UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2012**

or

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

Commission file number 001-32352

NEWS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

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

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

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

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

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

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

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

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

As of May 4, 2012, 1,623,066,699 shares of Class A Common Stock, par value $0.01 per share, and 798,520,953 shares of Class B Common Stock, par value $0.01 per share, were outstanding.

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NEWS CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)

	For the three months ended March 31, 2012	For the three months ended March 31, 2011	For the nine months ended March 31, 2012	For the nine months ended March 31, 2011
Revenues	$ 8,402	$ 8,256	$ 25,336	$ 24,443
Operating expenses	(5,216)	(5,322)	(15,552)	(15,470)
Selling, general and administrative	(1,580)	(1,588)	(4,721)	(4,638)
Depreciation and amortization	(294)	(283)	(869)	(837)
Impairment and restructuring charges	(27)	(3)	(154)	(285)
Equity earnings of affiliates	204	111	467	272
Interest expense, net	(258)	(244)	(773)	(706)
Interest income	26	31	91	85
Other, net	27	(19)	22	(41)
Income before income tax expense	1,284	939	3,847	2,823
Income tax expense	(281)	(257)	(931)	(657)
Net income	1,003	682	2,916	2,166
Less: Net income attributable to noncontrolling interests	(66)	(43)	(184)	(110)
Net income attributable to News Corporation stockholders	$ 937	$ 639	$ 2,732	$ 2,056
Weighted average shares:				
Basic	2,468	2,626	2,527	2,624
Diluted	2,475	2,631	2,534	2,628
Net income attributable to News Corporation stockholders per share:				
Basic	$ 0.38	$ 0.24	$ 1.08	$ 0.78
Diluted	$ 0.38	$ 0.24	$ 1.08	$ 0.78

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

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NEWS CORPORATION

CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share amounts)

	At March 31, 2012 (unaudited)	At June 30, 2011 (audited)
Assets:		
Current assets:		
Cash and cash equivalents	$ 10,686	$ 12,680
Receivables, net	6,616	6,330
Inventories, net	2,864	2,332
Other	689	442
Total current assets	20,855	21,784
Non-current assets:		
Receivables	398	350
Investments	4,718	4,867
Inventories, net	4,539	4,198
Property, plant and equipment, net	5,959	6,542
Intangible assets, net	8,341	8,587
Goodwill	14,953	14,697
Other non-current assets	1,134	955
Total assets	$ 60,897	$ 61,980
Liabilities and Equity:		
Current liabilities:		
Borrowings	$ 273	$ 32
Accounts payable, accrued expenses and other current liabilities	5,668	5,773
Participations, residuals and royalties payable	1,754	1,511
Program rights payable	1,373	1,298
Deferred revenue	976	957
Total current liabilities	10,044	9,571
Non-current liabilities:		
Borrowings	15,187	15,463
Other liabilities	2,927	2,908
Deferred income taxes	3,692	3,712
Redeemable noncontrolling interests	602	242
Commitments and contingencies		
Equity:		
Class A common stock(1)	16	18
Class B common stock(2)	8	8
Additional paid-in capital	16,546	17,435
Retained earnings and accumulated other comprehensive income	11,337	12,045
Total News Corporation stockholders equity	27,907	29,506
Noncontrolling interests	538	578

Total equity	28,445	30,084
Total liabilities and equity	$ 60,897	$ 61,980

(1) **Class A common stock**, $0.01 par value per share, 6,000,000,000 shares authorized, 1,646,535,979 shares and 1,828,315,242 shares issued and outstanding, net of 1,776,045,915 and 1,776,534,202 treasury shares at par at March 31, 2012 and June 30, 2011, respectively.

(2) **Class B common stock**, $0.01 par value per share, 3,000,000,000 shares authorized, 798,520,953 shares issued and outstanding, net of 313,721,702 treasury shares at par at March 31, 2012 and June 30, 2011, respectively.

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

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	For the nine months ended March 31, 2012	2011
Operating activities:		
Net income	$ 2,916	$ 2,166
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	869	837
Amortization of cable distribution investments	69	69
Equity earnings of affiliates	(467)	(272)
Cash distributions received from affiliates	313	178
Impairment charges	10	168
Other, net	(22)	41
Change in operating assets and liabilities, net of acquisitions:		
Receivables and other assets	(551)	(130)
Inventories, net	(577)	(747)
Accounts payable and other liabilities	161	168
Net cash provided by operating activities	2,721	2,478
Investing activities:		
Property, plant and equipment, net of acquisitions	(651)	(817)
Acquisitions, net of cash acquired	(532)	(408)
Investments in equity affiliates	(14)	(273)
Other investments	(198)	(265)
Proceeds from dispositions	408	363
Net cash used in investing activities	(987)	(1,400)
Financing activities:		
Borrowings		2,471
Repayment of borrowings	(32)	(417)
Issuance of shares	87	12
Repurchase of shares	(3,294)	
Dividends paid	(323)	(257)
Purchase of subsidiary shares from noncontrolling interests		(116)
Sale of subsidiary shares to noncontrolling interests		50
Net cash (used in) provided by financing activities	(3,562)	1,743
Net (decrease) increase in cash and cash equivalents	(1,828)	2,821
Cash and cash equivalents, beginning of period	12,680	8,709
Exchange movement on opening cash balance	(166)	254
Cash and cash equivalents, end of period	$ 10,686	$ 11,784

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

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Basis of Presentation

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

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting only of normal recurring adjustments necessary for a fair presentation have been reflected in these unaudited consolidated financial statements. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2012.

These interim unaudited consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 2011 as filed with the Securities and Exchange Commission (SEC) on August 15, 2011 (the 2011 Form 10-K).

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

The Company has an unconsolidated investment in a variable interest entity (VIE) and the Company s aggregate risk of loss related to this unconsolidated VIE was approximately $550 million and $544 million as of March 31, 2012 and June 30, 2011, respectively, which consisted of debt and equity securities and a loan and was included in Investments in the consolidated balance sheets. The Company agreed to backstop financing measures that are being initiated by this VIE, of which 145 million (approximately $195 million) remains as of March 31, 2012. In addition to the financing measures, the Company agreed to loan this VIE approximately $70 million, which has not yet been requested by this VIE.

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

The Company s fiscal year ends on the Sunday closest to June 30. Fiscal 2012 includes 52 weeks, while fiscal 2011 included 53 weeks with the 53rd week falling in the fourth fiscal quarter. All references to March 31, 2012 and March 31, 2011 relate to the three and nine months ended April 1, 2012 and March 27, 2011, respectively. For convenience purposes, the Company continues to date its financial statements as of March 31.

Certain fiscal 2011 amounts have been reclassified to conform to the fiscal 2012 presentation.

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Recently Adopted and Recently Issued Accounting Guidance

Adopted

The Company accounts for programming rights for its multi-year U.S. national sports agreements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 920, Entertainment Broadcasters (ASC 920). Under ASC 920, programmi rights are carried at the lower of unamortized cost or estimated net realizable value. At the inception of these contracts, and at least annually, the Company evaluates the recoverability of the total remaining contract costs plus programming rights for each multi-year U.S. national sports agreement using estimated remaining revenues and expenses directly related to each agreement. If such evaluation indicates that an agreement would result in an ultimate loss, the programming rights would be written down to net realizable value. In addition, where the ultimate loss exceeds the recorded asset, an incremental liability would be recorded to currently recognize the estimated future loss.

In the first quarter of fiscal 2012, the Company voluntarily changed its method of recognizing losses on its multi-year U.S. national sports agreements by no longer accruing for estimated future losses. The Company will, however, continue to recognize programming rights at the lower of unamortized cost or estimated net realizable value in accordance with ASC 920. The Company believes that this method is preferable because the change will (1) align the Company s policy with peer companies in the media industry; (2) result in better correspondence with the substance of the event being recognized as estimated future losses will no longer be recognized; and (3) limit the effect of judgment on any potential impairment loss because the impairment analysis, which involves significant judgment about future revenue and revenue allocations, will only affect programming rights on the balance sheet. Retrospective application of the change in accounting policy had no effect on the consolidated financial statements of the Company for any of the periods presented.

In the third quarter of fiscal 2012, the Company adopted Accounting Standards Update (ASU) 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (ASU 2011-04). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820, Fair Value Measurements (ASC 820). In addition, ASU 2011-04 requires additional fair value disclosures. The prospective application of the amended accounting guidance resulted in additional financial statement disclosures.

Issued

In June 2011, the FASB issued ASU 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income (ASU 2011-05), which eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. Instead, an entity will be required to present either a continuous statement of net income and other comprehensive income or in two separate but consecutive statements. In December 2011, the FASB issued ASU 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05 (ASU 2011-12), to defer the requirement in ASU 2011-05 that companies present reclassification adjustments for each component of accumulated other comprehensive income (AOCI) in both other comprehensive income and net income on the face of the financial statements. ASU 2011-12 requires companies to continue to present amounts reclassified out of AOCI on the face of the financial statements or disclose them in the notes to the financial statements. These provisions are effective for the Company beginning July 1, 2012 and will be applied retrospectively. The Company does not expect the adoption of this standard will have a significant impact on its consolidated financial statements as it will only impact presentation.

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In September 2011, the FASB issued ASU 2011-08, Intangibles Goodwill and Other (Topic 350): Testing Goodwill for Impairment (ASU 2011-08), which permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit s fair value is less than its carrying value before applying the two-step goodwill impairment model that is currently in place. If it is determined through the qualitative assessment that a reporting unit s fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. ASU 2011-08 is effective for the Company for annual and interim goodwill impairment tests performed beginning July 1, 2012, however, early adoption is permitted. The Company is currently evaluating the impact ASU 2011-08 will have on its consolidated financial statements.

In September 2011, the FASB issued ASU 2011-09, Compensation Retirement Benefits Multiemployer Plans (Subtopic 715-80): Disclosures about an Employer s Participation in a Multiemployer Plan (ASU 2011-09). ASU 2011-09 requires enhanced qualitative and quantitative disclosures about an employer s participation in multiemployer pension plans, including additional information about the plans, the level of an employer s participation in the plans and the financial health of significant plans. ASU 2011-09 is retrospectively effective for the Company for the annual periods presented for the fiscal year ending June 30, 2012. The Company does not expect the adoption of this standard will have a significant impact on its consolidated financial statements as it will only impact presentation.

Note 2 Acquisitions, Disposals and Other Transactions

Fiscal 2012

Acquisitions

In October 2011, the Company entered into an agreement to acquire Thomas Nelson, Inc., one of the leading trade publishers in the United States, for approximately $200 million. The acquisition is subject to regulatory clearances and other customary closing conditions.

In December 2011, the Company acquired a 67% equity interest in Fox Pan American Sports LLC (FPAS) for approximately $400 million. The Company previously owned (i) an approximate 33% equity interest in FPAS, an international sports programming and production entity, which owns and operates Fox Sports Latin America network, a Spanish and Portuguese-language sports network distributed to subscribers in certain Caribbean and Central and South American nations, and (ii) partially through its ownership in FPAS, a 53% interest in Fox Deportes, a Spanish-language sports programming service distributed in the United States. As a result of this transaction, the Company now owns 100% of FPAS and Fox Deportes. Accordingly, the results of FPAS are included in the Company s consolidated results of operations beginning in December 2011.

The FPAS acquisition was accounted for in accordance with ASC 805, Business Combinations (ASC 805), which requires an acquirer to remeasure its previously held equity interest in an acquiree at its acquisition date fair value and recognize the resulting gain or loss in earnings. The carrying amount of the Company s previously held equity interest in FPAS was revalued to fair value at the acquisition date, resulting in a non-taxable gain of approximately $158 million which was included in Other, net in the unaudited consolidated statements of operations for the nine months ended March 31, 2012. In accordance with ASC 350, Intangibles-Goodwill and Other (ASC 350), the excess purchase price preliminarily allocated to goodwill will not be amortized for the FPAS acquisition. The amount allocated to goodwill is subject to change pending the completion of final valuations of certain assets and liabilities. A future reduction in goodwill for additional value to be assigned to identifiable finite-lived intangible assets or tangible assets could reduce future earnings as a result of additional amortization.

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Disposition

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

Other

In July 2011, the Company announced that it would close its publication, *The News of the World*, after allegations of phone hacking and payments to public officials. As a result of management s approval of the shutdown of *The News of the World*, the Company has reorganized portions of the U.K. newspaper business and has recorded restructuring charges in fiscal 2012 primarily for termination benefits and certain organizational restructuring at the U.K. newspapers. (See Note 4 Restructuring Programs) The Company is subject to several ongoing investigations by U.K. and U.S. regulators and governmental authorities, including investigations into whether similar conduct may have occurred at the Company s subsidiaries outside of the U.K. The Company is fully cooperating with these investigations. In addition, the Company has admitted liability in a number of civil cases related to the phone hacking allegations and has settled a number of cases. The Company has taken steps to solve the problems relating to *The News of the World* including the creation of an independently-chaired Management & Standards Committee (the MSC), which operates independently from NI Group Limited (News International) and has full authority to ensure complete cooperation with all relevant investigations and inquiries into *The News of the World* matters and all other related issues across News International. The MSC conducts its own internal investigation where appropriate. The MSC has an independent Chairman, Lord Grabiner QC, and reports directly to Joel Klein, Executive Vice President and a director of the Company. Mr. Klein reports to the independent members of the Board of Directors (the Board) through their representative Viet Dinh, an independent director and Chairman of the Company s Nominating and Corporate Governance Committee. The independent directors of the Board have retained independent outside counsel and are actively engaged in these matters. The MSC conducted an internal investigation of the three other titles at News International and engaged independent outside counsel to advise it on these investigations and all other matters it handles. News International has instituted governance reforms and issued certain enhanced policies to its employees. The Company has also engaged independent outside counsel to assist it in responding to U.S. governmental inquiries. (See Note 14 Contingencies for a summary of the costs of *The News of the World* Investigations and Litigation.)

