October 24, 2013, on consent of the parties, plaintiffs filed their third amended complaint. The NAM Group answered the complaint on November 12, 2013, and discovery is proceeding.

In a parallel action, NAM FSI and NAM In-Store Services filed a complaint in the United States District Court for the Southern District of New York against *The Dial Corporation, H.J. Heinz Company, H.J. Heinz Company L.P. and Foster Poultry Farms*, seeking a declaratory judgment that plaintiffs did not violate federal or state antitrust laws and for damages for breach of contract. On August 28, 2013, the defendants filed a motion to dismiss.

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 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, the NAM Group opposed the Motion for Expedited Discovery in the previously settled case and 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. The NAM Group’s deadline to object to the order before the District Court is February 18, 2014. While it is not possible at this time to predict with any degree of certainty the ultimate outcome of these actions, the NAM Group believes it has been compliant with applicable laws and intends to defend itself vigorously.

Other

The Company’s operations are subject to tax in various domestic and international jurisdictions and as a matter of course, it is regularly audited by federal, state and foreign tax authorities. The Company believes it has appropriately accrued for the expected outcome of all pending tax matters and does not currently anticipate that the ultimate resolution of pending tax matters will have a material adverse effect on its financial condition, future results of operations or liquidity. As subsidiaries of 21st Century Fox prior to the Separation, the Company and each of its domestic subsidiaries have joint and several liability with 21st Century Fox for the consolidated U.S. federal income taxes of the 21st Century Fox consolidated group relating to any taxable periods during which the Company or any of the Company’s domestic subsidiaries are or were a member of the 21st Century Fox consolidated group. Consequently, the Company could be liable in the event any such liability is incurred, and not discharged, by any other member of the 21st Century Fox consolidated group. The Tax Sharing and Indemnification Agreement requires 21st Century Fox to indemnify the Company for any such liability. Disputes or assessments could arise during future audits by the IRS or other taxing authorities in amounts that the Company cannot quantify.

NOTE 11. PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company provides pension, postretirement health care, defined contribution and medical benefits primarily in the U.S., U.K. and Australia to the Company’s eligible employees and retirees. The Company funds amounts, at a minimum, in accordance with statutory requirements for all plans. Plan assets consist principally of common stocks, marketable bonds and government securities.

Costs associated with the Company’s benefit plans are included in net periodic benefit costs—Direct below. Prior to the Separation, certain of the Company’s U.S. employees participated in defined benefit pension plans that were sponsored by 21st Century Fox, which included participants from other 21st Century Fox subsidiaries and these costs are included in the net periodic benefit costs—Employees participation in 21st Century Fox plans below. In addition, a portion of the benefit plan costs were allocated to the Company and these costs are included in net periodic benefit costs—Corporate allocations. Benefit costs related to employee participation in 21st Century Fox plans and Corporate allocations will not recur in periods subsequent to the Separation. The amortization of amounts related to unrecognized prior service costs (credits) and deferred losses were reclassified out of other comprehensive income as a component of net periodic benefit costs. In addition, approximately \$1 million related to settlements, curtailments and other during the three and six months ended December 31, 2013 was reclassified out of other comprehensive income as a component of net periodic benefit costs.

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The components of net periodic benefits costs were as follows:

	Pension benefits				Postretirement benefits	
	Domestic		Foreign		2013	2012
	For the three months ended December 31,					
	2013	2012	2013	2012	(in millions)	
Service cost benefits earned during the period	\$ 2	\$—	\$ 3	\$ 5	\$ —	\$ 1
Interest costs on projected benefit obligations	4	2	13	14	2	2
Expected return on plan assets	(4)	(3)	(19)	(16)	—	—
Amortization of deferred losses	2	1	3	4	—	1
Amortization of prior service costs (credits)	—	—	—	—	(4)	(3)
Settlements, curtailments and other	1	—	—	5	—	—
Net periodic benefits costs—Direct	5	—	—	12	(2)	1
Employees participation in 21st Century Fox plans	—	4	—	—	—	—
Corporate allocations	—	1	—	—	—	—
Net periodic benefits costs—Total	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$—</u>	<u>\$ 12</u>	<u>\$ (2)</u>	<u>\$ 1</u>

	Pension benefits				Postretirement benefits	
	Domestic		Foreign		2013	2012
	For the six months ended December 31,					
	2013	2012	2013	2012	(in millions)	
Service cost benefits earned during the period	\$ 4	\$—	\$ 6	\$ 10	\$ —	\$ 1
Interest costs on projected benefit obligations	8	5	25	26	4	4
Expected return on plan assets	(8)	(6)	(37)	(32)	—	—
Amortization of deferred losses	3	2	6	8	—	2
Amortization of prior service costs (credits)	—	—	—	—	(7)	(6)
Settlements, curtailments and other	4	—	—	5	—	—
Net periodic benefits costs—Direct	11	1	—	17	(3)	1
Employees participation in 21st Century Fox plans	—	9	—	—	—	—
Corporate allocations	—	2	—	—	—	—
Net periodic benefits costs—Total	<u>\$ 11</u>	<u>\$ 12</u>	<u>\$—</u>	<u>\$ 17</u>	<u>\$ (3)</u>	<u>\$ 1</u>

During the six months ended December 31, 2013 and 2012, the Company contributed approximately \$28 million and \$26 million to its various pension and postretirement plans, respectively, of which \$17 million and \$14 million, respectively, was contributed in the second fiscal quarter. The second fiscal quarter contributions included approximately \$8 million paid to participants in connection with the termination of the Local Media Group non-qualified pension plans. In addition, during the first quarter of fiscal 2014 approximately \$37 million of contributions were made by a third party in connection with the sale of a business in a prior period on behalf of former employees who retained certain pension benefits. This resulted in a gain being recognized in Other, net in the Statements of Operations during the six months ended December 31, 2013.

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The Company further reduced its Retirement benefit obligation by approximately \$41 million during the six months ended December 31, 2013 due to changes made to its retiree medical plans during the first quarter of fiscal 2014. The reduction was recognized in other comprehensive income during the period and will be amortized over the remaining expected life of the plans' participants as actuarially determined.

NOTE 12. INCOME TAXES

The Company's effective income tax rate for the three and six months ended December 31, 2013 was higher than the statutory rate primarily due to the impact of tax refunds from a foreign jurisdiction, which is discussed below, certain non-taxable indemnification payments received from 21st Century Fox, partially offset by the impact of other permanent differences. In addition, the Company's effective tax rate is impacted by the mix of pre-tax income or loss between jurisdictions and the overall level of pre-tax income, including the impact of non-recurring items. The Company's effective income tax rate for the three and six months ended December 31, 2012 was lower than the statutory rate, primarily due to the non-taxable gain and reversal of the historic deferred tax liability associated with the consolidation of FOX SPORTS Australia, foreign operations which are subject to lower tax rates, partially offset by the impact of permanent differences.

At the end of each interim period, the Company estimates the annual effective tax rate and applies that rate to its ordinary quarterly earnings. The tax expense or benefit related to significant, unusual or extraordinary items that will be separately reported or reported net of their related tax effect, and are individually computed, are recognized in the interim period in which those items occur. In addition, the effect of changes in enacted tax laws or rates or tax status is recognized in the interim period in which the change occurs.

The Company filed refund claims for certain losses pertaining to periods prior to the Separation in a foreign jurisdiction that were subject to litigation. As of June 30, 2013, the Company had not recognized an asset for these claims since such amounts were being disputed by the foreign tax authority and the resolution was not determinable at that date because the foreign tax authority had further legal recourse including the ability to appeal a favorable ruling for the Company.

In the first quarter of fiscal 2014, the foreign tax authority determined that it would not appeal such ruling received by the Company in July 2013 and therefore, a portion of the 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 remaining uncertain matter was resolved during the three months ended December 31, 2013. For the three and six months ended December 31, 2013, the Company recorded \$239 million and \$794 million, respectively, for the gross tax refund and interest owed to the Company by a foreign tax authority upon completion of its review of the uncertain tax matter.

The Company recorded a tax benefit, net of applicable taxes, of \$238 million and \$721 million for the three and six months ended December 31, 2013 to Income tax benefit in the Statements of Operations, respectively. Refunds received related to these matters are to be remitted to 21st Century Fox, net of applicable taxes on interest, in accordance with the terms of the Tax Sharing and Indemnification Agreement. Accordingly, for the three and six months ended December 31, 2013, the Company recorded an expense to Other, net of \$238 million and \$721 million, respectively, for the payable to 21st Century Fox in the Statements of Operations.

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Refer to the table below for the net impact of the tax refund and interest, net of tax, recorded in the Statements of Operations for the three and six months ended December 31, 2013:

	<u>For the three months ended December 31, 2013</u>	<u>For the six months ended December 31, 2013</u>
	(in millions)	
Other, net	\$ (238)	\$ (721)
Income tax benefit	238	721
Net impact to the Statement of Operations	<u>\$ —</u>	<u>\$ —</u>

As of December 31, 2013, the Company received \$654 million from the foreign tax authority. The remaining \$140 million is included in Income Taxes Receivable on the Balance Sheets and was received in January 2014. Refer to the table below for the Balance Sheet impact on the refund and interest from the foreign tax authority:

	<u>For the six months ended December 31, 2013</u>
	(in millions)
Gross tax refund and interest receivable	\$ 794
Amount received from foreign tax authority as of December 31, 2013	654
Receivable recorded within Income taxes receivable as of December 31, 2013	<u>\$ 140</u>

As of December 31, 2013, the Company paid 21st Century Fox \$573 million and the remaining \$148 million is payable to 21st Century Fox and is included in Amounts due to 21st Century Fox, net on the Balance Sheets. Amounts paid or payable to 21st Century Fox are net of the estimated tax associated with interest related to the refund. Refer to the table below for the Balance Sheet impact of the payable to 21st Century Fox:

	<u>For the six months ended December 31, 2013</u>
	(in millions)
Amount due to 21st Century Fox	\$ 721
Amounts paid to 21st Century Fox as of December 31, 2013	(573)
Payable recorded within Amounts due to 21st Century Fox, net as of December 31, 2013	<u>\$ 148</u>

During the six months ended December 31, 2013 and 2012, the Company paid gross income taxes of \$48 million and \$55 million, respectively and received income tax refunds of \$682 million and \$5 million, respectively. The income tax refunds for the six months ended December 31, 2013 included the \$654 million related to amounts received from the foreign tax authority discussed above.

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NOTE 13. SEGMENT INFORMATION

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

- **News and Information Services**—The News and Information Services segment includes the global product offerings of *The Wall Street Journal* and *Barron's* publications, The Wall Street Journal Digital Network (“WSJDN”), and the Company’s suite of information services, including DJX, Dow Jones Newswires and Factiva. In addition to WSJ.com and Barrons.com, WSJDN includes MarketWatch, WSJ.D and related services.