The Company is actively marketing its former U.K. newspaper division headquarters located in East London, which it relocated from in August 2010. As of March 31, 2012, the estimated selling price, less the cost to sell this facility, was in excess of its book value. If the estimated selling price, less the costs to sell this facility, is less than its book value a loss would be recognized in an amount equal to that deficit. This asset held for sale, which is not material to the Company, has been reclassified from Property, plant and equipment, net to Other current assets and is no longer being depreciated. The Company expects to complete a sale of this facility within one year.

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

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Fiscal 2011

During the first quarter of fiscal 2011, the Company acquired an additional interest in Asianet Communications Limited (Asianet), an Asian general entertainment television joint venture, for approximately $92 million in cash. As a result of this transaction, the Company increased its interest in Asianet to 75% from the 51% it owned at June 30, 2010.

In November 2010, the Company formed a joint venture with China Media Capital (CMC), a media fund in China, to explore new growth opportunities. The Company transferred the equity and related assets of its STAR China business along with the Fortune Star Chinese movie library with a combined market value of approximately $140 million and CMC paid cash of approximately $74 million to the Company. Following this transaction, CMC holds a 53% controlling stake in the joint venture and the Company holds a 47% stake. The Company s interest in the joint venture was recorded at fair value of $66 million, which was determined using a discounted cash flow valuation method and is now accounted for under the equity method of accounting. The Company recorded a gain on this transaction which was included in Other, net in the consolidated statements of operations. (See Note 17 Additional Financial Information)

In December 2010, the Company disposed of the Fox Mobile Group (Fox Mobile) and recorded a loss on the disposition which was included in Other, net in the consolidated statements of operations. (See Note 17 Additional Financial Information) The net income, assets, liabilities and cash flow attributable to the Fox Mobile operations were not material to the Company in any of the periods presented and, accordingly, have not been presented separately.

In fiscal 2011, the Company acquired Wireless Generation, an education technology company, for cash. Total consideration was approximately $390 million, which included the equity purchase and the repayment of Wireless Generation s outstanding debt.

In April 2011, the Company acquired Shine Limited (Shine), an international television production company, for cash. The total consideration for this acquisition included (i) approximately $480 million for the acquisition of the equity, of which approximately $60 million has been set aside in escrow to satisfy any indemnification obligations, (ii) the repayment of Shine s outstanding debt of approximately $135 million and (iii) net liabilities assumed. Elisabeth Murdoch, Chairman and Chief Executive Officer of Shine, and daughter of Mr. K. R. Murdoch and sister of Messrs. Lachlan and James Murdoch, received approximately $214 million in cash at closing in consideration for her majority ownership interest in Shine, and is entitled to her proportionate share of amounts that are released from escrow.

The aforementioned acquisitions were accounted for in accordance with ASC 805. In accordance with ASC 350, the excess purchase price that has been allocated or has been preliminarily allocated to goodwill is not being amortized for all of the acquisitions noted above. Where the allocation of the excess purchase price is not final, the amount allocated to goodwill is subject to change upon completion of final valuations of certain assets and liabilities. A future reduction in goodwill for additional value to be assigned to identifiable finite-lived intangible assets or tangible assets could reduce future earnings as a result of additional amortization.

In June 2011, the Company transferred the equity and related assets of Myspace to a digital media company in exchange for an equity interest in the acquirer. As a result of this transaction, the Company s interest in the acquirer, which is not material, was recorded at fair value and is now accounted for under the cost method of accounting. The loss on this transaction was approximately $254 million, net of tax of $61 million, or ($0.10) per diluted share and was included in Loss on disposition of discontinued operations, net of tax in the consolidated statements of operations for the fiscal year ended June 30, 2011. The assets, liabilities and cash flow attributable

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to the Myspace operations were not material to the Company in any of the periods presented and, accordingly, have not been presented separately. Revenues attributable to Myspace for the three and nine months ended March 31, 2011 were $15 million and $95 million, respectively. Operating losses attributable to Myspace for the three and nine months ended March 31, 2011 were $54 million and $172 million, respectively.

Note 3 Receivables, net

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

The Company has receivables with original maturities greater than one year in duration principally related to the Company s sale of program rights in the television syndication markets within the Filmed Entertainment segment. Allowances for credit losses are established against these non-current receivables as necessary. As of March 31, 2012 and June 30, 2011, these allowances were not material.

Receivables, net consisted of:

	At March 31, 2012	At June 30, 2011
	(in millions)	
Total receivables	$ 8,128	$ 7,779
Allowances for returns and doubtful accounts	(1,114)	(1,099)
Total receivables, net	7,014	6,680
Less: current receivables, net	(6,616)	(6,330)
Non-current receivables, net	$ 398	$ 350

Note 4 Restructuring Programs

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

In fiscal 2011, the Company recorded restructuring charges of approximately $145 million, of which $3 million and $117 million were recorded during the three and nine months ended March 31, 2011, respectively. The fiscal 2011 restructuring charges primarily consisted of a $115 million charge related to the Company s digital media properties and $25 million related to termination benefits recorded at the newspaper businesses. The charges at the Company s digital media properties were a result of an organizational restructuring to align resources more closely with business priorities and consisted of facility related costs of $95 million, termination benefits of $18 million and other associated costs of $2 million.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Company expects to record an additional $60 million of restructuring charges, principally related to accretion on facility termination obligations through fiscal 2021 and additional termination benefits related to the newspaper businesses. At March 31, 2012, restructuring liabilities of approximately $72 million and $156 million were included in the consolidated balance sheets in other current liabilities and other liabilities, respectively. Amounts included in other liabilities primarily relate to facility termination obligations, which are expected to be paid through fiscal 2021.

Changes in the program liabilities were as follows:

	For the three months ended March 31, 2012				For the three months ended March 31, 2011			
	One time termination benefits	Facility related costs	Other costs	Total	One time termination benefits	Facility related costs	Other costs	Total
	(in millions)				(in millions)			
Beginning of period	$ 59	$ 195	$	$ 254	$ 29	$ 229	$ 7	$ 265
Additions	8	3	6	17		3		3
Payments	(29)	(9)	(1)	(39)	(14)	(9)	(6)	(29)
Other			(4)	(4)	(1)	(1)	1	(1)
End of period	$ 38	$ 189	$ 1	$ 228	$ 14	$ 222	$ 2	$ 238

	For the nine months ended March 31, 2012				For the nine months ended March 31, 2011			
	One time termination benefits	Facility related costs	Other costs	Total	One time termination benefits	Facility related costs	Other costs	Total
	(in millions)				(in millions)			
Beginning of period	$ 27	$ 207	$	$ 234	$ 32	$ 154	$ 6	$ 192
Additions	110	9	25	144	22	93	2	117
Payments	(94)	(27)	(13)	(134)	(39)	(24)	(6)	(69)
Other	(5)		(11)	(16)	(1)	(1)		(2)
End of period	$ 38	$ 189	$ 1	$ 228	$ 14	$ 222	$ 2	$ 238

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Note 5 Inventories, net

The Company s inventories were comprised of the following:

	At March 31, 2012	At June 30, 2011
	(in millions)	
Programming rights	$ 4,431	$ 3,512
Books, DVDs, Blu-rays, paper and other merchandise	372	373
Filmed entertainment costs:		
Films:		
Released (including acquired film libraries)	621	755
Completed, not released	72	31
In production	757	784
In development or preproduction	169	98
	1,619	1,668
Television productions:		
Released (including acquired libraries)	547	617
In production	430	356
In development or preproduction	4	4
	981	977
Total filmed entertainment costs, less accumulated amortization[a]	2,600	2,645
Total inventories, net	7,403	6,530
Less: current portion of inventory, net[b]	(2,864)	(2,332)
Total noncurrent inventories, net	$ 4,539	$ 4,198

[a] Does not include $405 million and $428 million of net intangible film library costs as of March 31, 2012 and June 30, 2011, respectively, which are included in intangible assets subject to amortization in the consolidated balance sheets.

[b] Current inventory as of March 31, 2012 and June 30, 2011 was comprised of programming rights ($2,525 million and $1,995 million, respectively), books, DVDs, Blu-rays, paper and other merchandise.

Note 6 Investments

The Company s investments were comprised of the following:

	Ownership Percentage	At March 31,	At June 30,

			2012	2011
			(in millions)	
Equity method investments:				
British Sky Broadcasting Group plc[a]	U.K. DBS operator	39%	$ 1,774	$ 1,532
NDS Group Limited	Digital technology company	49%	471	423
Sky Network Television Ltd.[a]	New Zealand media company	44%	383	424
Sky Deutschland AG[a]	German pay-TV operator	49.9%	251	304
Other equity method investments		various	863	1,107
Fair value of available-for-sale investments[b]		various	513	652
Other investments		various	463	425
			$ 4,718	$ 4,867

[a] The market value of the Company s investment in British Sky Broadcasting Group plc (BSkyB), Sky Deutschland AG (Sky Deutschland) and Sky Network Television Ltd. of $7,240 million, $1,076 million and $720 million at March 31, 2012, respectively, were valued using quoted market prices.

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

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

	At March 31, 2012	At June 30, 2011
	(in millions)	
Cost basis of available-for-sale investments	$ 269	$ 269
Accumulated gross unrealized gain	244	383
Fair value of available-for-sale investments	$ 513	$ 652
Net deferred tax liability[(a)]	$ 90	$ 132

(a) The net deferred tax liability includes $97 million and $113 million related to unrealized gains recorded in comprehensive income as of March 31, 2012 and June 30, 2011, respectively.

BSkyB

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

In November 2011, BSkyB s shareholders and board of directors authorized a share repurchase program. The Company entered into an agreement with BSkyB under which, following any market purchases of shares by BSkyB, the Company will sell to BSkyB sufficient shares to maintain its approximate 39% interest subsequent to those market purchases, for a price equal to the price paid by BSkyB in respect of the relevant market purchases. BSkyB began repurchasing shares as part of this share repurchase program during the second quarter of fiscal 2012. As a result, the Company received cash consideration of approximately $189 million during fiscal 2012 and recognized gains of approximately $111 million and $155 million which was included in Equity earnings of affiliates in the unaudited consolidated statements of operations for the three and nine months ended March 31, 2012, respectively.

Sky Deutschland

In fiscal 2011, the Company entered into an agreement with Sky Deutschland to backstop 400 million (approximately $525 million) of financing measures that were being initiated by Sky Deutschland. The financing measures were executed in stages and completed in December 2011. The first capital increase was structured as a rights issue in which the Company purchased additional shares of Sky Deutschland for approximately $150 million in September 2010. In the second capital increase, the Company purchased a convertible bond for

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approximately $225 million in January 2011. In December 2011, as part of the third capital increase, the Company provided a loan of approximately $80 million with a maturity date of March 2014.

The Company currently has the right to convert the bond from the second capital increase into 53.9 million underlying Sky Deutschland shares, subject to certain black-out periods. If not converted, the Company will have the option to redeem the bond for cash upon its maturity in January 2015. The convertible bond was separated into its host and derivative financial instrument components, both of which are recorded at their estimated fair value in Investments in the consolidated balance sheets. The change in estimated fair value of the derivative instrument of approximately $(7) million and $82 million was recorded in Other, net in the unaudited consolidated statements of operations for the three and nine months ended March 31, 2012, respectively.

In February 2012, the Company agreed to backstop 300 million (approximately $395 million) of financing measures that are being initiated by Sky Deutschland. The first step of the financing was completed in February 2012, in which Sky Deutschland raised approximately 155 million, and the Company acquired 35.3 million additional shares of Sky Deutschland maintaining its ownership at 49.9%. The aggregate cost of the shares acquired by the Company was approximately 80 million (approximately $100 million) and the shares were newly registered shares issued pursuant to the capital increase. The second capital increase of 145 million (approximately $195 million) is expected to be raised by Sky Deutschland by the end of September 2012 and is planned through any or a combination of the following measures: a rights offering, a private placement, a loan provided by the Company and/or a convertible bond underlying Sky Deutschland shares. In the event that a convertible bond is issued, the remaining 145 million funding will be increased by the amount of interest payable on the bond from the date of issue until December 31, 2013. The Company s backstop commitment is subject to certain customary conditions such as the absence of a material adverse change in Sky Deutschland s business.

In addition to the financing measures noted above, the Company has also agreed to loan Sky Deutschland approximately $70 million to support the launch of a sports news channel which it expects to fund within one year.

Other

In August 2010, the Company increased its investment in Tata Sky Ltd. (Tata Sky) for approximately $88 million in cash. As a result of this transaction, the Company increased its interest in Tata Sky to approximately 30% from the 20% it owned at June 30, 2010.

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

In March 2012, the Company and funds advised by Permira Advisers LLP signed an agreement to sell NDS Group Limited (NDS) to Cisco Systems Inc. for approximately $5 billion, including the assumption of debt. The Company owns approximately 49% of NDS. The transaction is subject to customary closing conditions, including regulatory review in the U.S. and elsewhere, and is expected to close during the second half of calendar year 2012.

In April 2012, FOXTEL, a cable and satellite television service in Australia in which the Company currently owns a 25% interest, entered into an agreement to purchase Austar United Communications Ltd (Austar) to create a national subscription television service in Australia. The Company s contribution to this transaction is a subordinated shareholder note of approximately $230 million, which was issued subsequent to March 31, 2012. The subordinated shareholder note is subject to the completion of the Austar acquisition and has a maximum

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term of 15 years, with interest payable on June 30th each year and at maturity. The subordinated shareholder note can be repaid in 10 years provided that FOXTEL s senior debt has been repaid. Upon maturity, the principal advanced will be repayable.

Note 7 Fair Value

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

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

		Fair Value Measurements March 31, 2012		
Description	**Total**	**Quoted Prices in Active Markets for Identical Instruments (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(in millions)		
Assets				
Available-for-sale securities(1)	$ 513	$ 315	$ 198	$
Derivatives(2)	13		13	
Redeemable noncontrolling interests(3)	(602)			(602)
Total	**$ (76)**	**$ 315**	**$ 211**	**$ (602)**

		June 30, 2011		
Description	**Total**	**Quoted Prices in Active Markets for Identical Instruments (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(in millions)		
Assets				
Available-for-sale securities(1)	$ 652	$ 360	$ 292	$
Liabilities				
Derivatives(2)	(22)		(22)	
Redeemable noncontrolling interests(3)	(242)			(242)
Total	**$ 388**	**$ 360**	**$ 270**	**$ (242)**

(1) See Note 6 Investments.

(2) Represents derivatives associated with the Company s foreign exchange forward contracts designated as hedges.

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(3) The Company accounts for the redeemable noncontrolling interests in accordance with ASC 480-10-S99-3A because their exercise is outside the control of the Company and, accordingly, as of March 31, 2012 and June 30, 2011, has included the fair value of the redeemable noncontrolling interests in the consolidated balance sheets. The majority of redeemable noncontrolling interests recorded at fair value are put arrangements held by the noncontrolling interests in two of the Company s majority-owned RSNs and in one of the Company s Asian general entertainment television joint ventures.

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

Significant unobservable inputs used in the fair value measurement of the Company s redeemable noncontrolling interests are earnings before interest, taxes, depreciation and amortization (EBITDA) growth rates (3%-4% range), discount rates (8%-9% range) and peer multiples (9x-16x range). Significant increases (decreases) in growth rates and multiples, assuming no change in discount rates, would result in a significantly higher (lower) fair value measurement. Significant decreases (increases) in discount rates, assuming no changes in growth rates and multiples, would result in a significantly higher (lower) fair value measurement.

The fair value of the redeemable noncontrolling interests in the RSNs were primarily determined by (i) applying a multiples-based formula that is intended to approximate fair value for one of the RSNs and (ii) using a discounted EBITDA valuation model, assuming a 9% discount rate for the other RSN. At March 31, 2012, the minority shareholder s put right in one of the RSNs is currently exercisable.

The fair value of the redeemable noncontrolling interest in the Asian general entertainment television joint venture was determined using a market approach. At March 31, 2012, the minority shareholder s put right is exercisable.

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

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

	For the nine months ended March 31,	
	2012	2011
	(in millions)	
Beginning of period	$ (242)	$ (325)
Total losses included in net income	(55)	(12)
Total gains (losses) included in other comprehensive income		
Issuance of redeemable noncontrolling interest	(273)	
Other	(32)	9
End of period	**$ (602)**	**$ (328)**

Financial Instruments

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

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The aggregate fair value of the Company s borrowings at March 31, 2012 was approximately $17,917 million compared with a carrying value of $15,460 million and, at June 30, 2011, was approximately $17,152 million compared with a carrying value of $15,495 million. Fair value is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market.

Foreign Currency Forward Contracts

The Company uses financial instruments designated as cash flow hedges primarily to hedge certain exposures to foreign currency exchange risks associated with the cost for producing or acquiring films and television programming abroad. The notional amount of foreign exchange forward contracts with foreign currency risk outstanding at March 31, 2012 and June 30, 2011 was $324 million and $766 million, respectively. As of March 31, 2012 and June 30, 2011, the fair values of the foreign exchange forward contracts of approximately $13 million and $(22) million, respectively, were recorded in the underlying hedged balances. The Company s foreign currency forward contracts are valued using an income approach based on the present value of the forward rate less the contract rate multiplied by the notional amount.

The effective changes in fair value of derivatives designated as cash flow hedges for the three and nine months ended March 31, 2012 of $(8) million and $47 million, respectively, were recorded in accumulated other comprehensive income with foreign currency translation adjustments. The ineffective changes in fair value of derivatives designated as cash flow hedges were immaterial. Amounts are reclassified from accumulated other comprehensive income when the underlying hedged item is recognized in earnings. During the three months ended March 31, 2012 and 2011, the Company reclassified gains of approximately $11 million and $3 million, respectively, from other comprehensive income to net income. During the nine months ended March 31, 2012 and 2011, the Company reclassified gains of $12 million from other comprehensive income to net income. The Company expects to reclassify the cumulative change in fair value included in other comprehensive income within the next 24 months. Cash flows from the settlement of foreign exchange forward contracts offset cash flows from the underlying hedged item and are included in operating activities in the consolidated statements of cash flows.

Concentrations of Credit Risk

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

The Company s receivables did not represent significant concentrations of credit risk at March 31, 2012 or June 30, 2011 due to the wide variety of customers, markets and geographic areas to which the Company s products and services are sold.

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. At March 31, 2012, the Company did not anticipate nonperformance by any of the counterparties.

Note 8 Goodwill and Other Intangible Assets

The increase in the carrying value of goodwill during the nine months ended March 31, 2012 was primarily due to the consolidation of FPAS in December 2011, partially offset by foreign currency adjustments and the News Outdoor Russia disposition in July 2011.

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During the second quarter of fiscal 2011, the Company performed an interim impairment review of its Digital Media Group reporting unit s goodwill as a result of lower than expected earnings and cash flows relative to the assumptions utilized in its fiscal 2010 annual impairment review, as well as the organizational restructuring at this reporting unit. As a result of the review performed, the Company recorded a non-cash goodwill impairment charge of $168 million during the nine months ended March 31, 2011.

The Company s goodwill impairment review was determined using a two-step process. The first step of the process was to compare the fair value of the reporting unit with its carrying amount, including goodwill. In performing the first step, the Company determined the fair value of the reporting unit by primarily using a discounted cash flow analysis and market-based valuation approach methodologies. Determining fair value required the exercise of significant judgments, including judgments about appropriate discount rates, perpetual growth rates, relevant comparable company earnings multiples and the amount and timing of expected future cash flows. The cash flows employed in the analyses were based on the Company s estimated outlook and various growth rates have been assumed for years beyond the long-term business plan period. Discount rate assumptions were based on an assessment of the risk inherent in the future cash flows of the respective reporting unit. In assessing the reasonableness of its determined fair values, the Company evaluated its results against other value indicators, such as comparable public company trading values. As the carrying amount of the reporting unit exceeded its fair value, the second step of the goodwill impairment review was required to be performed to estimate the implied fair value of the reporting unit s goodwill. The implied fair value of goodwill was determined in the same manner as the amount of goodwill recognized in a business combination. That is, the estimated fair value of the reporting unit was allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the estimated fair value of the reporting unit was the purchase price paid. The implied fair value of the reporting unit s goodwill was compared with the carrying amount of that goodwill. As the carrying amount of the reporting unit s goodwill exceeded the implied fair value of that goodwill, an impairment loss was recognized in an amount equal to that excess.

Note 9 Borrowings

Notes due 2021 and 2041

In February 2011, News America Incorporated (NAI), a wholly-owned subsidiary of the Company, issued $1.0 billion of 4.50% Senior Notes due 2021 and $1.5 billion of 6.15% Senior Notes due 2041. The net proceeds of $2.5 billion will be used for general corporate purposes, including the refinancing of near term maturities.

LYONs

In February 2001, NAI issued Liquid Yield Option™ Notes (LYONs) which paid no interest and had an aggregate principal amount at maturity of $1,515 million, representing a yield of 3.5% per annum on the issue price. The notes were recorded at a discount and were being accreted using the effective interest rate method. On February 28, 2006, 92% of the LYONs were redeemed for cash at the specified redemption amount of $594.25 per LYON. Accordingly, NAI paid an aggregate of approximately $831 million to the holders of the LYONs that had exercised this redemption option.

The remaining notes were redeemable at the option of the holders on February 28, 2011 at a price of $706.82 per LYON. During fiscal 2011, the outstanding LYONs were redeemed for cash of approximately $82 million.

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In August 2006, the Company entered into a loan agreement with Raiffeisen Zentralbank Österreich AG (RZB), which was subsequently amended in September 2009. As of June 30, 2011, $32 million was outstanding under this loan agreement which was classified as current borrowings. The Company repaid this amount in July 2011 in connection with the disposal of News Outdoor Russia. (See Note 2 Acquisitions, Disposals and Other Transactions)

In February 2011, NAI completed a tender offer on a portion of the $500 million of 9.25% Senior Debentures due February 1, 2013 and retired, at a premium, an aggregate principal amount of approximately $227 million. The loss on early extinguishment of debt was approximately $36 million which was included in Other, net in the consolidated statements of operations for the fiscal year ended June 30, 2011. The remaining principle of $273 million is included in Borrowings within current liabilities as of March 31, 2012.

Note 10 Film Production Financing

The Company enters into arrangements with third parties to co-produce certain of its theatrical productions. These arrangements, which are referred to as co-financing arrangements, take various forms. The parties to these arrangements include studio and non-studio entities, both domestic and international. In several of these agreements, other parties control certain distribution rights. The Filmed Entertainment segment records the amounts received for the sale of an economic interest as a reduction of the cost of the film, as the investor assumes full risk for that portion of the film asset acquired in these transactions. The substance of these arrangements is that the third-party investors own an interest in the film and, therefore, receive a participation based on the third-party investor s contractual interest in the profits or losses incurred on the film. Consistent with the requirements of ASC 926, Entertainment Films, the estimate of the third-party investor s interest in profits or losses incurred on the film is determined by reference to the ratio of actual revenue earned to date in relation to total estimated ultimate revenues. During the fiscal year ended June 30, 2011, the Company bought out the ownership interests of a group of third party investors in an existing slate of films and extended its co-financing arrangement with such investors for an additional two years for production starts through August 1, 2012. The Company negotiated a buy out of the investors remaining interests in their underlying slate of films, at a price that was based on the then remaining projected future cash flows that the investors would have received from the slate.

Note 11 Equity

The following table summarizes changes in equity:

	For the three months ended March 31,					
	2012			2011		
	News Corporation Stockholders	Noncontrolling Interests	Total Equity	News Corporation Stockholders	Noncontrolling Interests	Total Equity
	(in millions)					
Balance, beginning of period	$ 27,454	$ 495	$ 27,949	$ 27,414	$ 451	$ 27,865
Net income	937	45[a]	982	639	38[a]	677
Other comprehensive income	414	[b]	414	502	2[b]	504
(Cancellation) issuance of shares, net	(734)		(734)	22		22
Dividends declared	(209)		(209)	(199)		(199)
Other	45	(2)[c]	43	35	3[c]	38
Balance, end of period	$ 27,907	$ 538	$ 28,445	$ 28,413	$ 494	$ 28,907

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	For the nine months ended March 31,					
	2012			2011		
	News Corporation Stockholders	Noncontrolling Interests	Total Equity	News Corporation Stockholders	Noncontrolling Interests	Total Equity
	(in millions)					
Balance, beginning of period	$ 29,506	$ 578	$ 30,084	$ 25,113	$ 428	$ 25,541
Net income	2,732	129[a]	2,861	2,056	98[a]	2,154
Other comprehensive (loss) income	(667)	(4)[b]	(671)	1,613	10[b]	1,623
(Cancellation) issuance of shares, net	(3,134)		(3,134)	75		75
Dividends declared	(455)		(455)	(396)		(396)
Other	(75)	(165)[c]	(240)	(48)	(42)[c]	(90)
Balance, end of period	$ 27,907	$ 538	$ 28,445	$ 28,413	$ 494	$ 28,907

(a) Net income attributable to noncontrolling interests excludes $21 million and $5 million for the three months ended March 31, 2012 and 2011, respectively, and $55 million and $12 million for the nine months ended March 31, 2012 and 2011, respectively, relating to redeemable noncontrolling interests which are reflected in temporary equity.