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 the integrated marketing services business, News America Marketing (“NAM”), a leading provider of free-standing coupon inserts, in-store marketing products and digital-savings 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 standard definition television channels, high definition versions of five of these channels, an interactive viewing application, several IPTV channels and broadcast rights to live sporting events in Australia including: National Rugby League, the domestic football league, English Premier League, international cricket as well as the National Football League (“NFL”). 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. The Company now 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 Hong Kong.
- **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 J.R.R. Tolkien, Paulo Coelho, Rick Warren and Agatha Christie and popular titles such as *The Hobbit*, *Goodnight Moon* and *To Kill a Mockingbird*.
- **Other**—The Other segment primarily consists of Amplify, the corporate Strategy and Creative Group, general corporate overhead expenses and costs related to the U.K. Newspaper Matters. Amplify, the Company’s digital education business concentrating on the K-12 learning market, operates with three distinct divisions each focusing on a separate area of business.
 - Amplify Insight, Amplify’s data and analytics division, which formerly operated as Wireless Generation, Inc., commenced operations in 2000 and was acquired in fiscal 2011. Amplify Insight provides powerful data and analytics services to enable real-time individualized instruction.
 - Amplify Learning, which is creating innovative digital curricula for K-12 education designed to enhance teaching and learning in English Language Arts, Science and Math.

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- Amplify Access, which is developing an open, tablet-based distribution platform that can incorporate its existing assessment and analytics tools and services with its digital curricula as well as third-party content and interactive applications.

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.

The Company's operating segments have been determined in accordance with its internal management structure, which is organized based on operating activities and has aggregated its newspaper and information services business with its integrated marketing services business into one reportable segment due to their similarities. The Company evaluates performance based upon several factors, of which the primary financial measure is Segment EBITDA.

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 and net income attributable to noncontrolling interests. The Company believes that information about Segment EBITDA assists all users of its Financial Statements by allowing them to evaluate changes in the operating results of the Company's portfolio of businesses separate from non-operational factors that affect net income, thus providing insight into both operations and the other factors that affect reported results.

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

Management believes that Segment EBITDA is an appropriate measure for evaluating the operating performance of the Company's business. Segment EBITDA provides management, investors and equity analysts a measure to analyze operating performance of the Company's business and its enterprise value against historical data and competitors' data, although historical results, including Segment EBITDA, may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences). The following table reconciles Total Segment EBITDA to Net income attributable to News Corporation stockholders.

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	For the three months ended December 31,		For the six months ended December 31,	
	2013	2012	2013	2012
	(in millions)			
Revenues:				
News and Information Services	\$ 1,612	\$ 1,772	\$ 3,107	\$ 3,438
Cable Network Programming	110	53	242	53
Digital Real Estate Services	103	87	193	168
Book Publishing	391	377	719	729
Other	22	32	49	66
Total Revenues	<u>2,238</u>	<u>2,321</u>	<u>4,310</u>	<u>4,454</u>
Segment EBITDA:				
News and Information Services	\$ 255	\$ 292	\$ 388	\$ 418
Cable Network Programming	53	19	82	19
Digital Real Estate Services	55	46	99	81
Book Publishing	68	51	111	91
Other	(104)	(108)	(212)	(220)
Total Segment EBITDA	<u>327</u>	<u>300</u>	<u>468</u>	<u>389</u>
Depreciation and amortization	(138)	(129)	(279)	(254)
Impairment and restructuring charges	(36)	(62)	(63)	(177)
Equity earnings of affiliates	17	28	30	54
Interest, net	16	18	33	29
Other, net	(231)	1,252	(672)	1,255
(Loss) income before income tax benefit	(45)	1,407	(483)	1,296
Income tax benefit	211	4	687	32
Net income	166	1,411	204	1,328
Less: Net income attributable to noncontrolling interests	(15)	(12)	(26)	(21)
Net income attributable to News Corporation stockholders	<u>\$ 151</u>	<u>\$ 1,399</u>	<u>\$ 178</u>	<u>\$ 1,307</u>

	As of December 31, 2013	As of June 30, 2013
		(in millions)
Total assets:		
News and Information Services	\$ 7,654	\$ 7,552
Cable Network Programming	1,319	1,414
Digital Real Estate Services	416	393
Book Publishing	1,423	1,355
Other	2,740	2,430
Investments	2,431	2,499
Total assets	<u>\$ 15,983</u>	<u>\$ 15,643</u>

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	As of December 31, 2013	As of June 30, 2013
	(in millions)	
Goodwill and intangible assets, net:		
News and Information Services	\$ 2,666	\$ 2,657
Cable Network Programming	1,124	1,170
Digital Real Estate Services	78	77
Book Publishing	596	605
Other	384	402
Total goodwill and intangible assets, net	\$ 4,848	\$ 4,911

NOTE 14. ADDITIONAL FINANCIAL INFORMATION

Receivables, net

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

Receivables, net consist of:

	As of December 31, 2013	As of June 30, 2013
	(in millions)	
Receivables	\$ 1,672	\$ 1,510
Allowances for returns and doubtful accounts	(191)	(175)
Receivables, net	\$ 1,481	\$ 1,335

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

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Other Current Assets

The following table sets forth the components of Other current assets:

	As of December 31, 2013	As of June 30, 2013
	(in millions)	
Inventory ^(a)	\$ 277	301
Assets held for sale ^(b)	5	89
Deferred tax assets	52	55
Prepayments and other current assets	242	206
Total Other current assets	\$ 576	\$ 651

^(a) Inventory at December 31, 2013 and June 30, 2013 was primarily comprised of books, programming rights, newsprint, printing ink and plate material for the Company's publishing operations.

^(b) Assets held for sale at June 30, 2013 was comprised primarily of the net assets of the Dow Jones Local Media Group.

Other Non-Current Assets

The following table sets forth the components of Other non-current assets:

	As of December 31, 2013	As of June 30, 2013
	(in millions)	
Royalty advances to authors	\$ 254	\$ 248
Notes receivable ^(a)	120	108
Deferred tax assets	139	139
Other	152	103
Total Other non-current assets	\$ 665	\$ 598

^(a) Notes receivable relates to the Company's sale of its former U.K. newspaper division headquarters.

NEWS CORPORATION
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Other Current Liabilities

The following table sets forth the components of Other current liabilities:

	As of December 31, 2013	As of June 30, 2013
	(in millions)	
Current tax payable	\$ 36	\$ 28
Current deferred income tax	61	61
Royalties and commissions payable	180	154
Other	195	189
Total Other current liabilities	\$ 472	\$ 432

Other, net

The following table sets forth the components of Other, net:

	For the three months ended December 31,		For the six months ended December 31,	
	2013	2012	2013	2012
	(in millions)			
Foreign tax refund payable to 21st Century Fox ^(a)	\$ (238)	\$ —	\$ (721)	\$ —
Gain on third party pension contribution ^(b)	—	—	37	—
Gain on CMH transaction ^(c)	—	1,258	—	1,258
Other, net	7	(6)	12	(3)
Total Other, net	\$ (231)	\$ 1,252	\$ (672)	\$ 1,255

^(a) See Note 12 – Income Taxes

^(b) See Note 11 – Pension and Other Postretirement Benefits

^(c) See Note 2 – Acquisitions, Disposals and Other Transactions

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

This document, including the following 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 Part II, Item 1A in this Quarterly Report on Form 10-Q. 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 unaudited Consolidated and Combined Financial Statements of News Corporation and related notes set forth elsewhere herein and News Corporation's Annual Report on Form 10-K for the fiscal year ended June 30, 2013 as filed with the SEC on September 20, 2013 (the "2013 Form 10-K").

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 "Distribution Date"), the Company completed the separation of its businesses (the "Separation") from Twenty-First Century Fox, Inc. ("21st Century Fox"). As of the effective time of the Separation, all of the outstanding shares of the Company were distributed to 21st Century Fox stockholders based on a distribution ratio of one share of Company Class A or Class B Common Stock for every four shares of 21st Century Fox Class A or Class B Common Stock, respectively, held of record as of June 21, 2013 (the "Record Date"). Following the Separation, the Company's Class A and Class B Common Stock began trading independently on The NASDAQ Global Select Market ("NASDAQ"), and CHESS Depository Interests representing the Company's Class A and Class B Common Stock began trading on the Australian Securities Exchange ("ASX"). In connection with the Separation, the Company entered into the Separation and Distribution Agreement (the "Separation and Distribution Agreement") and certain other related agreements which govern the Company's relationship with 21st Century Fox following the Separation. (See Note 9 to the unaudited Consolidated and Combined Financial Statements of News Corporation for further information).

Subsequent to the Distribution Date, the Company's financial statements as of June 30, 2013 and as of and for the three and six months ended December 31, 2013 are presented on a consolidated basis, as the Company became a separate consolidated group on June 28, 2013. The Company's consolidated statements of operations for the three and six months ended December 31, 2013 reflect the Company's operations as a stand-alone company. The Company's consolidated balance sheets as of June 30, 2013 and December 31, 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 three and six months ended December 31, 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.

Prior to the Separation, the Company's combined statements of operations 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 combined revenues, operating income, headcount or other measures of the Company. Management believes the assumptions underlying the combined financial statements, including the assumptions regarding allocating general corporate expenses from 21st Century Fox, are reasonable. Nevertheless, the 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 combined results of operations and cash flows had it been a stand-alone company during the periods presented. 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 will be referred to as the "Financial Statements" herein. The consolidated and combined statements of operations will be referred to as the "Statements of Operations" herein. The consolidated balance sheets will be 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. 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 have occurred to date during fiscal 2014 that the Company believes are important in understanding its results of operations and financial condition or to disclose known trends.
- **Results of Operations**—This section provides an analysis of the Company's results of operations for the three and six months ended December 31, 2013 and 2012. 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 have an impact on the comparability of the results being analyzed.
- **Liquidity and Capital Resources**—This section provides an analysis of the Company's cash flows for the six months ended December 31, 2013 and 2012 as well as a discussion of the Company's financial arrangements and outstanding commitments, both firm and contingent, that existed as of December 31, 2013.

OVERVIEW OF THE COMPANY'S BUSINESSES

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

- **News and Information Services**—The News and Information Services segment includes the global product offerings of *The Wall Street Journal* and *Barron's* publications, The Wall Street Journal Digital Network ("WSJDN"), and the Company's suite of information services, including DJX, Dow Jones Newswires and Factiva. In addition to WSJ.com and Barrons.com, WSJDN includes MarketWatch, WSJ.D and related services.