(b) Other comprehensive income (loss) attributable to noncontrolling interests excludes nil for the three and nine months ended March 31, 2012 and 2011, relating to redeemable noncontrolling interests.

(c) Other activity attributable to noncontrolling interests excludes $(6) million and $3 million for the three months ended March 31, 2012 and 2011, respectively, and $305 million and $(9) million for the nine months ended March 31, 2012 and 2011, respectively, relating to redeemable noncontrolling interests.

Dividends

The Company declared a dividend of $0.085 per share on both the Class A common stock, par value $0.01 per share (Class A Common Stock) and the Class B common stock, par value $0.01 per share (Class B Common Stock) in the three months ended March 31, 2012, which was paid in April 2012 to stockholders of record on March 14, 2012. The related total aggregate dividend paid to stockholders in April 2012 was approximately $209 million.

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

The Company declared a dividend of $0.075 per share on both the Class A Common Stock and the Class B Common Stock in the three months ended March 31, 2011, which was paid in April 2011 to stockholders of record on March 16, 2011. The related total aggregate dividend paid to stockholders in April 2011 was approximately $199 million.

The Company declared a dividend of $0.075 per share on both the Class A Common Stock and the Class B Common Stock in the three months ended September 30, 2010, which was paid in October 2010 to stockholders of record on September 8, 2010. The related total aggregate dividend paid to stockholders in October 2010 was approximately $197 million.

Stock Repurchase Program

The Board had authorized a total stock repurchase program of $6 billion with a remaining authorized amount under the program of approximately $1.8 billion, excluding commissions as of June 30, 2011. In July

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2011, the Company announced that the Board had authorized increasing the total amount of the stock repurchase program remaining by approximately $3.2 billion to $5 billion. The remaining authorized amount under the Company s stock repurchase program at March 31, 2012, excluding commissions, was approximately $1.7 billion.

In May 2012, the Company announced that the Board approved a $5 billion increase to the Company s stock repurchase program for the repurchase of Class A Common Stock. The Company is targeting to acquire the additional $5 billion of Class A Common Stock from time to time by June 30, 2013.

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

On April 18, 2012, the Company announced that in order to ensure compliance with U.S. law, it has suspended 50% of the voting rights of the Class B Common Stock held by stockholders who are not U.S. citizens (Non-U.S. Stockholders). This suspension of voting rights was immediately effective and will remain in place for as long as the Company deems it necessary to maintain compliance with applicable U.S. law, which states that no broadcast station licensee may be owned by a corporation if more than 25% of that corporation s stock is owned or voted by Non-U.S. Stockholders. The Company had determined that as of April 18, 2012 approximately 36% of the Company s Class B Common Stock is owned by Non-U.S. Stockholders, and the combined ownership of Class A Common Stock and Class B Common Stock by Non-U.S. Stockholders is approximately 22% of the combined outstanding shares of Class A Common Stock and Class B Common Stock. The Company owns broadcast station licensees in connection with its ownership and operation of 27 U.S. television stations. However, the suspension will not apply in connection with any vote on any matter on which holders of Class A Common Stock shall be entitled to vote together with holders of Class B Common Stock as described in the Company s Restated Certificate of Incorporation. The suspension will not impact the rights of Non-U.S. Stockholders of Class B Common Stock to receive dividends and distributions.

Voting Agreement with the Murdoch Family Interests

On April 18, 2012, the Murdoch Family Trust and K. Rupert Murdoch (together the Murdoch Family Interests) entered into an agreement with the Company, whereby the Murdoch Family Interests agreed to limit their voting rights during the voting rights suspension period. Under this agreement, the Murdoch Family Interests will not vote or provide voting instructions with respect to a portion of their shares of Class B Common Stock to the extent that doing so would increase their percentage of voting power from what it was prior to the suspension of voting rights. Accordingly, after the suspension of voting rights, the aggregate percentage vote of the Murdoch Family Interests will remain initially at 39.7% of the outstanding shares of Class B Common Stock not subject to the suspension of voting rights, and the percentage vote may be adjusted as provided in the agreement with the Company.

Note 12 Equity-Based Compensation

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2012	2011	2012	2011
	(in millions)			
Equity-based compensation	$ 58	$ 50	$ 165	$ 125
Cash received from exercise of equity-based compensation	$ 72	$ 12	$ 80	$ 12

At March 31, 2012, the Company s total compensation cost related to non-vested stock options, restricted stock units (RSUs) and performance stock units (PSUs) not yet recognized for all equity-based compensation plans was approximately $228 million, the majority of which is expected to be recognized over the next three

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fiscal years. Compensation expense on all equity-based awards is generally recognized on a straight-line basis over the vesting period of the entire award. However, certain performance based awards are recognized on an accelerated basis.

The intrinsic value of stock options exercised during the nine months ended March 31, 2012 and 2011 was $18 million and $1 million, respectively. The intrinsic value of the stock options outstanding as of March 31, 2012 and June 30, 2011 was $26 million and $11 million, respectively.

At March 31, 2012 and June 30, 2011, the liability for cash-settled awards was approximately $91 million and $58 million, respectively.

The Company recognized a tax benefit (expense) on vested RSUs and stock options exercised of approximately $13 million and $(3) million for the nine months ended March 31, 2012 and 2011, respectively.

Performance Stock Units

PSUs are fair valued on the date of grant and expensed using a straight-line method as the awards cliff vest at the end of the three year performance period. The Company also estimates the number of shares expected to vest which is based on management s determination of the probable outcome of the performance condition, which requires considerable judgment. The Company records a cumulative adjustment in periods that the Company s estimate of the number of shares expected to vest changes. Additionally, the Company ultimately adjusts the expense recognized to reflect the actual vested shares following the resolution of the performance conditions.

In the first quarter of fiscal 2012, certain executives of the Company responsible for various business units within the Company each received a grant of PSUs that has a three year performance measurement period beginning in July 2011. The awards are subject to the achievement of pre-defined goals for operating profit, cash flow and key divisional performance indicators for the applicable performance period. The majority of these awards will be settled in shares of Class A Common Stock.

In August 2011 and 2010, the Compensation Committee approved a grant of PSUs that has a three year performance measurement period beginning for the fiscal years ending June 30, 2012 and 2011, respectively. For executive directors of the Company, each PSU represents the right to receive the U.S. dollar value of one share of Class A Common Stock in cash after the completion of the three year performance period, subject to the satisfaction of one or more pre-established objective performance measures determined by the Compensation Committee. These awards have a graded vesting and the expense recognition is accelerated.

In fiscal 2012 and 2011, a total of 9.1 million and 1.8 million target PSUs were issued, respectively, of which 6.8 million and nil, respectively, will be settled in shares of Class A Common Stock.

Restricted Stock Units

During the nine months ended March 31, 2012 and 2011, approximately 6.7 million and 13.2 million RSUs were issued, respectively, of which 6.5 million and 10.7 million, respectively, will be settled in shares of Class A Common Stock. RSUs granted to executive directors and certain awards granted to employees in certain foreign locations are settled in cash.

During the nine months ended March 31, 2012 and 2011, approximately 8.4 million and 9.4 million RSUs vested, respectively, of which approximately 7.2 million and 7.8 million, respectively, were settled in shares of

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Class A Common Stock, before statutory tax withholdings. The fair value of RSUs settled in shares of Class A Common Stock was approximately $119 million and $105 million for the nine months ended March 31, 2012 and 2011, respectively. The remaining 1.2 million and 1.6 million RSUs settled during the nine months ended March 31, 2012 and 2011, respectively, were settled in cash of approximately $19 million and $23 million, respectively, before statutory tax withholdings.

Note 13 Commitments and Guarantees

Commitments

The Company has commitments under certain firm contractual arrangements (firm commitments) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The total firm commitments and future debt repayments as of March 31, 2012 and June 30, 2011 were $60 billion and $49 billion, respectively. The increase from June 30, 2011 was primarily due to the new agreement with the National Football League, renewals of certain rights at the Company s RSNs and international sports programming rights. Subsequent to March 31, 2012, the Company entered into an agreement for the rights to broadcast cricket matches organized by the Board of Control for Cricket in India through fiscal 2018. Under the terms of the agreement, the Company is required to obtain a bank guarantee covering the programming rights obligation.

Guarantees

The Company s guarantees have not changed significantly from the disclosures included in the 2011 Form 10-K.

Note 14 Contingencies

Intermix

On August 26, 2005 and August 30, 2005, two purported class action lawsuits captioned, respectively, Ron Sheppard v. Richard Rosenblatt et. al., and John Friedmann v. Intermix Media, Inc. et al., were filed in the California Superior Court, County of Los Angeles. Both lawsuits named as defendants all of the then incumbent members of the board of directors of Intermix Media, Inc. (Intermix), including Mr. Rosenblatt, Intermix s former Chief Executive Officer, and certain entities affiliated with VantagePoint Venture Partners (VantagePoint), a former major Intermix stockholder. The complaints alleged that, in pursuing the transaction whereby Intermix was to be acquired by Fox Interactive Media, a subsidiary of the Company (the FIM Transaction), and approving the related merger agreement, the director defendants breached their fiduciary duties to Intermix stockholders by, among other things, engaging in self-dealing and failing to obtain the highest price reasonably available for Intermix and its stockholders. The complaints further alleged that the merger agreement resulted from a flawed process and that the defendants tailored the terms of the merger to advance their own interests. The FIM Transaction was consummated on September 30, 2005. The Friedmann and Sheppard lawsuits were subsequently consolidated and, on January 17, 2006, a consolidated amended complaint was filed (the Intermix Media Shareholder Litigation). The plaintiffs in the consolidated action sought various forms of declaratory relief, damages, disgorgement and fees and costs. On March 20, 2006, the court ordered that substantially identical claims asserted in a separate state action filed by Brad Greenspan, captioned Greenspan v. Intermix Media, Inc., et al., be severed and related to the Intermix Media Shareholder Litigation. The defendants filed demurrers seeking dismissal of all claims in the Intermix Media Shareholder Litigation and the severed Greenspan claims. On October 6, 2006, the court sustained the demurrers without leave to amend. On December 13, 2006, the court dismissed the complaints and entered judgment for the defendants. Greenspan and plaintiffs in the Intermix Media Shareholder Litigation filed notices of appeal. The Court of Appeal heard arguments on the fully briefed appeal on October 23, 2008. On November 11, 2008, the Court of Appeal issued

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an unpublished opinion affirming the lower court s dismissal on all counts. On December 19, 2008, stockholder appellants filed a Petition for Review with the California Supreme Court. The California Supreme Court denied review on February 18, 2009 and the judgment is now final.

In November 2005, plaintiff in a derivative action captioned LeBoyer v. Greenspan et al. pending against various former Intermix directors and officers in the United States District Court for the Central District of California filed a First Amended Class and Derivative Complaint (the Amended Complaint). The original derivative action was filed in May 2003 and arose out of Intermix s restatement of quarterly financial results for its fiscal year ended March 31, 2003. A substantially similar derivative action filed in Los Angeles Superior Court was dismissed based on the inability of the plaintiffs to plead adequately demand futility. The Amended Complaint added various allegations and purported class claims arising out of the FIM Transaction that are substantially similar to those asserted in the Intermix Media Shareholder Litigation. The Amended Complaint also added as defendants the individuals and entities named in the Intermix Media Shareholder Litigation that were not already defendants in the matter. On October 16, 2006, the court dismissed the fourth through seventh claims for relief, which related to the 2003 restatement, finding that the plaintiff is precluded from relitigating demand futility. At the same time, the court asked for further briefing regarding plaintiffs standing to assert derivative claims based on the FIM Transaction, including for alleged violation of Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), the effect of the state judge s dismissal of the claims in the Greenspan case and the Intermix Media Shareholder Litigation on the remaining direct class action claims alleging breaches of fiduciary duty and other common law claims leading up to the FIM Transaction. The parties filed the requested additional briefing in which the defendants requested that the court stay the direct LeBoyer claims pending the resolution of any appeal in the Greenspan case and the Intermix Media Shareholder Litigation. By order dated May 22, 2007, the court granted defendants motion to dismiss the derivative claims arising out of the FIM Transaction, and denied the defendants request to stay the two remaining direct claims. As explained in more detail in the next paragraph, the court subsequently consolidated this case with the Brown v. Brewer action also pending before the court. On July 11, 2007, plaintiffs filed the consolidated first amended complaint under the Brown case title. See the discussion of the Brown case below for the subsequent developments in the consolidated case.