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 the integrated marketing services business, News America Marketing ("NAM"), a leading provider of free-standing coupon inserts, in-store marketing products 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 standard definition television channels, high definition versions of five of these channels, an interactive viewing application, several IPTV channels and broadcast rights to live sporting events in Australia including: National Rugby League, the domestic football league, English Premier League, international cricket as well as the National Football League ("NFL"). 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. The Company now 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 Hong Kong.
- **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 J.R.R. Tolkien, Paulo Coelho, Rick Warren and Agatha Christie and popular titles such as *The Hobbit*, *Goodnight Moon* and *To Kill a Mockingbird*.
- **Other**—The Other segment consists primarily of Amplify, the corporate Strategy and Creative Group, general corporate overhead expenses and costs related to the U.K. Newspaper Matters. Amplify focuses on three areas of business: data and analytics; digital curriculum; and distribution platforms for education. 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 space, circulation and subscriptions, as well as licensing. Adverse changes in general market conditions for advertising may continue to affect revenues. Circulation and subscription revenues can be greatly affected by changes in the prices of the Company's and/or competitors' products, as well as by promotional activities.

Operating expenses include costs related to paper, production, distribution, editorial 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 channels: FOX SPORTS 1, FOX SPORTS 2, FOX SPORTS 3, FOX FOOTY, FOX SPORTS NEWS, FUEL TV and SPEED. Revenue is derived from monthly affiliate fees received from cable and satellite television systems and other distribution systems based on the number of subscribers.

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. 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 in the summer months and during the end-of-year holiday season. 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 methods and models and the Company expects that electronic books ("e-books") will represent an increasing portion of book publishing revenues in coming years.

Other

The Other segment primarily consists of Amplify, the corporate Strategy and Creative Group, general corporate overhead expenses and costs related to the U.K. Newspaper Matters. Amplify, the Company's digital education business concentrating on the K-12 learning market, is focused on transforming teaching and learning by creating and scaling digital innovations in three areas:

- Amplify Insight, Amplify's data and analytics division, 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 staff and technology development, including student assessment tools and analytic technologies, intervention programs, enterprise education information systems, and professional development and consulting services.
- Amplify Learning, Amplify's nascent digital curriculum business, is developing new content in English Language Arts, Science and Math, including software that will combine interactive, game-like experiences with rigorous analytics, all driven by adaptive technologies that respond to individual students' needs as they evolve. Amplify Learning's curriculum will incorporate the new Common Core State Standards that are expected to be implemented in 45 states beginning with the 2014-2015 school year.
- Amplify Access, Amplify's distribution platform business, is developing new distribution and delivery mechanisms. This consists of an open tablet-based distribution platform that will offer software features to facilitate classroom instructions, curated curricular and extracurricular content, sophisticated analytic capabilities, and a tablet, through a subscription-based bundle optimized for the K-12 market to facilitate personalized instruction and enable anywhere, anytime learning.

Significant expenses associated with the Company's digital education business include salaries, employee benefits and other routine overhead. 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 September 2013, the Company sold the Dow Jones Local Media Group, which operated eight daily and 15 weekly newspapers in seven states.

In December 2013, the Company acquired Storyful Limited ("Storyful"), a social news agency, for approximately \$25 million, of which \$19 million was 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.

The Company recently entered into new multi-year supply agreements for newsprint and ink, which are expected to yield cost savings over the lives of the agreements. Under the agreements, the Company expects that the new contracts will yield an EBITDA improvement from cost savings of approximately \$30 million over the remainder of fiscal 2014 and in fiscal 2015, combined.

RESULTS OF OPERATIONS

Results of Operations—For the three and six months ended December 31, 2013 versus the three and six months ended December 31, 2012

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

	For the three months ended December 31,				For the six months ended December 31,			
	2013	2012	Change	% Change	2013	2012	Change	% Change
(in millions, except %)								
Revenues:								
Advertising	\$ 1,080	\$ 1,163	\$ (83)	(7)%	\$ 2,038	\$ 2,204	\$ (166)	(8)%
Circulation and Subscription	661	654	7	1%	1,340	1,262	78	6%
Consumer	377	346	31	9%	688	672	16	2%
Other	120	158	(38)	(24)%	244	316	(72)	(23)%
Total Revenues	2,238	2,321	(83)	(4)%	4,310	4,454	(144)	(3)%
Operating expenses	(1,274)	(1,352)	78	(6)%	(2,569)	(2,686)	117	(4)%
Selling, general and administrative	(637)	(669)	32	(5)%	(1,273)	(1,379)	106	(8)%
Depreciation and amortization	(138)	(129)	(9)	7%	(279)	(254)	(25)	10%
Impairment and restructuring charges	(36)	(62)	26	(42)%	(63)	(177)	114	(64)%
Equity earnings of affiliates	17	28	(11)	(39)%	30	54	(24)	(44)%
Interest, net	16	18	(2)	(11)%	33	29	4	14%
Other, net	(231)	1,252	(1,483)	**	(672)	1,255	(1,927)	**
(Loss) income before income tax benefit	(45)	1,407	(1,452)	**	(483)	1,296	(1,779)	**
Income tax benefit	211	4	207	**	687	32	655	**
Net income	166	1,411	(1,245)	(88)%	204	1,328	(1,124)	(85)%
Less: Net income attributable to noncontrolling interests	(15)	(12)	(3)	25%	(26)	(21)	(5)	24%
Net income attributable to News Corporation	\$ 151	\$ 1,399	\$(1,248)	(89)%	\$ 178	\$ 1,307	\$(1,129)	(86)%

** not meaningful

Revenues—Revenues decreased 4% and 3% for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. The revenue decreases were mainly due to lower revenues at the News and Information Services segment of \$160 million and \$331 million for the three and six months ended December 31, 2013, respectively, resulting from lower revenues at the Australian newspapers, reflecting the continued challenging economic environment; the impact of foreign currency fluctuations; and lower revenues at Dow Jones, primarily from the disposal of the Dow Jones Local Media Group, lower Institutional product revenues and lower other revenues. The revenue decreases for the three and six months ended December 31, 2013 were also due to revenue decreases at the Other segment of \$10 million and \$17 million, respectively. The revenue decrease for the six months ended December 31, 2013 was also due to lower revenues at the Book Publishing segment of \$10 million. The revenue decreases for the three and six months ended December 31, 2013 were partially offset by increased revenues at the Cable Network

Programming segment of \$57 million and \$189 million, respectively, primarily resulting from the consolidation of FOX SPORTS Australia in November 2012 and increased revenues at the Digital Real Estate segment of \$16 million and \$25 million, respectively. The revenue decrease for the three months ended December 31, 2013 was also partially offset by increased revenues at the Book Publishing segment of \$14 million.

Operating Expenses—Operating expenses decreased 6% and 4% for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. The operating expense decreases for the three and six months ended December 31, 2013 were primarily due to lower operating expenses at the News and Information Services segment of \$100 million and \$225 million, respectively, primarily due to lower production costs resulting from reduced sales and the impact of cost containment initiatives. The operating expense decrease for the six months ended December 31, 2013 was also due to lower operating expenses at the Book Publishing segment of \$20 million. The decreases in operating expenses for the three and six months ended December 31, 2013 were partially offset by increased operating expenses at the Cable Network Programming segment of \$25 million and \$122 million, respectively, primarily resulting from the consolidation of FOX SPORTS Australia.

Selling, general and administrative expenses—Selling, general and administrative expenses decreased 5% and 8% for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. The decreases in Selling, general and administrative expenses for the three and six months ended December 31, 2013 were primarily due to lower expenses at the News and Information Services segment of \$23 million and \$76 million, respectively, and lower expenses at the Other segment of \$10 million and \$31 million, respectively. The decreases at the News and Information Services segment were primarily due to the impact of cost savings initiatives and the decreases at the Other segment were primarily due to lower fees and costs related to the U.K. Newspaper Matters, partially offset by higher expenses at Amplify.

Depreciation and amortization—Depreciation and amortization increased 7% and 10% for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. The increases in depreciation and amortization for the three and six months ended December 31, 2013 were primarily due to increased expenses at the Cable Network Programming segment of approximately \$7 million and \$16 million, respectively, primarily resulting from the consolidation of FOX SPORTS Australia and higher depreciation expense at the News and Information Services segment of \$4 million and \$11 million, respectively, primarily due to accelerated depreciation at the U.K. newspapers for changes in the useful lives of leased facilities which the Company will be exiting in fiscal 2014.

Impairment and restructuring charges—During the three and six months ended December 31, 2013, the Company recorded restructuring charges of \$24 million and \$51 million, respectively, of which \$21 million and \$44 million related to the newspaper businesses. The restructuring charges recorded in the second quarter of fiscal 2014 were primarily for employee termination benefits.

During the three and six months ended December 31, 2012, the Company recorded restructuring charges of \$62 million and \$177 million, respectively, of which \$62 million and \$174 million, respectively, 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 business. The restructuring charges recorded in the three and six months ended December 31, 2012 were primarily for employee termination benefits in Australia and contract termination payments in the U.K.

During the second quarter of fiscal 2014, the Company reached an agreement to sell one of its U.S. printing plants. The carrying value of the plant was more than the net proceeds the Company received in January 2014 by approximately \$12 million which was recorded as an impairment charge in the three and six months ended December 31, 2013.

Equity earnings of affiliates—Equity earnings of affiliates decreased \$11 million and \$24 million for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. The decreases in equity earnings of affiliates were 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 three months ended December 31,				For the six months ended December 31,			
	2013	2012	Change	% Change	2013	2012	Change	% Change
	(in millions, except %)							
Foxtel ^(a)	\$ 17	\$ 8	\$ 9	**	\$ 30	\$ 13	\$ 17	**
Pay television and cable network programming equity affiliates ^(b)	—	20	(20)	(100)%	—	42	(42)	(100)%
Other equity affiliates	—	—	—	**	—	(1)	1	(100)%
Total Equity earnings of affiliates	\$ 17	\$ 28	\$ (11)	(39)%	\$ 30	\$ 54	\$ (24)	(44)%

** not meaningful

^(a) The Company owned 25% of Foxtel through November 2012. In November 2012, the Company increased its ownership in Foxtel to 50% as a result of the CMH acquisition. In accordance with ASC 350, the Company amortized \$15 million and \$31 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 three and six months ended December 31, 2013, respectively, and \$6 million in both the corresponding periods of fiscal 2013. Such amortization is reflected in Equity earnings of affiliates in the Statements of Operations.

^(b) Includes equity earnings of FOX SPORTS Australia and SKY Network Television Ltd. The Company acquired the remaining interest in FOX SPORTS Australia in November 2012 as a result of the CMH acquisition and sold its investment in SKY Network Television Ltd. in March 2013. 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.