On June 14, 2006, a purported class action lawsuit, captioned Jim Brown v. Brett C. Brewer, et al., was filed against certain former Intermix directors and officers in the United States District Court for the Central District of California. The plaintiff asserted claims for alleged violations of Section 14(a) of the Exchange Act and SEC Rule 14a-9, as well as control person liability under Section 20(a) of the Exchange Act. The plaintiff alleged that certain defendants disseminated false and misleading definitive proxy statements on two occasions: one on December 30, 2003 in connection with the stockholder vote on January 29, 2004 on the election of directors and ratification of financing transactions with certain entities of VantagePoint; and another on August 25, 2005 in connection with the stockholder vote on the FIM Transaction. The complaint named as defendants certain VantagePoint related entities, the former general counsel and the members of the Intermix Board who were incumbent on the dates of the respective proxy statements. Intermix was not named as a defendant, but has certain indemnity obligations to the former officer and director defendants in connection with these claims and allegations. On August 25, 2006, plaintiff amended his complaint to add certain investment banks (the Investment Banks) as defendants. Intermix has certain indemnity obligations to the Investment Banks as well. Plaintiff amended his complaint again on September 27, 2006, which defendants moved to dismiss. On February 9, 2007, the case was transferred to Judge George H. King, the judge assigned to the LeBoyer action, on the grounds that it raises substantially related questions of law and fact as LeBoyer, and would entail substantial duplication of labor if heard by different judges. On June 11, 2007, Judge King ordered the Brown case be consolidated with the LeBoyer action, ordered plaintiffs counsel to file a consolidated first amended complaint, and further ordered the parties to file a joint brief on defendants contemplated motion to dismiss the consolidated first amended complaint. On July 11, 2007, plaintiffs filed the consolidated first amended

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complaint, which defendants moved to dismiss. By order dated January 17, 2008, Judge King granted defendants motion to dismiss the 2003 proxy claims (concerning VantagePoint transactions) and the 2005 proxy claims (concerning the FIM Transaction), as well as a claim against the VantagePoint entities alleging unjust enrichment. The court found it unnecessary to rule on dismissal of the remaining claims, which are related to the 2005 FIM Transaction, because the dismissal disposed of those claims. On February 8, 2008, plaintiffs filed a consolidated second amended complaint, which defendants moved to dismiss on February 28, 2008. By order dated July 15, 2008, the court granted in part and denied in part defendants motion to dismiss. The 2003 claims and the claims against the Investment Banks were dismissed with prejudice. The Section 14(a), Section 20(a) and the breach of fiduciary duty claims related to the FIM Transaction remain against the officer and director defendants and the VantagePoint defendants. On November 14, 2008, plaintiff filed a motion for class certification to which defendants filed their opposition on January 14, 2009. On June 22, 2009, the court granted plaintiff s motion for class certification, certifying a class of all holders of Intermix common stock from July 18, 2005 through consummation of the FIM Transaction, who were allegedly harmed by defendants improper conduct as set forth in the complaint. On June 17, 2010, the court granted in part and denied in part defendants summary judgment motion filed on October 19, 2009. Specifically, the court denied plaintiff s motion for summary adjudication of a factual issue and denied defendants motion to exclude plaintiff s damages expert, which was filed on November 30, 2009. In the court s June 17, 2010 order, the court found that plaintiff could not proceed on any fiduciary duty claim based upon alleged violations of the duty of care, but found material issues of fact prohibiting summary judgment on alleged violations of fiduciary duty of loyalty. On plaintiff s Section 14(a) claim, the court found material issues of fact that prohibited summary judgment on the entire claim, but granted defendants motion as to certain purported omissions, finding the allegedly omitted information immaterial. Further, the court granted defendants motion as to two damage theories for the Section 14(a) claim, finding benefit of the bargain damages not viable and lost opportunity damages too speculative, and permitting plaintiff to proceed only based upon a theory of out-of-pocket damages. No trial date was set. On October 21, 2010, the parties agreed to a settlement of the action, which is subject to approval by the court. A formal stipulation of settlement was submitted to the court for its approval on December 28, 2010 and the Company recognized the terms of this settlement in its results of operations. The terms of this settlement were not material to the Company. On February 18, 2011, the court granted preliminary approval of the settlement. Plaintiff s counsel supervised notice of the settlement to the class. The notice provided class members with an opportunity to object. Two shareholders filed objections to the settlement with the court in April 2011. Both objectors had counsel appear on their behalf at a hearing on May 16, 2011 where the court considered plaintiff s motion for final approval of the settlement and plaintiff s counsel s motion for attorneys fees, which will come out of the settlement funds. At the hearing, the court did not rule on the motions and instead ordered that plaintiff, objector Trafelet & Co., and defendants submit joint briefing with respect to certain of Trafelet s objections. The joint brief was filed on June 10, 2011. The joint brief narrowed the objections to allocation of the settlement amount and sufficiency of the notice as it pertains to how the settlement funds will be allocated. The joint brief contained no objection to the settlement itself. On September 29, 2011, the court entered an order rejecting the settlement in so far as the court found that the proposed plan of allocation was not fair, adequate and reasonable because certain members of the certified class are releasing their claims under the settlement, but under the proposed plan, they will not be receiving any of the settlement proceeds. The court ordered the parties to submit a new plan of allocation within 30 days and stated that it will issue appropriate orders after reviewing the new plan. The court order had no effect on the settlement amount. Plaintiff and Trafelet submitted competing revised plans of allocation of the settlement proceeds. On December 19, 2011, the court set a hearing for January 12, 2012 to consider these plans and whether further notice should be provided to the class if the court were to approve a revised plan of allocation. The court heard argument on the issues of allocation and notice on January 12, 2012. On January 18, 2012, the court issued an order rejecting certain aspects of the plaintiff s revised plan of allocation, providing that plaintiff give supplemental notice of the revised plan of allocation with a period for objections, and setting March 19, 2012 as

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the hearing date for final approval of the settlement. Thereafter, two shareholders filed motions seeking to intervene in the action. The court rejected those motions. One shareholder submitted written objections to the revised plan of allocation and settlement. At the hearing on March 19, 2012, the court (a) approved the settlement and revised plan of allocation after considering, and rejecting, all of the objections that the court had received, including those submitted prior to the May 16, 2011 hearing, (b) denied an attempt by James Nelson, a purported shareholder, to assert additional oral objections during the hearing upon finding that such objections would be untimely, and (c) awarded attorneys fees, which are taken out of the settlement amount, paid per the terms of the settlement agreement. That same day, the court entered judgment dismissing the case with prejudice. On April 19, 2012, Mr. Nelson filed a notice of appeal in which he appealed from an order dated March 19, 2012 denying Mr. Nelson s request to assert additional oral objections to the settlement during the hearing on final approval of the settlement.

Shareholder Litigation

On March 16, 2011, a complaint seeking to compel the inspection of the Company s books and records pursuant to 8 Del. C. § 220, captioned Central Laborers Pension Fund v. News Corporation, was filed in the Delaware Court of Chancery. The plaintiff requested the Company s books and records to investigate alleged possible breaches of fiduciary duty by the directors of the Company in connection with the Company s purchase of Shine (the Shine Transaction). The Company moved to dismiss the action. On November 30, 2011, the court issued an order granting the Company s motion and dismissing the complaint. The plaintiff filed a notice of appeal on December 13, 2011. The Delaware Supreme Court heard argument on the fully-briefed appeal on April 18, 2012. No decision on the appeal has been issued yet.

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

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

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

The defendants filed a motion to dismiss the Second Amended Complaint. The motion is fully briefed and the hearing is scheduled for May 21, 2012.

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

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

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

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

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

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

The Wilder Litigation, the Stricklin Litigation and the Iron Workers Litigation are all now before the judge in the Shields Litigation. On November 21, 2011, the court issued an order setting a briefing schedule for the defendants motion to stay the Stricklin Litigation, the Iron Workers Litigation and the Shields Litigation pending the outcome of the consolidated action pending in the Delaware Court of Chancery. On December 8, 2011, the defendants and the Company, as a nominal defendant, served their motion to stay. Opposition briefs were served by Stricklin, Iron Workers and Shields. Reply briefs in support of the motion to stay were filed on January 24, 2012. No hearing date is set. In the Wilder Litigation, there are competing motions for appointment of lead plaintiff and lead counsel pending.

The Company and its Board of Directors believe these shareholder claims are entirely without merit, and intend to vigorously defend these actions.

The News of the World Investigations and Litigation

U.K. and U.S. regulators and governmental authorities are conducting investigations initiated in 2011 after allegations of phone hacking and inappropriate payments to public officials at our former publication, *The News of the World*, and other related matters, including investigations into whether similar conduct may have occurred at the Company s subsidiaries outside of the U.K. The Company is cooperating fully with these investigations. It is possible that these proceedings could damage our reputation and might impair our ability to conduct our business.

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The Company is not able to predict the ultimate outcome or cost associated with these investigations. Violations of law may result in civil, administrative or criminal fines or penalties. The Company has admitted liability in a number of civil cases related to the phone hacking allegations and has settled a number of cases. As of March 31, 2012, the Company has provided for its best estimate of the liability for the claims that have been filed. The Company has announced a process under which parties can pursue claims against the Company, and management believes that it is probable that additional claims will be filed. It is not possible to estimate the liability for such additional claims given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision for such matters. Any fees, expenses, fines, penalties, judgments or settlements which might be incurred by the Company in connection with the various proceedings could affect the Company s results of operations and financial condition. The Company incurred $63 million and $167 million in legal and professional fees related to *The News of the World* investigations and litigation described above and costs for related civil settlements for the three and nine months ended March 31, 2012, respectively, which were included in Selling, general and administrative expenses in the unaudited consolidated statements of operations.

HarperCollins

Commencing on August 9, 2011, twenty-nine purported consumer class actions have been filed in the U.S. District Courts for the Southern District of New York and for the Northern District of California, which relate to the decisions by certain publishers, including HarperCollins Publishers L.L.C. (HarperCollins), to begin selling their eBooks pursuant to an agency relationship. The cases all involve allegations that certain named defendants in the book publishing and distribution industry, including HarperCollins, violated the antitrust and unfair competition laws by virtue of the switch to the agency model for eBooks. The actions seek as relief treble damages, injunctive relief and attorneys fees. The Judicial Panel on Multidistrict Litigation (JPML) has transferred the various class actions to the Honorable Denise L. Cote in the Southern District of New York. That motion to transfer and consolidate was heard by the JPML on December 1, 2011. Shortly thereafter, the JPML transferred twenty-seven of the cases to the Honorable Denise L. Cote in the Southern District of New York. On January 20, 2012, plaintiffs filed a consolidated amended complaint, again alleging that certain named defendants, including HarperCollins, violated the antitrust and unfair competition laws by virtue of the switch to the agency model for eBooks. Defendants filed a motion to dismiss on March 2, 2012. On March 30, 2012, plaintiffs filed their opposition to defendants motion to dismiss. On April 13, 2012, certain defendants, not including HarperCollins, filed a reply in support of their motion to dismiss. On April 18, 2012, Judge Cote held a status conference to assess the impact on the consolidated class actions of the actions brought by United States Department of Justice (the DOJ) and sixteen state Attorneys General led by Texas and Connecticut (the AGs) (discussed below). On April 24, 2012, Judge Cote issued a case management order regarding discovery issues and scheduled a status conference for June 22, 2012.

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 alleges antitrust violations relating to defendants decisions to begin selling eBooks pursuant to an agency relationship. This case was assigned to Judge Cote. Simultaneously, the DOJ announced that it had reached a proposed settlement with three publishers, including HarperCollins, and filed a Proposed Final Judgment and related materials detailing that agreement. Among other things, the Proposed Final Judgment requires that HarperCollins terminate its agreements with certain eBook retailers and places certain restrictions on any agreements subsequently entered into with such retailers. Pursuant to the Antitrust Procedures and Penalties Act, the Proposed Final Judgment cannot be entered by Judge Cote for at least sixty days while the DOJ receives public comments. Additional information about the Proposed Final Judgment can be found on the DOJ s website.

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Following an investigation, on April 11, 2012, the AGs filed a similar action against certain publishers and Apple, Inc. in the Western District of Texas. As a result of a memorandum of understanding agreed upon with the AGs for Texas and Connecticut, which is subject to finalizing a settlement agreement, HarperCollins was not named as a defendant in this action. Any settlement reached with any state attorneys general is subject to court approval and would, subject to court approval, also resolve the damage claims of individual citizens from those states.

While the Proposed Final Judgment of the DOJ has not been entered and the memorandum of understanding agreed upon with the AGs is still subject to finalization and court approval, the Company believes that these proposed settlements, as currently drafted, will not have a material impact on the results of operations or the financial position of the Company. However, the Company can make no assurances that these proposed settlements will be finalized or that they will receive court approval.

The European Commission is conducting an investigation into whether certain companies in the book publishing and distribution industry, including HarperCollins, violated the antitrust and unfair competition laws by virtue of the switch to the agency model for eBooks. Following discussions with the European Commission, the Office of Fair Trading closed its investigation in favor of the European Commission s investigation on December 6, 2011. HarperCollins currently is cooperating with the European Commission and working towards resolving its investigation.

While a proposed resolution has not been finalized with the European Commission, the Company believes that such a resolution, as currently contemplated, would not have a material impact on the results of operations or the financial position of the Company. However, the Company can make no assurances that such a resolution will be finalized.