Interest, net—Interest, net decreased \$2 million for the three months ended December 31, 2013 and increased \$4 million for the six months ended December 31, 2013 as compared to the corresponding periods of fiscal 2013. The decrease for the three months ended December 31, 2013 was primarily due to lower interest income on cash balances, 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 4 to the unaudited Consolidated and Combined Financial Statements of News Corporation). The increase in Interest, net for the six months ended December 31, 2013 was primarily due to increased interest income from the note receivable from Foxtel.

Other, net

	For the three months ended December 31,		For the six months ended December 31,	
	2013	2012	2013	2012
	(in millions)			
Foreign tax refund payable to 21st Century Fox ^(a)	\$ (238)	\$ —	\$ (721)	\$ —
Gain on third party pension contribution ^(b)	—	—	37	—
Gain on CMH transaction ^(c)	—	1,258	—	1,258
Other, net	7	(6)	12	(3)
Total Other, net	\$ (231)	\$ 1,252	\$ (672)	\$ 1,255

^(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 \$239 million and \$794 million for the tax refund and interest and recorded a tax benefit, net of applicable taxes, of \$238 million and \$721 million to Income tax benefit in the Statements of Operations for the three and six months ended December 31, 2013, respectively. 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 \$238 million and \$721 million for the payable to 21st Century Fox in the Statements of Operations for the three months and six months ended December 31, 2013, respectively. (See Note 12 to the unaudited 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. The contribution was contractually stipulated in the sale agreement and was made on behalf of former employees who retained certain pension benefits. This resulted in a gain being recognized in Other, net in the Statements of Operations during the six months ended December 31, 2013. (See Note 11 to the unaudited Consolidated and Combined Financial Statements of News Corporation).
- (c) See Note 2 to the unaudited Consolidated and Combined Financial Statements of News Corporation.

Income tax benefit—The Company's effective income tax rate for the three and six months ended December 31, 2013 was higher than the statutory rate, primarily due to the impact of the refund from a foreign jurisdiction, certain non-taxable indemnification payments received from 21st Century Fox, partially offset by the impact of other permanent differences. In addition, the Company's effective tax rate is impacted by the mix of pre-tax income or loss between jurisdictions and the overall level of pre-tax income, including the impact of non-recurring items. (See Note 12 to the unaudited Consolidated and Combined Financial Statements of News Corporation).

The Company's effective income tax rate for the three and six months ended December 31, 2012 was lower than the statutory rate, primarily due to a rate reduction due to the non-taxable gain and reversal of the historic deferred tax liability related to the consolidation of FOX SPORTS Australia, the Company's foreign operations which are subject to lower tax rates partially offset by the impact of permanent differences.

Net income—Net income decreased \$1,245 million and \$1,124 million for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. The decreases in net income were primarily due to the gain on the CMH transaction included in the corresponding periods of fiscal 2013.

Net income attributable to noncontrolling interests—Net income attributable to noncontrolling interests increased by \$3 million and \$5 million for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of 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 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 and allocate resources within the Company's businesses. Segment EBITDA provides management, investors and equity analysts a measure to analyze operating performance of each of the Company's business segments and its enterprise value against historical data and competitors' data, although historical results may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

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

	For the three months ended December 31,				For the six months ended December 31,			
	2013	2012	Change	% Change	2013	2012	Change	% Change
	(in millions, except %)							
Revenues	\$ 2,238	\$ 2,321	\$ (83)	(4)%	\$ 4,310	\$ 4,454	\$ (144)	(3)%
Operating expenses	(1,274)	(1,352)	78	(6)%	(2,569)	(2,686)	117	(4)%
Selling, general and administrative expenses	(637)	(669)	32	(5)%	(1,273)	(1,379)	106	(8)%
Total Segment EBITDA	327	300	27	9%	468	389	79	20%
Depreciation and amortization	(138)	(129)	(9)	7%	(279)	(254)	(25)	10%
Impairment and restructuring charges	(36)	(62)	26	(42)%	(63)	(177)	114	(64)%
Equity earnings of affiliates	17	28	(11)	(39)%	30	54	(24)	(44)%
Interest, net	16	18	(2)	(11)%	33	29	4	14%
Other, net	(231)	1,252	(1,483)	**	(672)	1,255	(1,927)	**
(Loss) income before income tax benefit	(45)	1,407	(1,452)	**	(483)	1,296	(1,779)	**
Income tax benefit	211	4	207	**	687	32	655	**
Net income	\$ 166	\$ 1,411	\$(1,245)	(88)%	\$ 204	\$ 1,328	\$(1,124)	(85)%

** not meaningful

	For the three months ended December 31,			
	2013		2012	
	Revenues	Segment EBITDA	Revenues	Segment EBITDA
	(in millions)			
News and Information Services	\$ 1,612	\$ 255	\$ 1,772	\$ 292
Cable Network Programming	110	53	53	19
Digital Real Estate Services	103	55	87	46
Book Publishing	391	68	377	51
Other	22	(104)	32	(108)
Total	\$ 2,238	\$ 327	\$ 2,321	\$ 300

	For the six months ended December 31,			
	2013		2012	
	Revenues	Segment EBITDA	Revenues	Segment EBITDA
	(in millions)			
News and Information Services	\$ 3,107	\$ 388	\$ 3,438	\$ 418
Cable Network Programming	242	82	53	19
Digital Real Estate Services	193	99	168	81
Book Publishing	719	111	729	91
Other	49	(212)	66	(220)
Total	\$ 4,310	\$ 468	\$ 4,454	\$ 389

News and Information Services (72% of the Company's consolidated revenues in the first six months of fiscal 2014 and 77% of the Company's combined revenues in the first six months of fiscal 2013)

	For the three months ended December 31,				For the six months ended December 31,			
	2013	2012	Change	% Change	2013	2012	Change	% Change
	(in millions, except %)							
Revenues:								
Advertising	\$ 961	\$ 1,064	\$ (103)	(10)%	\$ 1,803	\$ 2,024	\$ (221)	(11)%
Circulation and Subscription	557	597	(40)	(7)%	1,123	1,197	(74)	(6)%
Other	94	111	(17)	(15)%	181	217	(36)	(17)%
Total Revenues	1,612	1,772	(160)	(9)%	3,107	3,438	(331)	(10)%
Operating expenses	(937)	(1,037)	100	(10)%	(1,873)	(2,098)	225	(11)%
Selling, general and administrative	(420)	(443)	23	(5)%	(846)	(922)	76	(8)%
Segment EBITDA	\$ 255	\$ 292	\$ (37)	(13)%	\$ 388	\$ 418	\$ (30)	(7)%

Revenues at the News and Information Services segment decreased \$160 million, or 9%, and \$331 million, or 10%, for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013.

The revenue decreases for the three and six months ended December 31, 2013 were primarily due to lower advertising revenues of \$103 million and \$221 million, respectively, as compared to the corresponding periods of fiscal 2013. The decreases in advertising revenues for the three and six months ended December 31, 2013 were primarily due to lower advertising revenues at the Australian newspapers of \$79 million and \$180 million, respectively, resulting from the continued challenging economic environment in Australia and the negative impact of foreign exchange fluctuations; lower advertising revenues at Dow Jones of \$30 million and \$45 million, respectively, primarily due to the disposal of the Dow Jones Local Media Group; and lower advertising revenues at the U.K. newspapers of \$3 million and \$13 million, resulting from overall print market declines. The decrease in advertising revenues at the U.K. newspapers for the six months ended December 31, 2013 was also due to the absence of Olympic-related revenues in the six months ended December 31, 2013. The revenue decreases for the three and six months ended December 31, 2013 were partially offset by increased advertising revenues at the integrated marketing services business of \$15 million and \$24 million, respectively, primarily due to higher in-store marketing revenues.

Circulation and subscription revenues for the three and six months ended December 31, 2013 decreased \$40 million and \$74 million, respectively, as compared to the corresponding periods of fiscal 2013. The decreases were due in large part to Dow Jones revenue decreases of \$27 million and \$34 million, respectively, primarily due to lower Institutional product 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 \$12 million and \$26 million, respectively, principally resulting from the negative impact of foreign exchange fluctuations, as decreased revenues due to lower print circulation volume were offset by price increases. Revenues at the U.K. newspapers for the three months ended December 31, 2013 were relatively consistent with the corresponding period as lower print circulation volume was offset by increased digital subscription revenues and price increases. Revenues at the U.K. newspapers decreased \$8 million for the six months ended December 31, 2013 as compared to the corresponding period of fiscal 2013, principally resulting from lower print circulation volume, partially offset by price increases and increased digital subscription revenues in the first quarter of fiscal 2014.

Other revenues for the three and six months ended December 31, 2013 decreased \$17 million and \$36 million, respectively, primarily resulting from lower revenues at Dow Jones due to the disposal of the Dow Jones Local Media Group and lower third party printing and content distribution revenues.

Segment EBITDA at the News and Information Services segment decreased \$37 million, or 13%, and \$30 million, or 7%, for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. These decreases were primarily due to decreases at the Australian newspapers of \$30 million and \$57 million, respectively, principally as a result of lower advertising revenues as noted above, partially offset by lower production costs and the impact of cost savings

initiatives, and decreases at Dow Jones of \$16 million for both the three and six months ended December 31, 2013, primarily due to lower Institutional product revenue and the disposal of the Dow Jones Local Media Group, partially offset by lower production costs and the impact of cost savings initiatives. These Segment EBITDA declines were partially offset by the absence of losses from The Daily which was shutdown in December 2012 and contributed \$5 million and \$12 million, respectively, and increases at the U.K. newspapers for the three and six months ended December 31, 2013, of \$3 million and \$20 million, respectively, primarily due to the positive impact of the release of legal reserves resulting from a favorable arbitration ruling and lower pension expenses, partially offset by increased promotional spending and higher sports right acquisition costs associated with the August 2013 launch of Sun+. The increase at the U.K. newspapers for the six months ended December 31, 2013 was also the result of production costs and Olympic-related promotional spending in the prior period that did not recur in the current period. The Segment EBITDA decline for the six months ended December 31, 2013 was also partially offset by an increase of \$10 million at the integrated marketing service business, primarily due to higher revenues as noted above partially offset by increased retail commission and production costs.

News Corp Australia

Revenues at the Australian newspapers for the three and six months ended December 31, 2013 decreased 17% and 20%, respectively, as compared to the corresponding periods of fiscal 2013. The majority of the decreases are the result of the negative impact of foreign exchange fluctuations and to a lesser extent lower advertising revenues. The strengthening of the U.S. dollar against the Australian dollar resulted in revenue decreases of \$54 million, or 10%, and \$112 million, or 10%, for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013.

News U.K.