News America Marketing

Insignia Systems, Inc

On September 23, 2004, Insignia Systems, Inc. (Insignia) filed an action against News America Marketing In-Store Inc. (News America) in the United States District Court for the District of Minnesota. The operative complaint alleges, among other things, disparagement of Insignia by News America in violation of the Lanham Act and Minnesota state law and various federal and state antitrust violations arising out of Insignia s and News America s competition in the domestic in-store advertising market. The trial began on February 8, 2011. On February 9, 2011, the parties settled the lawsuit. Under the terms of the settlement, which included no admission of liability, News America paid Insignia $125 million, which was recorded in Selling, general and administrative expenses during the fiscal year ended June 30, 2011. In addition, Insignia paid News America $4 million in relation to a 10-year exclusive business arrangement between the companies.

Other

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

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.

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

Note 15 Pension and Other Postretirement Benefits

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

The components of net periodic benefits costs were as follows:

	Pension Benefits		Postretirement Benefits	
	For the three months ended March 31,			
	2012	2011	2012	2011
	(in millions)			
Service cost benefits earned during the period	$ 25	$ 25	$ 1	$ 2
Interest costs on projected benefit obligation	44	44	4	4
Expected return on plan assets	(46)	(44)		
Amortization of deferred losses	12	15		
Other	3	1	(5)	(5)
Net periodic benefit costs	$ 38	$ 41	$	$ 1
Cash contributions	$ 16	$ 15	$ 4	$ 5

	For the nine months ended March 31,			
	2012	2011	2012	2011
	(in millions)			
Service cost benefits earned during the period	$ 73	$ 73	$ 4	$ 4
Interest costs on projected benefit obligation	133	129	12	12
Expected return on plan assets	(139)	(128)		
Amortization of deferred losses	36	44		
Other	8	3	(14)	(13)
Net periodic benefit costs	$ 111	$ 121	$ 2	$ 3

Cash contributions	$ 45	$ 39	$ 14	$ 14

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Note 16 Segment Information

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

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

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

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

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

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

Other, which principally consists of the Company s digital media properties and Wireless Generation, the Company s education technology business.

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

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

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

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

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2012	2011	2012	2011
	(in millions)			
Revenues:				
Cable Network Programming	$ 2,375	$ 2,040	$ 6,656	$ 5,886
Filmed Entertainment	1,722	1,554	5,563	4,866
Television	1,208	1,438	3,651	3,658
Direct Broadcast Satellite Television	923	923	2,792	2,723
Publishing	2,025	2,084	6,224	6,476
Other	149	217	450	834
Total revenues	$ 8,402	$ 8,256	$ 25,336	$ 24,443
Segment operating income (loss):				
Cable Network Programming	$ 846	$ 735	$ 2,503	$ 2,129
Filmed Entertainment	272	248	1,012	717
Television	171	192	493	448
Direct Broadcast Satellite Television	40	17	165	87
Publishing	130	36	458	594
Other	(147)	(165)	(437)	(477)
Total segment operating income	1,312	1,063	4,194	3,498
Impairment and restructuring charges	(27)	(3)	(154)	(285)
Equity earnings of affiliates	204	111	467	272
Interest expense, net	(258)	(244)	(773)	(706)
Interest income	26	31	91	85
Other, net	27	(19)	22	(41)
Income before income tax expense	1,284	939	3,847	2,823
Income tax expense	(281)	(257)	(931)	(657)
Net income	1,003	682	2,916	2,166

Less: Net income attributable to noncontrolling interests	(66)	(43)	(184)	(110)
Net income attributable to News Corporation stockholders	$ 937	$ 639	$ 2,732	$ 2,056

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Intersegment revenues, generated primarily by the Filmed Entertainment segment, of approximately $291 million and $236 million for the three months ended March 31, 2012 and 2011, respectively, and of approximately $824 million and $683 million for the nine months ended March 31, 2012 and 2011, respectively, have been eliminated within the Filmed Entertainment segment. Intersegment operating profit (loss) generated primarily by the Filmed Entertainment segment of approximately $17 million and $(8) million for the three months ended March 31, 2012 and 2011, respectively, and of approximately $64 million and $21 million for the nine months ended March 31, 2012 and 2011, respectively, have been eliminated within the Filmed Entertainment segment.

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

	For the three months ended March 31, 2011			
	Segment operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments	Segment operating income (loss) before depreciation and amortization
	(in millions)			
Cable Network Programming	$ 735	$ 36	$ 21	$ 792
Filmed Entertainment	248	23		271
Television	192	22		214
Direct Broadcast Satellite Television	17	75		92
Publishing	36	96		132
Other	(165)	31		(134)
Total	$ 1,063	$ 283	$ 21	$ 1,367

	For the nine months ended March 31, 2012			
	Segment operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments	Segment operating income (loss) before depreciation

				and amortization
		(in millions)		
Cable Network Programming	$ 2,503	$ 117	$ 69	$ 2,689
Filmed Entertainment	1,012	95		1,107
Television	493	63		556
Direct Broadcast Satellite Television	165	228		393
Publishing	458	319		777
Other	(437)	47		(390)
Total	$ 4,194	$ 869	$ 69	$ 5,132

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

	For the nine months ended March 31, 2011			
	Segment operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments	Segment operating income (loss) before depreciation and amortization
	(in millions)			
Cable Network Programming	$ 2,129	$ 111	$ 69	$ 2,309
Filmed Entertainment	717	68		785
Television	448	64		512
Direct Broadcast Satellite Television	87	207		294
Publishing	594	285		879
Other	(477)	102		(375)
Total	$ 3,498	$ 837	$ 69	$ 4,404

	At March 31, 2012	At June 30, 2011
	(in millions)	
Total assets:		
Cable Network Programming	$ 14,460	$ 12,666
Filmed Entertainment	8,074	8,015
Television	6,406	6,062
Direct Broadcast Satellite Television	2,663	3,098
Publishing	13,840	14,915
Other	10,736	12,357
Investments	4,718	4,867
Total assets	$ 60,897	$ 61,980
Goodwill and Intangible assets, net:		
Cable Network Programming	$ 7,329	$ 6,808
Filmed Entertainment	2,501	2,552
Television	4,318	4,320
Direct Broadcast Satellite Television	584	636
Publishing	7,276	7,377
Other	1,286	1,591
Total goodwill and intangible assets, net	$ 23,294	$ 23,284

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Note 17 Additional Financial Information

Supplemental Cash Flows Information

	For the nine months ended March 31, 2012	2011
	(in millions)	
Supplemental cash flows information:		
Cash paid for income taxes	$ (957)	$ (843)
Cash paid for interest	(782)	(678)
Sale of other investments	5	56
Purchase of other investments	(203)	(321)
Supplemental information on businesses acquired:		
Fair value of assets acquired	862	518
Cash acquired	21	12
Liabilities assumed	(72)	(91)
Noncontrolling interest decrease (increase)	15	(19)
Cash paid	(553)	(420)
Fair value of equity instruments issued to third parties	273	
Issuance of subsidiary units	(273)	
Fair value of equity instruments consideration	$	$

Other, net

Other, net consisted of the following:

	For the three months ended March 31, 2012	2011	For the nine months ended March 31, 2012	2011
	(in millions)			
Gain on Hathway Cable transaction[a]	$ 23	$	$ 23	$
Gain on FPAS transaction[b]			158	
Change in fair value of Sky Deutschland convertible securities[a]	7		(82)	
BSkyB termination fee[a]			(63)	
Gain on STAR China transaction[b]				57
Loss on disposal of Fox Mobile[b]				(28)
Loss on early extinguishment of debt[c]		(36)		(36)
Other	(3)	17	(14)	(34)
Total Other, net	$ 27	$ (19)	$ 22	$ (41)

(a) See Note 6 Investments.
(b) See Note 2 Acquisitions, Disposals and Other Transactions.
(c) See Note 9 Borrowings.

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Comprehensive Income

In accordance with ASC 220, Comprehensive Income, total comprehensive income for the Company consisted of the following:

	For the three months ended March 31,		For the nine months ended March 31,	
	2012	2011	2012	2011
	(in millions)			
Net income, as reported	$ 1,003	$ 682	$ 2,916	$ 2,166
Other comprehensive income:				
Foreign currency translation adjustments	361	467	(659)	1,518
Unrealized holding gains (losses) on securities, net of tax	53	38	(30)	92
Benefit plan adjustments		(1)	18	13
Total comprehensive income	1,417	1,186	2,245	3,789
Less: net income attributable to noncontrolling interests[a]	(66)	(43)	(184)	(110)
Less: foreign currency translation adjustments attributable to noncontrolling interests[a]		(2)	4	(10)
Comprehensive income attributable to News Corporation stockholders	$ 1,351	$ 1,141	$ 2,065	$ 3,669

(a) Includes amounts relating to noncontrolling interests classified as equity and redeemable noncontrolling interests.

Note 18 Supplemental Guarantor Information

In May 2007, NAI, a 100% owned subsidiary of the Company as defined in Rule 3-10(h) of Regulation S-X, entered into a credit agreement (the Credit Agreement), among NAI as Borrower, the Company as Parent Guarantor, the lenders named therein (the Lenders), Citibank, N.A. as Administrative Agent and JPMorgan Chase Bank, N.A. as Syndication Agent. The Credit Agreement provides a $2.25 billion unsecured revolving credit facility with a sub-limit of $600 million available for the issuance of letters of credit and has a maturity date of May 2012. Borrowings are in U.S. dollars only, while letters of credit are issuable in U.S. dollars or Euros. The significant terms of the agreement include the requirement that the Company maintain specific leverage ratios and limitations on secured indebtedness. NAI pays a facility fee of 0.08% regardless of facility usage. NAI pays interest for borrowings at LIBOR plus 0.27% and pays commission fees on letters of credit at 0.27%. NAI pays an additional fee of 0.05% if borrowings under the facility exceed 50% of the committed facility. The interest and fees are based on the Company s current debt rating.

In May 2012, the Company refinanced the Credit Agreement with a new $2 billion unsecured revolving credit facility with a sub-limit of $400 million (or its equivalent in Euros) available for the issuance of letters of credit and a maturity date of May 2017 (the New Credit Agreement). Under the New Credit Agreement, the Company may request an increase in the amount of the credit facility up to a maximum amount of $2.5 billion and the Company may request that the maturity date be extended for up to two additional one-year periods. Borrowings are issuable in U.S. dollars only, while letters of credit are issuable in U.S. dollars or Euros. Fees under the New Credit Agreement will be based on the Company s long-term senior unsecured non-credit enhanced debt ratings. Given the current debt ratings, NAI will pay a facility fee of 0.125% and an initial drawn cost of LIBOR plus 1.125%. All other terms and conditions under the New Credit Agreement will be substantially similar to those under the Credit Agreement.

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

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

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

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Operations

For the three months ended March 31, 2012

(in millions)

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

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Supplemental Condensed Consolidating Statement of Operations

For the three months ended March 31, 2011

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Revenues	$	$	$ 8,256	$	$ 8,256
Expenses	(103)		(7,093)		(7,196)
Equity earnings (losses) of affiliates	(1)		112		111
Interest expense, net	(349)	(280)	(3)	388	(244)
Interest income	1	2	416	(388)	31
Earnings (losses) from subsidiary entities	53	903		(956)	
Other, net	(34)	14	34	(33)	(19)
Income (loss) before income tax expense	(433)	639	1,722	(989)	939
Income tax (expense) benefit	112		(469)	100	(257)
Net income (loss)	(321)	639	1,253	(889)	682
Less: Net income attributable to noncontrolling interests			(43)		(43)
Net income (loss) attributable to News Corporation stockholders	$ (321)	$ 639	$ 1,210	$ (889)	$ 639

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Supplemental Condensed Consolidating Statement of Operations

For the nine months ended March 31, 2012

(in millions)

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

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Operations

For the nine months ended March 31, 2011

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Revenues	$	$	$ 24,443	$	$ 24,443
Expenses	(268)		(20,962)		(21,230)
Equity earnings (losses) of affiliates	(4)		276		272
Interest expense, net	(1,034)	(816)	(10)	1,154	(706)
Interest income	2	5	1,232	(1,154)	85
Earnings (losses) from subsidiary entities	367	2,868		(3,235)	
Other, net	(42)	(1)	55	(53)	(41)
Income (loss) before income tax expense	(979)	2,056	5,034	(3,288)	2,823
Income tax (expense) benefit	228		(1,172)	287	(657)
Net income (loss)	(751)	2,056	3,862	(3,001)	2,166
Less: Net income attributable to noncontrolling interests			(110)		(110)
Net income (loss) attributable to News Corporation stockholders	$ (751)	$ 2,056	$ 3,752	$ (3,001)	$ 2,056