For the three months ended December 31, 2013, revenues at the U.K. newspapers were relatively consistent with the corresponding period of fiscal 2013. Revenues for the six months ended December 31, 2013 decreased 3% as compared to the corresponding period of fiscal 2013, primarily due to lower advertising revenues, principally related to Olympic-related revenue in the prior period that did not recur in the current period. Circulation and subscription revenues decreased primarily due to lower print circulation volume, partially offset by price increases and increased digital subscription revenues. The impact of foreign currency exchange fluctuations of the U.S. dollar against the British pound resulted in a revenue increase of \$3 million for the three months ended December 31, 2013 and a decrease of \$4 million for the six months ended December 31, 2013 as compared to the corresponding periods of fiscal 2013.

Dow Jones

Revenues at Dow Jones for the three and six months ended December 31, 2013 decreased 14% and 10%, respectively, as compared to the corresponding periods of fiscal 2013, primarily due to lower revenues of \$41 million and \$55 million, respectively, resulting from the sale of the Dow Jones Local Media Group in September 2013, lower Institutional product revenues of \$17 million and \$28 million, respectively, and lower other revenues of \$5 million and \$13 million, respectively, principally resulting from lower third party printing and content distribution revenues. The revenue decreases were partially offset by increased circulation revenues at *The Wall Street Journal* and at WSJ.com of \$4 million and \$13 million, respectively, due to price increases.

News America Marketing

For the three and six months ended December 31, 2013, revenues at the integrated marketing services business increased 4% and 3%, respectively, as compared to the corresponding periods of fiscal 2013, primarily due to increased revenues for in-store advertising.

Cable Network Programming (6% of the Company's consolidated revenues in the first six months of fiscal 2014 and 1% of the Company's combined revenues in the first six months of fiscal 2013)

	For the three months ended December 31,				For the six months ended December 31,			
	2013	2012	Change	% Change	2013	2012	Change	% Change
(in millions, except %)								
Revenues:								
Advertising	\$ 15	\$ 6	\$ 9	**	\$ 41	\$ 6	\$ 35	**
Circulation and Subscription	94	45	49	**	198	45	153	**
Other	1	2	(1)	(50)%	3	2	1	50%
Total Revenues	110	53	57	**	242	53	189	**
Operating expenses	(52)	(27)	(25)	93%	(149)	(27)	(122)	**
Selling, general and administrative	(5)	(7)	2	(29)%	(11)	(7)	(4)	57%
Segment EBITDA	\$ 53	\$ 19	\$ 34	**	\$ 82	\$ 19	\$ 63	**

** not meaningful

For the three and six months ended December 31, 2013, revenues at the Cable Network Programming segment increased \$57 million and \$189 million, respectively, as compared to the corresponding periods of fiscal 2013. For the three and six months ended December 31, 2013, Segment EBITDA at the Cable Network Programming segment increased \$34 million and \$63 million, respectively as compared to the three and six months ended December 31, 2012. These increases primarily reflect the consolidation of FOX SPORTS Australia beginning in November 2012 due to the acquisition of CMH.

For the three and six months ended December 31, 2013, on a stand-alone basis, revenues at FOX SPORTS Australia decreased 3% and 1%, respectively, as compared to the corresponding periods of fiscal 2013 as increases in subscription revenues related to increases in digital platform subscribers and higher affiliate pricing and advertising revenues were more than offset by the negative impact of foreign currency fluctuations. On a stand-alone basis, Segment EBITDA for the three months ended December 31, 2013 increased 20% as compared to the corresponding period of fiscal 2013 due to increases in subscription and advertising revenues and expense decreases, partially offset by the negative impact of foreign currency fluctuations. The reduction in expenses was primarily associated with FOX SPORTS Australia not broadcasting and producing Domestic Cricket as in the corresponding period of fiscal 2013. On a stand-alone basis, Segment EBITDA for the six months ended December 31, 2013 decreased 5% as compared to the corresponding period of fiscal 2013 primarily due to increased expenses and the negative impact of foreign currency fluctuations, partially offset by increased subscription and advertising revenues. The expense increase for the six months ended December 31, 2013 was primarily due to increased expenses associated with the new National Rugby League contract, partially offset by the absence of costs associated with Domestic Cricket in the current year period.

Digital Real Estate Services (4% of the Company's consolidated revenues in the first six months of fiscal 2014 and 4% of the Company's combined revenues in the first six months of fiscal 2013)

	For the three months ended December 31,				For the six months ended December 31,			
	2013	2012	Change	% Change	2013	2012	Change	% Change
(in millions, except %)								
Revenues:								
Advertising	\$ 103	\$ 87	\$ 16	18%	\$ 193	\$ 168	\$ 25	15%
Total Revenues	103	87	16	18%	193	168	25	15%
Selling, general and administrative	(48)	(41)	(7)	17%	(94)	(87)	(7)	8%
Segment EBITDA	\$ 55	\$ 46	\$ 9	20%	\$ 99	\$ 81	\$ 18	22%

Revenues at the Digital Real Estate Services segment increased \$16 million, or 18%, and \$25 million, or 15%, for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. The revenue increases were primarily due to increased listing depth product penetration in Australia.

Segment EBITDA at the Digital Real Estate Services segment increased \$9 million, or 20%, and \$18 million, or 22%, for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. The improvements in segment EBITDA were primarily due to the revenue increases noted above.

Book Publishing (17% of the Company's consolidated revenues in the first six months of fiscal 2014 and 16% of the Company's combined revenues in the first six months of fiscal 2013)

	For the three months ended December 31,				For the six months ended December 31,			
	2013	2012	Change	% Change (in millions, except %)	2013	2012	Change	% Change
Revenues:								
Consumer	\$ 377	\$ 346	\$ 31	9%	\$ 688	\$ 672	\$ 16	2%
Other	14	31	(17)	(55)%	31	57	(26)	(46)%
Total Revenues	391	377	14	4%	719	729	(10)	(1)%
Operating expenses	(274)	(273)	(1)	—	(514)	(534)	20	(4)%
Selling, general and administrative	(49)	(53)	4	(8)%	(94)	(104)	10	(10)%
Segment EBITDA	\$ 68	\$ 51	\$ 17	33%	\$ 111	\$ 91	\$ 20	22%

Revenues at the Book Publishing segment increased \$14 million, or 4%, for the three months ended December 31, 2013, and decreased \$10 million, or 1%, for the six months ended December 31, 2013, as compared to the corresponding periods of fiscal 2013. The increase in revenues for the three months ended December 31, 2013 was primarily due to higher print and digital book sales of \$31 million, principally resulting from sales of the *Divergent* series by Veronica Roth following the launch of *Allegiant* in October 2013, *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 three months ended December 31, 2013 was partially offset by a decrease in other revenues of \$17 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 decrease in revenues for the six months ended December 31, 2013 was primarily due to a decrease in other revenues of \$26 million, principally resulting from the sale of the Women of Faith live events business and the decision to exit the third party distribution business. The decrease in revenues for the six months ended December 31, 2013 was partially offset by increased book sales of \$16 million, primarily resulting from the successful book sales noted above, partially offset by softness in the Christian publishing business primarily in the first quarter of fiscal 2014 which reduced revenues by approximately \$11 million. The strengthening of the U.S. dollar against local currencies resulted in revenue decreases of \$4 million and \$8 million for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. E-book sales represented 17% of revenues during the three months ended December 31, 2013, as compared to 14% in the corresponding period of fiscal 2013, representing a 39% increase. E-book sales represented 19% of revenues during the six months ended December 31, 2013, as compared to 15% in the corresponding period of fiscal 2013, representing a 35% increase. During the six months ended December 31, 2013, HarperCollins had 92 titles on *The New York Times Bestseller List*, with 11 titles reaching the number one position.

Segment EBITDA at the Book Publishing segment increased \$17 million, or 33%, and \$20 million, or 22%, for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013, primarily due to the increases in book sales noted above, as well as the impact of ongoing operational efficiencies and lower manufacturing costs reflecting the continued shift to e-book sales, partially offset by the decreases in other revenues noted above.

Other (1% of the Company's consolidated revenues in the first six months of fiscal 2014 and 2% of the Company's combined revenues in the first six months of fiscal 2013)

	For the three months ended December 31,				For the six months ended December 31,			
	2013	2012	Change	% Change (in millions, except %)	2013	2012	Change	% Change
Revenues:								
Advertising	\$ 1	\$ 6	\$ (5)	(83)%	\$ 1	\$ 6	\$ (5)	(83)%
Circulation and Subscription	10	12	(2)	(17)%	19	20	(1)	(5)%
Other	11	14	(3)	(21)%	29	40	(11)	(28)%
Total Revenues	22	32	(10)	(31)%	49	66	(17)	(26)%
Operating expenses	(11)	(15)	4	(27)%	(33)	(27)	(6)	22%
Selling, general and administrative	(115)	(125)	10	(8)%	(228)	(259)	31	(12)%
Segment EBITDA	\$ (104)	\$ (108)	\$ 4	(4)%	\$(212)	\$(220)	\$ 8	(4)%

Revenues at the Other segment decreased \$10 million, or 31%, and \$17 million, or 26%, for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. These revenue decreases were primarily due to lower revenues at Amplify of \$7 million and \$6 million, respectively, primarily due to lower project-based consulting revenues at the Insight business, and lower revenues of \$3 million and \$11 million, respectively, due to the sale of certain of the Company's non-core Australian businesses during fiscal 2013.

Segment EBITDA at the Other segment improved \$4 million, or 4%, and \$8 million, or 4% for the three and six months ended December 31, 2013, respectively, as compared to the corresponding periods of fiscal 2013. The improvements in Segment EBITDA were primarily due to lower fees and costs related to the U.K. Newspaper Matters of approximately \$30 million and \$74 million, respectively. The improvements in Segment EBITDA for the three and six months ended December 31, 2013 were partially offset by higher expenses of \$10 million and \$39 million, respectively, at Amplify related to increased product and curriculum development costs, higher corporate overhead expenses of \$11 million and \$19 million, respectively, compared to an allocated basis used for fiscal 2013 and \$8 million and \$14 million, respectively, incurred by the Company's corporate Strategy and Creative Group related to the development of new products and services and international rights acquisitions. Prior to the Separation, the Company's Statements 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 three and six months ended December 31, 2013, the Company's Statements of Operations reflect 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.

As part of the Separation and Distribution Agreement, 21st Century Fox will indemnify the Company, on an after-tax basis, 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.