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Balance Sheet

At March 31, 2012

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 755	$ 6,844	$ 3,087	$	$ 10,686
Receivables, net	17	5	6,594		6,616
Inventories, net			2,864		2,864
Other	24	11	654		689
Total current assets	796	6,860	13,199		20,855
Non-current assets:					
Receivables			398		398
Inventories, net			4,539		4,539
Property, plant and equipment, net	81		5,878		5,959
Intangible assets, net			8,341		8,341
Goodwill			14,953		14,953
Other	333	1	800		1,134
Investments					
Investments in associated companies and other investments	115	39	4,564		4,718
Intragroup investments	49,387	50,917		(100,304)	
Total investments	49,502	50,956	4,564	(100,304)	4,718
TOTAL ASSETS	$ 50,712	$ 57,817	$ 52,672	$ (100,304)	$ 60,897
LIABILITIES AND EQUITY					
Current liabilities:					
Borrowings	$ 273	$	$	$	$ 273
Other current liabilities	91	209	9,471		9,771
Total current liabilities	364	209	9,471		10,044
Non-current liabilities:					
Borrowings	15,184		3		15,187
Other non-current liabilities	212		6,407		6,619
Intercompany	27,244	29,701	(56,945)		
Redeemable noncontrolling interests			602		602
Equity	7,708	27,907	93,134	(100,304)	28,445

TOTAL LIABILITIES AND EQUITY	$ 50,712	$ 57,817	$ 52,672	$ (100,304)	$ 60,897

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NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Balance Sheet

At June 30, 2011

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 360	$ 7,816	$ 4,504	$	$ 12,680
Receivables, net	14		6,316		6,330
Inventories, net			2,332		2,332
Other	15		427		442
Total current assets	389	7,816	13,579		21,784
Non-current assets:					
Receivables			350		350
Inventories, net			4,198		4,198
Property, plant and equipment, net	100		6,442		6,542
Intangible assets, net			8,587		8,587
Goodwill			14,697		14,697
Other non-current assets	323		632		955
Investments:					
Investments in associated companies and other investments	125	52	4,690		4,867
Intragroup investments	50,146	48,502		(98,648)	
Total investments	50,271	48,554	4,690	(98,648)	4,867
TOTAL ASSETS	$ 51,083	$ 56,370	$ 53,175	$ (98,648)	$ 61,980
LIABILITIES AND EQUITY					
Current liabilities:					
Borrowings	$	$	$ 32	$	$ 32
Other current liabilities	91	22	9,426		9,539
Total current liabilities	91	22	9,458		9,571
Non-current liabilities:					
Borrowings	15,463				15,463
Other non-current liabilities	202		6,418		6,620
Intercompany	25,884	26,842	(52,726)		
Redeemable noncontrolling interests			242		242

Total equity	9,443	29,506	89,783	(98,648)	30,084
TOTAL LIABILITIES AND EQUITY	$ 51,083	$ 56,370	$ 53,175	$ (98,648)	$ 61,980

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NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Cash Flows

For the nine months ended March 31, 2012

(in millions)

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

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Cash Flows

For the nine months ended March 31, 2011

(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Operating activities:					
Net cash provided by (used in) operating activities	$ (6,943)	$ 7,209	$ 2,212	$	$ 2,478
Investing activities:					
Property, plant and equipment, net of acquisitions	(13)		(804)		(817)
Investments	(28)		(918)		(946)
Proceeds from dispositions			363		363
Net cash used in investing activities	(41)		(1,359)		(1,400)
Financing activities:					
Borrowings	2,453		18		2,471
Repayment of borrowings	(340)		(77)		(417)
Issuance of shares		12			12
Dividends paid		(199)	(58)		(257)
Purchase of subsidiary shares from noncontrolling interests			(116)		(116)
Sale of subsidiary shares to noncontrolling interests			50		50
Net cash provided by (used in) financing activities	2,113	(187)	(183)		1,743
Net increase (decrease) in cash and cash equivalents	(4,871)	7,022	670		2,821
Cash and cash equivalents, beginning of period	5,331		3,378		8,709
Exchange movement on opening cash balance			254		254
Cash and cash equivalents, end of period	$ 460	$ 7,022	$ 4,302	$	$ 11,784

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Notes to Supplemental Guarantor Information

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

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

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

This document contains statements that constitute forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. The words expect, estimate, anticipate, predict, believe and similar expressions and variations thereof are intended to identify forward-looking statements. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of News Corporation, its directors or its officers with respect to, among other things, trends affecting News Corporation s financial condition or results of operations. The readers of this document are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties. More information regarding these risks, uncertainties and other factors is set forth under the heading Part II Other Information, Item 1A Risk Factors in this report. News Corporation does not ordinarily make projections of its future operating results and undertakes no obligation (and expressly disclaims any obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers should carefully review this document and the other documents filed by News Corporation with the Securities and Exchange Commission (SEC). This section should be read together with the unaudited consolidated financial statements of News Corporation and related notes set forth elsewhere herein and News Corporation s Annual Report on Form 10-K for the fiscal year ended June 30, 2011 as filed with the SEC on August 15, 2011 (the 2011 Form 10-K).

INTRODUCTION

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

- ***Overview of the Company s Business*** This section provides a general description of the Company s businesses, as well as developments that have occurred to date during fiscal 2012 that the Company believes are important in understanding its results of operations and financial condition or to disclose known trends.

- ***Results of Operations*** This section provides an analysis of the Company s results of operations for the three and nine months ended March 31, 2012 and 2011. This analysis is presented on both a consolidated and a segment basis. In addition, a brief description is provided of significant transactions and events that have an impact on the comparability of the results being analyzed.

- ***Liquidity and Capital Resources*** This section provides an analysis of the Company s cash flows for the nine months ended March 31, 2012 and 2011. Included in the discussion of outstanding debt is a discussion of the amount of financial capacity available to fund the Company s future commitments and obligations, as well as a discussion of other financing arrangements.

OVERVIEW OF THE COMPANY S BUSINESS

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

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

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

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

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

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

Other, which principally consists of the Company s digital media properties and Wireless Generation, the Company s education technology business.

Television and Cable Network Programming

The Company s television operations primarily consist of FOX, MyNetworkTV and the 27 television stations owned by the Company.

The television operations derive revenues primarily from the sale of advertising and to a lesser extent retransmission consent revenue. Adverse changes in general market conditions for advertising may affect revenues. The U.S. television broadcast environment is highly competitive and the primary methods of competition are the development and acquisition of popular programming. Program success is measured by ratings, which are an indication of market acceptance, with the top rated programs commanding the highest advertising prices. FOX is a broadcast network and MyNetworkTV is a programming distribution service, airing original and off-network programming. FOX and MyNetworkTV compete with broadcast networks, such as ABC, CBS, NBC and The CW, independent television stations, cable and DBS program services, as well as other media, including DVDs, Blu-rays, video games, print and the Internet for audiences, programming and, in the case of FOX, advertising revenues. In addition, FOX and MyNetworkTV compete with the other broadcast networks and other programming distribution services to secure affiliations with independently owned television stations in markets across the country.

Retransmission consent rules provide a mechanism for the television stations owned by the Company to seek and obtain payment from multi-channel video programming distributors who carry broadcasters signals. Retransmission consent revenue consists of per subscriber-based compensatory fees paid to the Company from cable and satellite distribution systems for FOX and MyNetworkTV as well as a portion of the retransmission consent revenue the affiliates generate for their retransmission of FOX.

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

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

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

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

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

The Company has several multi-year sports rights agreements, including contracts with the National Football League (NFL) through fiscal 2022, contracts with the National Association of Stock Car Auto Racing (NASCAR) for certain races and exclusive rights for certain ancillary content through calendar year 2014 and a contract with Major League Baseball (MLB) through calendar year 2013. These contracts provide the Company with the broadcast rights to certain U.S. national sporting events during their respective terms. The costs of these sports contracts are charged to expense based on the ratio of each period s operating profit to estimated total operating profit for the remaining term of the contract.

The profitability of these long-term U.S. national sports contracts is based on the Company s best estimates at March 31, 2012 of attributable revenues and costs; such estimates may change in the future and such changes may be significant. Should revenues decline from estimates applied at March 31, 2012, additional amortization of rights may be recorded. Should revenues improve as compared to estimated revenues, the Company may have an improved operating profit related to the contract, which may be recognized over the remaining contract term.

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

Filmed Entertainment

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

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

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

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

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

Direct Broadcast Satellite Television

The Direct Broadcast Satellite Television (DBS) segment s operations consist of SKY Italia, which provides basic and premium programming services via satellite and broadband directly to subscribers in Italy. SKY Italia derives revenues principally from subscriber fees. The Company believes that the quality and variety of programming, audio and interactive programming including personal video recorders, quality of picture including high definition channels, access to service, customer service and price are the key elements for gaining and maintaining market share. SKY Italia s competition includes companies that offer video, audio, interactive programming, telephony, data and other information and entertainment services, including broadband Internet providers, digital terrestrial transmission (DTT) services, wireless companies and companies that are developing new media technologies. SKY Italia was prohibited from owning a DTT frequency or providing a pay television DTT offer under a commitment made to the European Commission (the EC) from April 30, 2003 through December 31, 2011.

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

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

Publishing

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

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

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

The Publishing segment s advertising volume, circulation and the price of paper are the key variables whose fluctuations can have a material effect on the Company s operating results and cash flow. The Company has to anticipate the level of advertising volume, circulation and paper prices in managing its businesses to maximize operating profit during expanding and contracting economic cycles. The Company continues to be exposed to risks associated with the cost of its paper. Paper is a basic commodity and its price is sensitive to the balance of supply and demand. The Company s costs and expenses are affected by the cyclical increases and decreases in the price of paper. The Publishing segment s products compete for readership and advertising with local and national competitors and also compete with other media alternatives in their respective markets. Competition for circulation and subscriptions is based on the content of the products provided, service, pricing and, from time to time, various promotions. The success of these products depends upon advertisers judgments as to the most effective use of their advertising budgets. Competition for advertising is based upon the reach of the products, advertising rates and advertiser results. Such judgments are based on factors such as cost, availability of alternative media, distribution and quality of readership demographics.

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

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

Other

The Other segment consists primarily of:

Digital Media Group

The Company sells advertising, sponsorships and subscription services on the Company s various digital media properties. Significant expenses associated with the Company s digital media properties include development costs, advertising and promotional expenses, salaries, employee benefits and other routine overhead.

Education Group

Wireless Generation is the Company s education technology business that develops innovative tools to help teachers teach with excellence. The Company s education technology business provides data systems and professional services that enable teachers to use data to assess student progress and deliver individualized instruction. Significant expenses associated with the Company s education technology business include salaries, employee benefits and other routine overhead.

Other Business Developments

In July 2011, the Company announced that it would close its publication, *The News of the World*, after allegations of phone hacking and payments to public officials. As a result of management s approval of the shutdown of *The News of the World*, the Company has reorganized portions of the U.K. newspaper business and has recorded restructuring charges in fiscal 2012 primarily for termination benefits and certain organizational restructuring at the U.K. newspapers. (See Note 4 Restructuring Programs) The Company is subject to several ongoing investigations by U.K. and U.S. regulators and governmental authorities, including investigations into whether similar conduct may have occurred at the Company s subsidiaries outside of the U.K. The Company is fully cooperating with these investigations. In addition, the Company has admitted liability in a number of civil cases related to the phone hacking allegations and has settled a number of cases. The Company has taken steps to solve the problems relating to *The News of the World* including the creation of an independently-chaired Management & Standards Committee (the MSC), which operates independently from NI Group Limited (News International) and has full authority to ensure complete cooperation with all relevant investigations and inquiries into *The News of the World* matters and all other related issues across News International. The MSC conducts its own internal investigation where appropriate. The MSC has an independent Chairman, Lord Grabiner QC, and reports directly to Joel Klein, Executive Vice President and a director of the Company. Mr. Klein reports to the independent members of the Board of Directors (the Board) through their representative Viet Dinh, an independent director and Chairman of the Company s Nominating and Corporate Governance Committee. The independent directors of the Board have retained independent outside counsel and are actively engaged in these matters. The MSC conducted an internal investigation of the three other titles at

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News International and engaged independent outside counsel to advise it on these investigations and all other matters it handles. News International has instituted governance reforms and issued certain enhanced policies to its employees. The Company has also engaged independent outside counsel to assist it in responding to U.S. governmental inquiries. (See Note 14 Contingencies for a summary of the costs of *The News of the World* Investigations and Litigation.)

In July 2011, the Company sold its majority interest in its outdoor advertising businesses in Russia and Romania (News Outdoor Russia) for cash consideration of approximately $360 million. In connection with the sale, the Company repaid $32 million of News Outdoor Russia debt.

In October 2011, the Company entered into an agreement to acquire Thomas Nelson, Inc., one of the leading trade publishers in the United States, for approximately $200 million. The acquisition is subject to regulatory clearances and other customary closing conditions.

In December 2011, the Company acquired a 67% equity interest in Fox Pan American Sports LLC (FPAS) for approximately $400 million. The Company previously owned (i) an approximate 33% equity interest FPAS, an international sports programming and production entity, which owns and operates Fox Sports Latin America network, a Spanish and Portuguese-language sports network distributed to subscribers in certain Caribbean and Central and South American nations, and (ii) partially through its ownership in FPAS, a 53% interest in Fox Deportes, a Spanish-language sports programming service distributed in the United States. As a result of this transaction, the Company now owns 100% of FPAS and Fox Deportes. Accordingly, the results of FPAS are included in the Company s consolidated results of operations beginning in December 2011.