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 \$51 million and \$91 million during the three and six months ended December 31, 2013, respectively, of which \$32 million and \$55 million, respectively, net of tax, have been or will be indemnified. Accordingly, the Company recorded a contra expense for the after-tax costs that were or will be indemnified of \$32 million and \$55 million in Selling, general and administrative expenses for the three and six months ended December 31, 2013, respectively, and recorded a corresponding receivable from 21st Century Fox. The net expense included in Selling, general and administrative expenses was therefore \$19 million and \$36 million for the three and six months ended December 31, 2013, respectively, as compared to \$49 million and \$110 million for the three and six months ended December 31, 2012, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company's principal source of liquidity is internally generated funds and cash and cash equivalents on hand. In accordance with the Separation and Distribution Agreement, 21st Century Fox made a cash contribution to the Company such that at the Distribution Date, the Company had approximately \$2.4 billion of cash on hand and received the remaining \$0.2 billion from 21st Century Fox during the first quarter of fiscal 2014. The Company expects these elements of liquidity will enable it to meet its liquidity needs in the foreseeable future. In addition, as anticipated in the 2013 Form 10-K, the Company established a revolving credit facility of \$650 million in October 2013 and expects to have access to the worldwide capital markets, subject to market conditions, in order to issue debt if required. Although the Company believes that its future cash from operations, together with its access to the capital markets, will provide adequate resources to fund its operating and financing needs, its access to, and the availability of, financing on acceptable terms in the future will be affected by many factors, including: (i) the Company's performance, (ii) its credit rating or absence of a credit rating, (iii) the liquidity of the overall capital markets and (iv) the current state of the economy. There can be no assurances that the Company will continue to have access to the capital markets on acceptable terms. See "Item 1A. Risk Factors" for a further discussion.

As of December 31, 2013, the Company's consolidated assets included \$753 million in cash and cash equivalents that was held by its foreign subsidiaries. \$254 million of this amount is cash held at the Digital Real Estate Services segment which is not readily accessible by the Company as it is held by REA Group, a majority owned but separately listed public company. REA Group must declare a dividend in order for the Company to have access to its share of REA Group's cash balance. The Company earns income outside the U.S., which is deemed to be permanently reinvested in certain foreign jurisdictions. The Company does not currently intend to repatriate these funds. Should the Company require more capital in the U.S. than is generated by and/or available to its domestic operations, the Company could elect to transfer funds held in foreign jurisdictions. The transfer of funds from foreign jurisdictions may be cumbersome due to local regulations, foreign exchange control and withholding taxes. Additionally, the transfer of funds from foreign jurisdictions may result in higher effective tax rates and higher cash paid for income taxes for the Company.

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

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

The Company's Board of Directors has authorized the Company to repurchase up to an aggregate of \$500 million of its Class A Common Stock. All decisions regarding any future stock repurchases are at the sole discretion of a duly appointed committee of the Company's Board of Directors and management. The committee's decisions regarding future stock repurchases will be evaluated from time to time in light of many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements (including compliance with the IRS private letter ruling), regulatory constraints, industry practice and other factors that the committee may deem relevant. The stock repurchase authorization may be modified, extended, suspended or discontinued at any time by the Company's Board of Directors and the Company's Board of Directors cannot provide any assurances that any shares will be repurchased. Through February 3, 2014, the Company has not repurchased any common stock.

Sources and Uses of Cash—For the six months ended December 31, 2013 versus the six months ended December 31, 2012

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

<u>For the six months ended December 31,</u>	<u>2013</u>	<u>2012</u>
Net cash provided by operating activities	<u>\$407</u>	<u>\$ 5</u>

Net cash provided by operating activities improved by \$402 million for the six months ended December 31, 2013 as compared to the corresponding period of fiscal 2013, which was primarily due to lower restructuring payments of \$110 million, the timing of net receipts related to the foreign tax refund of \$81 million, the increase in Cable Network Programming segment EBITDA in the current period of \$63 million, and lower payments for fees and costs related to the U.K. Newspaper Matters of \$58 million. The improvement was also due to improved working capital at the Book Publishing segment of \$56 million primarily due to the e-Books legal settlement in the prior corresponding period of fiscal 2013 and lower vendor and royalty payments, improved working capital within the News & Information Services segment of approximately \$20 million, lower tax payments of \$29 million, improved working capital at Amplify of \$17 million and improved segment EBITDA across the remainder of the Company of \$16 million. The increases in net cash provided by operating activities were partially offset by lower cash distributions of \$71 million primarily from the absence of cash distributions from SKY Network Television Ltd. as the Company sold its investment in SKY Network Television Ltd. in March 2013.

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

<u>For the six months ended December 31,</u>	<u>2013</u>	<u>2012</u>
Net cash used in investing activities	<u>\$(75)</u>	<u>\$(2,272)</u>

The Company had net cash used in investing activities of \$75 million for the six months ended December 31, 2013 as compared to \$2,272 million for the corresponding period of fiscal 2013. During the six months ended December 31, 2013, the Company had capital expenditures of \$147 million and cash for acquisitions of \$26 million primarily resulting from the acquisition of Storyful. The net cash used in investing activities for the six months ended December 31, 2013 was partially offset by proceeds from dispositions of \$100 million primarily resulting from the sale of the Dow Jones Local Media Group. During the six months ended December 31, 2012, the Company utilized \$2.2 billion in cash for acquisitions primarily resulting from the acquisition of Consolidated Media Holdings Ltd. and Thomas Nelson and had capital expenditures of \$141 million.

Net cash provided by financing activities for the six months ended December 31, 2013 and 2012 was as follows (in millions):

<u>For the six months ended December 31,</u>	<u>2013</u>	<u>2012</u>
Net cash provided by financing activities	<u>\$204</u>	<u>\$1,861</u>

The change in net cash provided by financing activities for the six months ended December 31, 2013 as compared to the corresponding period of fiscal 2013 was primarily due to net transfers from 21st Century Fox and its affiliates of \$217 million during the six months ended December 31, 2013 as compared to \$2.1 billion during the six months ended December 31, 2012, partially offset by the payment of debt acquired in the acquisition of Consolidated Media Holdings Ltd of approximately \$235 million.

Reconciliation of Free Cash Flow Available to News Corporation

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

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

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

	<u>For the six months ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
	<u>(in millions)</u>	
Net cash provided by operating activities	\$ 407	\$ 5
Less: Capital expenditures	(147)	(141)
	260	(136)
Less: REA Group free cash flow	(62)	(57)
Plus: Cash dividends received from REA Group	19	17
Free cash flow available to News Corporation	<u>\$ 217</u>	<u>\$ (176)</u>

Free cash flow available to News Corporation improved by \$393 million in the six months ended December 31, 2013 to \$217 million from \$(176) million in the corresponding period of fiscal 2013, primarily due to the change in net cash provided by operating activities noted above.

Revolving Credit Agreement

In October 2013, the Company entered into a Credit Agreement (the "Credit Agreement") which provides for an unsecured \$650 million five-year revolving credit facility (the "Facility") to the Company for general corporate purposes. The Facility has a sublimit of \$100 million available for issuances of letters of credit. Under the Credit Agreement, the Company may request increases in the amount of the credit facility up to a maximum amount of \$900 million. Subject to certain conditions stated in the Credit Agreement, the Company may borrow, prepay and reborrow amounts under the Facility during the term of the Credit Agreement. All amounts under the Credit Agreement are due on October 23, 2018, unless the commitments are terminated earlier either at the request of the Company or, if an event of default occurs, by the designated agent at the request or with the consent of the lenders (or automatically in the case of certain bankruptcy-related events). The Company may request that the commitments be extended under certain circumstances as set forth in the Credit Agreement for up to two additional one-year periods. Additionally, interest on borrowings is based on either (a) a Eurodollar Rate formula or (b) the Base Rate formula, each as set forth in the Credit Agreement.

The Credit Agreement contains certain customary affirmative and negative covenants and events of default, with customary exceptions, including limitations on the ability of the Company and the Company's subsidiaries to engage in transactions with affiliates, incur liens, merge into or consolidate with any other entity, incur subsidiary debt or dispose of all or substantially all of its assets or all or substantially all of the stock of its subsidiaries taken as a whole. In addition, the Credit Agreement requires the Company to maintain an adjusted operating income leverage ratio of not more than 3.0 to 1.0 and an interest coverage ratio of not less

than 3.0 to 1.0. If any of the events of default occur and are not cured within applicable grace periods or waived, any unpaid amounts under the Credit Agreement may be declared immediately due and payable. As of December 31, 2013, the Company was in compliance with all of the applicable debt covenants.

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

At the time of this filing, the Company has not borrowed any funds under the Facility.

Commitments

The Company has commitments under certain firm contractual arrangements ("firm commitments") to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. Other than as previously disclosed in these notes to the Company's consolidated and combined financial statements, the Company's commitments as of December 31, 2013 have not changed significantly from the disclosures included in the 2013 Form 10-K.

In January 2014, the Company signed a 30 year lease to relocate all of its various London operations to a single new location. The lease terminates in fiscal 2044, with an early termination option in fiscal 2039. The Company's London-based staff of News UK, Dow Jones and HarperCollins will be housed together for the first time which the Company expects will allow for improved collaboration and additional efficiencies. Staff are expected to commence relocation to the new London site in the summer of 2014. In connection with this relocation, the Company will pay average rent of approximately \$35 million a year. The rental expense along with other facility related costs expected to be incurred approximates the costs the Company would have incurred in its existing leased properties. Separately, the Company will relocate the current U.S. headquarters of HarperCollins in June 2014 to a new location in Manhattan. As a result of these relocations, the Company expects to incur incremental costs related to dual rent and other facility related costs during the second half of fiscal 2014 of approximately \$30 million to \$35 million, a majority of which is non-cash. In addition, the Company expects to incur a similar amount in the first half of fiscal 2015.

Contingencies

As disclosed in the notes to the Financial Statements, 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 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.

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

In connection with the Separation, the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that 21st Century Fox will indemnify the Company for payments made after the Distribution Date arising out of civil claims and investigations relating to the U.K. Newspaper Matters as well as legal and professional fees and expenses paid in connection with the criminal matters, other than fees, expenses and costs relating to employees (i) who are not directors, officers or certain designated employees or (ii) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. In addition, violations of law may result in criminal fines or penalties for which the Company will not be indemnified by 21st Century Fox. 21st Century Fox's indemnification obligations with respect to these matters will be settled on an after-tax basis.

As of December 31, 2013, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred and has accrued approximately \$95 million, of which \$65 million will be indemnified by 21st Century Fox and a corresponding receivable was recorded in Amounts due to 21st Century Fox, net on the Balance Sheet. It is not

possible to estimate the liability or corresponding receivable for any additional claims that may be filed given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision and corresponding receivable for such matters.

The Company 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.

The Company's operations are subject to tax in various domestic and international jurisdictions and as a matter of course, it is regularly audited by federal, state and foreign tax authorities. The Company believes it has appropriately accrued for the expected outcome of all pending tax matters and does not currently anticipate that the ultimate resolution of pending tax matters will have a material adverse effect on its financial condition, future results of operations or liquidity. As subsidiaries of 21st Century Fox prior to the Separation, the Company and each of its domestic subsidiaries have joint and several liability with 21st Century Fox for the consolidated U.S. federal income taxes of the 21st Century Fox consolidated group relating to any taxable periods during which the Company or any of the Company's domestic subsidiaries are or were a member of the 21st Century Fox consolidated group. Consequently, the Company could be liable in the event any such liability is incurred, and not discharged, by any other member of the 21st Century Fox consolidated group. The Tax Sharing and Indemnification Agreement requires 21st Century Fox to indemnify the Company for any such liability. Disputes or assessments could arise during future audits by the IRS or other taxing authorities in amounts that the Company cannot quantify.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

Foreign Currency Exchange Rates

The Company conducts operations in three principal currencies: the U.S. dollar; the Australian dollar; and the British pound sterling. These currencies operate primarily as the functional currency for the Company's U.S., Australian and U.K. operations, respectively. Cash is managed centrally within each of the three regions with net earnings reinvested locally and working capital requirements met from existing liquid funds. To the extent such funds are not sufficient to meet working capital requirements, funding in the appropriate local currencies is made available from intercompany capital. The Company does not hedge its investments in the net assets of its Australian and U.K. foreign operations.

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

The table below details the percentage of revenues and expenses by the three principal currencies for the fiscal year ended June 30, 2013:

	<u>U.S. Dollars</u>	<u>Australian Dollars</u>	<u>British Pound Sterling</u>
Fiscal year ended June 30, 2013			
Revenues	52%	31%	17%
Operating expenses	53%	29%	18%

Based on the year ended June 30, 2013, a one cent change in both the U.S. dollar/Australian dollar and the U.S. dollar/British pound sterling rates will impact revenues by approximately \$28 million and \$23 million, respectively, on an annual basis, and will impact Total Segment EBITDA by approximately \$4 million and \$0.3 million, respectively, on an annual basis.

Stock Prices

The Company has one common stock investment of approximately 4% in Nation Multimedia Group plc, a publicly traded company in Thailand, which is subject to market price volatility. This investment is a cost method investment which is not material. As a result, the Company has limited exposure to stock price risk.

Credit Risk

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

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

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. As of December 31, 2013 and June 30, 2013, the Company did not anticipate nonperformance by any of the counterparties.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

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

(b) Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) during the Company's second quarter of fiscal 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

ITEM 1. 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 include February 15, 2011 to July 18, 2011. Defendants have filed their motions to dismiss, which are pending. 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 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.

The Company has admitted liability in many civil cases related to the voicemail interception allegations and has settled many cases. The Company also announced a private compensation scheme 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 \$51 million and \$49 million during the three months ended December 31, 2013 and 2012, respectively, and \$91 million and \$110 million during the six months ended December 31, 2013 and 2012, respectively. With respect to the fees and costs incurred during the three and six months ended December 31, 2013, the Company has been or will be indemnified by 21st Century Fox for \$32 million, net of tax, and \$55 million, net of tax, respectively, pursuant to the indemnification arrangements described above.

As of December 31, 2013, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred and has accrued approximately \$95 million, of which \$65 million will be indemnified by 21st Century Fox, and a corresponding receivable was recorded in Amounts due to 21st Century Fox, net on the Balance Sheets as of December 31, 2013. 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.

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. While it is not possible to predict with any degree of certainty the ultimate outcome of these class actions, HarperCollins believes it was compliant with applicable antitrust and competition laws and intends to defend itself vigorously.

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

On February 15, 2013, a purported class of independent bricks-and-mortar bookstores filed an action in the U.S. District Court for the Southern District of New York entitled *The Book House of Stuyvesant Plaza, Inc. et. al. v. Amazon.com, Inc., et. al.*, which relates to the digital rights management protection (“DRM”) of certain publishers’, including HarperCollins’, e-books being sold by Amazon.com, Inc. Plaintiffs filed an Amended Complaint on March 21, 2013. The case involves allegations that certain named defendants in the book publishing and distribution industry, including HarperCollins, violated the antitrust laws by virtue of requiring DRM protection. The action seeks declaratory and injunctive relief, reasonable costs and attorneys’ fees. On April 1, 2013, Defendants moved to dismiss the Amended Complaint, and on December 5, 2013, the Court granted the motion in its entirety. Additional information about *The Book House Of Stuyvesant Plaza, Inc. et. al. v. Amazon.com, Inc. et. al.*, Civil Action No. 1:13-cv-01111-JSR, can be found on PACER.

The Company is not able to predict the ultimate outcome or cost of the unresolved HarperCollins matters described above. During the years ended June 30, 2013 and 2012, the legal and professional fees and settlements incurred in connection with these matters were not material, and as of December 31, 2013, the Company did not have a material accrual related to these matters.

News America Marketing

In-Store Marketing and FSI Purchasers

On August 16, 2013, in connection with a pending action in the United States District Court for the Eastern District of Michigan in which *The Dial Corporation, H.J. Heinz Company and Foster Poultry Farms* (with Foster Poultry Farms as proposed class representative on behalf of putative classes of purchasers) alleged 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 motion for leave to file a third amended complaint, with plaintiffs *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.* asserting the same 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. On September 24, 2013, the NAM Group’s motion to transfer the action to the Southern District of New York was granted by the district court judge. On October 24, 2013, on consent of the parties, plaintiffs filed their third amended complaint. The NAM Group answered the complaint on November 12, 2013, and discovery is proceeding.

In a parallel action, NAM FSI and NAM In-Store Services filed a complaint in the United States District Court for the Southern District of New York against *The Dial Corporation, H.J. Heinz Company, H.J. Heinz Company L.P. and Foster Poultry Farms*, seeking a declaratory judgment that plaintiffs did not violate federal or state antitrust laws and for damages for breach of contract. On August 28, 2013, the defendants filed a motion to dismiss.

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 antitrust laws and intends to defend itself vigorously.

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, the NAM Group opposed the Motion for Expedited Discovery in the previously settled case and 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. The NAM Group’s deadline to object to the order before the District Court is February 18, 2014. 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 1A. RISK FACTORS

You should carefully consider the following risks and other information in this Quarterly Report on Form 10-Q 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, job creation and circulation levels and rates 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. The Company’s advertising revenues in the fiscal year ended June 30, 2013 declined 7% as compared to the prior year, due in large part to lower advertising revenues at its Australian newspapers as a result of the weaker Australian economy, particularly among consumers, as well as, to a lesser extent, declines in advertising revenues at Dow Jones. These declines were offset, in part, by increased revenues in the Company’s Digital Real Estate Services segment. In addition to economic conditions, other factors such as consolidation across various industries may also reduce the Company’s overall advertising revenue.

Demand for the Company’s products is also a factor in determining advertising rates. For example, circulation levels for the Company’s newspapers and ratings points for its cable channels are among the factors that are weighed when determining advertising rates. In addition, newer technologies, including new downloading capabilities via the Internet, digital distribution models for books and other devices and technologies are increasing the number of media choices available to audiences. These technological developments may 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. As a result, in the fiscal year ended June 30, 2013, the Company's advertising revenues decreased 10% in the News and Information Services segment as compared to the prior year. 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's 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 Changes in Consumer Behavior as a Result of New Technologies in Order to Remain Competitive.

Technology continues to evolve rapidly, leading to alternative methods for the delivery and storage of digital content. These technological advancements have driven changes in consumer behavior and have empowered consumers to seek more control over when, where and how they consume digital content. Content owners are increasingly delivering their content directly to consumers over the Internet, often without charge, and innovations in distribution platforms have enabled consumers to view such Internet-delivered content on portable devices and televisions. There is a risk that the Company's responses to these changes and strategies to remain competitive, including distribution of its content on a "pay" basis, may not be adopted by consumers. In addition, enhanced Internet capabilities and other new media may reduce the demand for newspapers and television viewership, which could negatively affect the Company's revenues. The trend toward digital media may drive down the price consumers are willing to spend on the Company's products disproportionately to the costs associated with generating content. The Company's failure to protect and exploit the value of its content, while responding to and developing new 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.

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.

No Assurance of Profitability of Amplify.

Many of Amplify's newer lines of 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 analytics 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. Since the 2010 acquisition of Wireless Generation (for approximately \$390 million in cash), 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's digital education business has recorded a cumulative loss before income taxes of approximately \$372 million, which includes \$58 million of depreciation and amortization, through December 31, 2013. The portion of the cumulative loss before income taxes recognized in the three and six months ended December 31, 2013 was approximately \$50 million and \$107 million, respectively, which includes approximately \$6 million and \$12 million, respectively, of depreciation and amortization. Losses are expected to be higher in fiscal 2014 than 2013 as a result of continued product development efforts. Significant expenses associated with Amplify's businesses include salaries, employee benefits and other routine overhead associated with product development. There can be no assurance that Amplify will be successful in addressing these risks or in achieving these goals, and the failure to do so could have a material adverse effect on Amplify's business, prospects, financial condition and results of operations.

The Company 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.

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

The U.S. and global economies have undergone a period of economic uncertainty, which caused, among other things, a general tightening in the credit markets, limited access to the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, lower consumer and business spending and lower consumer net worth. The resulting pressure on the labor and retail markets and the downturn in consumer confidence weakened the economic climate in certain markets in which the Company does business and has had and may continue to have an adverse effect on its business, results of operations, financial condition and liquidity. A continued decline in these economic conditions 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. These conditions could also impair the ability of those with whom the Company does business to satisfy their obligations to the Company. In particular, the Company has significant exposure 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 continued or increased volatility and disruption in the global capital and credit markets will not impair the Company's liquidity or increase its cost of borrowing.

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, Inappropriate Payments to Public Officials, Obstruction of Justice 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, inappropriate payments to public officials and obstruction of justice at its 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 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.

The Company has admitted liability in many civil cases related to the voicemail interception allegations and has settled many cases. The Company also announced a private compensation scheme 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 December 31, 2013, the Company incurred aggregate fees, costs and expenses related to the U.K. Newspaper Matters of \$434 million, net of costs that have been or will be indemnified by 21st Century Fox, which includes \$28 million paid to claimants for civil settlements. As of December 31, 2013, the Company accrued \$95 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 December 31, 2013 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 \$65 million as of December 31, 2013.

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 1. Legal Proceedings" and Note 10 to the Unaudited Consolidated and Combined Financial Statements of News Corporation for additional information.

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

As a result of adverse developments in the Company's industry and challenging economic and market conditions, the Company may recognize impairment charges for write-downs of goodwill and intangible assets, as well as restructuring charges relating to the reorganization of its businesses, which negatively impact the Company's financial results. In the fourth quarter of fiscal 2013, as part of its long-range planning process in preparation for the Separation, the Company adjusted its future outlook and related strategy principally with respect to its News and Information Services business in Australia and secondarily with respect to its 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. Consequently, the Company determined that the fair value of these reporting units had declined below their respective carrying values and recorded an impairment charge of approximately \$1.4 billion (\$1.1 billion, net of tax) in the fiscal year ended June 30, 2013. In response to these challenging conditions the Company reorganized its Australian newspaper businesses and recognized \$293 million of restructuring charges in the year ended June 30, 2013, a significant portion of which resulted from its restructuring activities in Australia and the U.K. In the three and six months ended December 31, 2013, the Company recognized an additional \$24 million and \$51 million, respectively, of restructuring charges, a significant portion of which resulted from restructuring activities at its newspaper businesses.

In accordance with GAAP, the Company will continue to perform 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 further 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 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, has 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. A majority of the U.K. press has proposed an alternative regulator, the Independent Press Standards Organisation, to be established by the industry. Either form of new regulatory regime is likely to impose burdens on the print media in the U.K., including the Company's newspaper businesses in the U.K., that may result in competitive disadvantages versus other forms of media and may increase the costs of compliance.

The Company's Business Could Be Adversely Impacted by Changes in Educational Funding.

The Company's U.S. educational businesses may be adversely affected by changes in state educational funding as a result of 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.

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

Newsprint is one of the largest expenses of the Company's publishing units. During the six months ended December 31, 2013, the Company's average cost per ton of newsprint was approximately 4% higher 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 That May Be Subject to Disruption or Misuse, Which Could Result in Improper Disclosure of Personal Data or Confidential Information as well as Increased Costs or Loss of Revenue.

Network and information systems and other technologies, including those related to 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, could result in a disruption of the Company's services or improper disclosure of personal data or confidential information. Improper disclosure of such information could harm the Company's reputation, require it to expend resources to remedy such a security breach or subject it to liability under laws that protect personal data, resulting in increased costs or loss of revenue.

Technological Developments May Increase the Threat of Content Piracy and 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.

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

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

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 Section 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 1. Legal Proceedings” and Note 10 to the Unaudited Consolidated and Combined Financial Statements of News Corporation for additional information.

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 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 new company that currently has no credit rating, that the Company will continue to have access to the capital markets on terms acceptable to it.

The Company May be Unable to Achieve Some or All of the Benefits That It Expects to Achieve as an Independent, Publicly-Traded Company.

By separating from 21st Century Fox, 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. As part of 21st Century Fox, the Company was able to enjoy certain benefits from 21st Century Fox's operating diversity and access to capital for investments, which benefits are no longer available to the Company after the Separation.

As an independent, publicly-traded company, the Company believes that its businesses will benefit from, among other things, sharpened focus on the financial and operational resources of its specific businesses, allowing the Company's management to design and implement a capital structure, corporate strategies and policies that are based primarily on the business characteristics and strategic opportunities of its businesses. The Company anticipates this will allow it to respond more effectively to industry dynamics and to create effective incentives for the Company's management and employees that are more closely tied to its business performance. However, the Company may not be able to achieve some or all of the expected benefits. If the Company fails to achieve some or all of the benefits in the time it expects, the Company's business, financial condition and results of operations could be materially and adversely affected.

The Company Has a Very Limited Operating History as an Independent, Publicly-Traded Company, and Its Historical Financial Statements Are Not Necessarily Representative of the Results It Would Have Achieved as an Independent, Publicly-Traded Company and May Not Be Reliable Indicators of Its Future Results.

The Company's historical financial statements included in this Quarterly 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, primarily as a result of the following factors:

- Historically, the Company's working capital requirements and capital for its general corporate purposes, including acquisitions and capital expenditures, were provided by 21st Century Fox to the extent the Company did not generate sufficient cash flows to cover its cash requirements. 21st Century Fox historically managed and retained the cash generated by the Company. Following the Separation, 21st Century Fox no longer provides the Company with funds to finance its working capital or other cash requirements. Without the opportunity to obtain capital from 21st Century Fox, the Company may need to access capital markets, and there is no guarantee that capital will be available to the Company or available on terms that are as favorable as those it could have obtained when it was part of 21st Century Fox.
- 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. 21st Century Fox historically 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 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.
- Other significant changes may occur in the Company's cost structure, management, financing, business operations, personnel needs, tax and structure as a result of its operation as a company separate from 21st Century Fox. The Company benefited from 21st Century Fox's operating diversity, size and purchasing power, and it will lose such benefits as an independent company. Additionally, the Company will be entering into transactions with 21st Century Fox that did not exist prior to the Separation.

The Company's Accounting and Other Management Systems and Resources May Not be Adequately Prepared to Meet the Financial Reporting and Other Requirements to Which It Is Subject Following the Separation. If the Company Is Unable to Achieve and Maintain Effective Internal Controls, Its Results of Operations, Cash Flows and Financial Condition Could Be Materially Adversely Affected.

The Company's financial results previously were included within the consolidated results of 21st Century Fox, and the Company believes that its reporting and control systems were appropriate for those of subsidiaries of a public company. However, the Company was not directly subject to the reporting and other requirements of the Exchange Act. As a result of the Separation, the Company is directly subject to reporting and other obligations under the Exchange Act. Further, beginning with the Company's annual report on Form 10-K for the fiscal year ending June 30, 2014, it will be required to comply with Section 404 of the Sarbanes Oxley Act of 2002, which will require annual management assessments of the effectiveness of the Company's internal control over financial reporting and a report by its independent registered public accounting firm. These reporting and other obligations will place significant demands on the Company's management and administrative and operational resources, including accounting resources. To comply with these requirements, the Company may need to upgrade its systems, including information technology, and implement additional financial and management controls, reporting systems and procedures. The Company expects to incur additional annual expenses related to these steps, and those expenses may be significant. If the Company is unable to upgrade its financial and management controls, reporting systems, information technology systems and procedures in a timely and effective fashion, the Company's ability to comply with its financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

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 Certificate of Incorporation, By-laws, Tax Sharing and Indemnification Agreement, Separation and Distribution Agreement and Delaware Law, the Company's 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 pursuant to which 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 as of May 24, 2013. 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. Acquisitions of shares of the Company's Class B Common Stock as a result of acquiring additional 21st Century Fox Class B Common Stock prior to the Separation or shares representing the Company's Class B Common Stock in the when-issued trading market or as a result of the Separation will each be included in determining the beneficial ownership of a person, and all such acquisitions made after May 24, 2013 will be taken into account in determining whether a person is an acquiring person under the terms of the stockholder rights agreement. The rights expire on June 28, 2014, 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 February 3, 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 February 3, 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 February 3, 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 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 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Board had previously authorized stock repurchases in which the Company may purchase up to an aggregate of \$500 million of Class A Common Stock. All decisions regarding any stock repurchases are at the sole discretion of a duly appointed committee of the Board of Directors and management. The committee's decisions regarding any stock repurchases will be evaluated from time to time in light of many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements (including compliance with the IRS private letter ruling), regulatory constraints, industry practice and other factors that the committee may deem relevant. This stock repurchase authorization may be modified, extended, suspended or discontinued at any time by the Board of Directors. The Company cannot provide any assurances that any shares will be repurchased.

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

(a) Exhibits.

- 10.1 Credit Agreement, dated as of October 23, 2013, among News Corporation, as borrower, the lenders named therein, the initial issuing banks named therein, JPMorgan Chase Bank, N.A. and Citibank, N.A. as co-administrative agents, JPMorgan Chase Bank, N.A. as designated agent, Commonwealth Bank of Australia as syndication agent and J.P. Morgan Securities LLC, Citigroup Global Markets Inc. and Commonwealth Bank of Australia as joint lead arrangers and joint bookrunners. (Incorporated by reference to Exhibit 10.1 to the Current Report of News Corporation on Form 8-K (File No. 001-35769) filed with the Securities and Exchange Commission on October 29, 2013.)
- 31.1 Chief Executive Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
- 31.2 Chief Financial Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes Oxley Act of 2002.**
- 101 The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2013 formatted in eXtensible Business Reporting Language: (i) Consolidated and Combined Statements of Operations for the three and six months ended December 31, 2013 and 2012 (unaudited); (ii) Consolidated and Combined Statements of Comprehensive Income for the three and six months ended December 31, 2013 and 2012 (unaudited); (iii) Consolidated Balance Sheets at December 31, 2013 (unaudited) and June 30, 2013 (audited); (iv) Consolidated and Combined Statements of Cash Flows for the six months ended December 31, 2013 and 2012 (unaudited); and (v) Notes to the Unaudited Consolidated and Combined Financial Statements.**

* Filed herewith.

** Furnished herewith.

SIGNATURE

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

NEWS CORPORATION
(Registrant)

By: /s/ Bedi Ajay Singh
Bedi Ajay Singh
Chief Financial Officer

Date: February 7, 2014

For personal use only

Chief Executive Officer Certification**Required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended**

I, Robert J. Thomson, Chief Executive Officer of News Corporation (“News Corporation” or the “Company”), certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - (c) Disclosed in this quarterly report any change in the Company’s internal control over financial reporting that occurred during the Company’s second quarter of fiscal 2014 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s independent registered public accounting firm and the Audit Committee of the Company’s Board of Directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

February 7, 2014

By: /s/ Robert J. Thomson

Robert J. Thomson
Chief Executive Officer and Director

Chief Financial Officer Certification**Required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended**

I, Bedi Ajay Singh, Chief Financial Officer of News Corporation (“News Corporation” or the “Company”), certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - (c) Disclosed in this quarterly report any change in the Company’s internal control over financial reporting that occurred during the Company’s second quarter of fiscal 2014 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s independent registered public accounting firm and the Audit Committee of the Company’s Board of Directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

February 7, 2014

By: /s/ Bedi Ajay Singh
Bedi Ajay Singh
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of News Corporation on Form 10-Q for the fiscal quarter ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned officers of News Corporation, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of News Corporation.

February 7, 2014

By: /s/ Robert J. Thomson
Robert J. Thomson
Chief Executive Officer and Director

By: /s/ Bedi Ajay Singh
Bedi Ajay Singh
Chief Financial Officer

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Report of Independent Registered Public Accounting Firm

To the Audit Committee and Management of News Corporation

We have reviewed the accompanying condensed consolidated balance sheet of News Corporation (the "Company") as of December 31, 2013, the related condensed consolidated and combined statements of operations and comprehensive (loss) income for the three and six-month periods ended December 31, 2013 and 2012, and the consolidated and combined statements of cash flows for the six-month period ended December 31, 2013 and 2012. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of News Corporation as of June 30, 2013, and the related consolidated statements of operations, comprehensive income (loss), cash flows and equity for the year then ended (not presented herein), and in our report dated September 20, 2013, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of June 30, 2013, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Ernst & Young LLP

New York, New York
February 7, 2014