The Company is actively marketing its former U.K. newspaper division headquarters located in East London, which it relocated from in August 2010. As of March 31, 2012, the estimated selling price, less the cost to sell this facility, was in excess of its book value. If the estimated selling price, less the costs to sell this facility, is less than its book value a loss would be recognized in an amount equal to that deficit. This asset held for sale, which is not material to the Company, has been reclassified from Property, plant and equipment, net to Other current assets and is no longer being depreciated. The Company expects to complete a sale of this facility within one year.

In February 2012, the Company agreed to backstop 300 million (approximately $395 million) of financing measures that are being initiated by Sky Deutschland AG (Sky Deutschland), of which 145 million (approximately $195 million) remains as of March 31, 2012.

In March 2012, the Company and funds advised by Permira Advisers LLP signed an agreement to sell NDS Group Limited (NDS) to Cisco Systems Inc. for approximately $5 billion, including the assumption of debt. The Company owns approximately 49% of NDS. The transaction is subject to customary closing conditions, including regulatory review in the U.S. and elsewhere, and is expected to close during the second half of calendar year 2012.

In April 2012, FOXTEL, a cable and satellite television service in Australia, in which the Company currently owns a 25% interest, entered into an agreement to purchase Austar United Communications Ltd (Austar) to create a national subscription television service in Australia. The Company s contribution to this transaction is a subordinated shareholder note of approximately $230 million, which was issued subsequent to March 31, 2012. The subordinated shareholder note is subject to the completion of the Austar acquisition and has a maximum term of 15 years, with interest payable on June 30th each year and at maturity. The subordinated shareholder note can be repaid in ten years provided that FOXTEL s senior debt has been repaid. Upon maturity, the principal advanced will be repayable.

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RESULTS OF OPERATIONS

Results of Operations For the three and nine months ended March 31, 2012 versus the three and nine months ended March 31, 2011

The following table sets forth the Company s operating results for the three and nine months ended March 31, 2012, as compared to the three and nine months ended March 31, 2011.

	For the three months ended March 31,			For the nine months ended March 31,		
	2012	2011	% Change	2012	2011	% Change
	(in millions, except %)					
Revenues	$ 8,402	$ 8,256	2%	$ 25,336	$ 24,443	4%
Operating expenses	(5,216)	(5,322)	(2)%	(15,552)	(15,470)	1%
Selling, general and administrative	(1,580)	(1,588)	(1)%	(4,721)	(4,638)	2%
Depreciation and amortization	(294)	(283)	4%	(869)	(837)	4%
Impairment and restructuring charges	(27)	(3)	**	(154)	(285)	(46)%
Equity earnings of affiliates	204	111	84%	467	272	72%
Interest expense, net	(258)	(244)	6%	(773)	(706)	9%
Interest income	26	31	(16)%	91	85	7%
Other, net	27	(19)	**	22	(41)	**
Income before income tax expense	**1,284**	**939**	**37%**	**3,847**	**2,823**	**36%**
Income tax expense	(281)	(257)	9%	(931)	(657)	42%
Net income	1,003	682	47%	2,916	2,166	35%
Less: Net income attributable to noncontrolling interests	(66)	(43)	53%	(184)	(110)	67%
Net income attributable to News Corporation stockholders	**$ 937**	**$ 639**	**47%**	**$ 2,732**	**$ 2,056**	**33%**

** not meaningful

Overview The Company s revenues increased 2% and 4% for the three and nine months ended March 31, 2012, respectively, as compared to the corresponding periods of fiscal 2011. The increases were primarily due to revenue increases at the Filmed Entertainment and Cable Network Programming segments. The Filmed Entertainment segment s revenues increased primarily due to the inclusion of revenues from Shine Limited (Shine) which was acquired in fiscal 2011 and higher digital distribution revenues for the licensing of the Company s television content. The revenue increases at the Cable Network Programming segment primarily resulted from increases in net affiliate and advertising revenues. These revenue increases were partially offset by decreased revenues at the Television, Publishing and Other segments. Revenues at the Television segment decreased primarily due to the absence of advertising revenues generated from the broadcast of the Super Bowl, which was broadcast on FOX in fiscal 2011. The Publishing segment s revenues decreased primarily due to decreases at the Company s newspaper businesses due to lower revenues in the U.K., principally resulting from the closure of *The News of the World* in July 2011 and lower revenues at the Australian newspapers. The decreases at the Other segment primarily resulted from the dispositions of Myspace and News Outdoor Russia.

Operating expenses decreased 2% for the three months ended March 31, 2012 as compared to the corresponding period of fiscal 2011 primarily due to the absence of programming costs at the Television segment related to the broadcast of the Super Bowl, decreased operating costs at the Other segment resulting from the disposals of Myspace and News Outdoor Russia and lower releasing costs at the Filmed Entertainment segment. The operating expense decreases for the three months ended March 31, 2012 were partially offset by the inclusion of operating expenses related to Shine and higher programming costs at the Cable Network Programming segment. Operating expenses increased 1% for the nine months ended March 31, 2012 as compared to the

corresponding period of fiscal 2011 primarily due to the inclusion of operating expenses related to Shine, higher prime-time entertainment and sports programming costs and higher marketing costs in support of the launch of new series at the Television segment and higher production amortization costs at the Filmed Entertainment segment, partially offset by the absence of the Super Bowl and the dispositions of Myspace, News Outdoor Russia and Fox Mobile.

Selling, general and administrative expenses decreased 1% for the three months ended March 31, 2012 as compared to the corresponding period of fiscal 2011 due to the positive impact from the absence of a litigation settlement charge of $125 million at the Publishing segment and decreased expenses at the Other segment resulting from the disposals of Myspace and News Outdoor Russia. These decreases were partially offset by higher legal and professional fees related to *The News of the World* investigations and litigation and costs for related civil settlements of $63 million and the inclusion of expenses related to Shine. Selling, general and administrative expenses increased 2% for the nine months ended March 31, 2012 as compared to the corresponding period of fiscal 2011 as the legal and professional fees related to *The News of the World* investigations and litigation and costs for related civil settlements of $167 million, as well as the inclusion of expenses related to Shine, more than offset the benefit of lower expenses due to the disposals at the Other segment and the positive impact from the absence of a litigation settlement charge of $125 million at the Publishing segment included in the corresponding period of fiscal 2011.

Depreciation and amortization for the three and nine months ended March 31, 2012 increased 4% as compared to the corresponding periods of fiscal 2011, primarily due to higher depreciation at the Publishing segment due to additional property, plant and equipment placed into service and additional depreciation and amortization from the acquisition of Shine at the Filmed Entertainment segment. The increases were partially offset by lower depreciation and amortization at the Other segment due to the disposals of Myspace and News Outdoor Russia. Also contributing to the increase for the nine months ended March 31, 2012 was higher set-top box depreciation at the DBS segment, partially offset by lower depreciation and amortization at the Other segment due to the disposal of Fox Mobile.

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

During the three and nine months ended March 31, 2011, the Company recorded restructuring charges of $3 million and $117 million, respectively, of which $3 million and $112 million, respectively, related to the Company s digital media properties. The charges at the Company s digital media properties were a result of an organizational restructuring to align resources more closely with business priorities and consisted of facility related costs of $93 million, severance costs of $17 million and other associated costs of $2 million.

During the second quarter of fiscal 2011, the Company performed an interim impairment assessment of the Digital Media Group reporting unit s goodwill. As a result of the review performed, the Company recorded a non-cash goodwill impairment charge of $168 million during the nine months ended March 31, 2011.

Equity earnings of affiliates Equity earnings of affiliates increased $93 million and $195 million for the three and nine months ended March 31, 2012, respectively, as compared to the corresponding periods of fiscal 2011, primarily due to improved results from BSkyB and Sky Deutschland and gains on the sale of a portion of the Company s BSkyB investment in accordance with its share repurchase program of $111 million and $155 million, respectively. These increases were partially offset by the absence of a gain recognized by NDS on the sale of a business in the corresponding periods of fiscal 2011. In addition to the above, the increase for the nine

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months ended March 31, 2012, was partially offset by the absence of a gain recognized by BSkyB in the corresponding period of fiscal 2011 related to the sale of a business.

	For the three months ended March 31,			For the nine months ended March 31,		
	2012	2011	% Change	2012	2011	% Change
	(in millions, except %)					
DBS equity affiliates	$ 229	$ 51	**	$ 484	$ 185	**
Cable channel equity affiliates	(3)	(19)	(84)%	(4)	6	**
Other equity affiliates	(22)	79	**	(13)	81	**
Total equity earnings of affiliates	$ 204	$ 111	84%	$ 467	$ 272	72%

** not meaningful

Interest expense, net Interest expense, net increased $14 million and $67 million for the three and nine months ended March 31, 2012, respectively, as compared to the corresponding periods of fiscal 2011, primarily due to interest related to the $2.5 billion in senior notes issued in February 2011, partially offset by the fiscal 2011 partial repayment of the $500 million senior debentures due February 2013.

Other, net

	For the three months ended March 31,		For the nine months ended March 31,	
	2012	2011	2012	2011
	(in millions)			
Gain on Hathway Cable transaction[a]	$ 23	$	$ 23	$
Gain on FPAS transaction[b]			158	
Change in fair value of Sky Deutschland convertible securities[a]	7		(82)	
BSkyB termination fee[a]			(63)	
Gain on STAR China transaction[b]				57
Loss on disposal of Fox Mobile[b]				(28)
Loss on early extinguishment of debt[c]		(36)		(36)
Other	(3)	17	(14)	(34)
Total Other, net	$ 27	$ (19)	$ 22	$ (41)

(a) See Note 6 Investments to the accompanying unaudited consolidated financial statements.
(b) See Note 2 Acquisitions, Disposals and Other Transactions to the accompanying unaudited consolidated financial statements.
(c) See Note 9 Borrowings to the accompanying unaudited consolidated financial statements.

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

The effective income tax rates for the three and nine months ended March 31, 2011 were 27% and 23%, respectively, which were lower than the statutory rate of 35%, primarily due to the resolution of tax matters, the tax benefit related to the disposition of assets and permanent differences.

Net income Net income increased for the three and nine months ended March 31, 2012 as compared to the corresponding periods of fiscal 2011, primarily due to the revenue increases and higher equity earnings of affiliates, as noted above. The increase in net income for the nine months ended March 31, 2012 was also due to lower impairment and restructuring charges.

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Net income attributable to noncontrolling interests Net income attributable to noncontrolling interests increased for the three and nine months ended March 31, 2012 as compared to the corresponding periods of fiscal 2011, primarily due to higher results at the Company s majority-owned businesses and the issuance of a noncontrolling interest in a majority-owned subsidiary.

Segment Analysis:

The following table sets forth the Company s revenues and segment operating income (loss) for the three and nine months ended March 31, 2012 as compared to the three and nine months ended March 31, 2011.

	For the three months ended March 31,			For the nine months ended March 31,		
	2012	2011	% Change	2012	2011	% Change
	(in millions, except %)					
Revenues:						
Cable Network Programming	$ 2,375	$ 2,040	16%	$ 6,656	$ 5,886	13%
Filmed Entertainment	1,722	1,554	11%	5,563	4,866	14%
Television	1,208	1,438	(16)%	3,651	3,658	%
Direct Broadcast Satellite Television	923	923	%	2,792	2,723	3%
Publishing	2,025	2,084	(3)%	6,224	6,476	(4)%
Other	149	217	(31)%	450	834	(46)%
Total revenues	**$ 8,402**	**$ 8,256**	**2%**	**$ 25,336**	**$ 24,443**	**4%**
Segment operating income (loss):						
Cable Network Programming	$ 846	$ 735	15%	$ 2,503	$ 2,129	18%
Filmed Entertainment	272	248	10%	1,012	717	41%
Television	171	192	(11)%	493	448	10%
Direct Broadcast Satellite Television	40	17	**	165	87	90%
Publishing	130	36	**	458	594	(23)%
Other	(147)	(165)	(11)%	(437)	(477)	(8)%
Total segment operating income	**$ 1,312**	**$ 1,063**	**23%**	**$ 4,194**	**$ 3,498**	**20%**

** not meaningful

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2012	2011	2012	2011
	(in millions)			
Total segment operating income	$ 1,312	$ 1,063	$ 4,194	$ 3,498
Impairment and restructuring charges	(27)	(3)	(154)	(285)
Equity earnings of affiliates	204	111	467	272

Interest expense, net	(258)	(244)	(773)	(706)
Interest income	26	31	91	85
Other, net	27	(19)	22	(41)
Income before income tax expense	$ 1,284	$ 939	$ 3,847	$ 2,823

Cable Network Programming (26% and 24% of the Company s consolidated revenues in the first nine months of fiscal 2012 and 2011, respectively)

For the three and nine months ended March 31, 2012, revenues at the Cable Network Programming segment increased $335 million, or 16%, and $770 million, or 13%, respectively, as compared to the corresponding periods of fiscal 2011, primarily due to higher net affiliate and advertising revenues. Domestic net affiliate revenues increased 15% and 11% for the three and nine months ended March 31, 2012, respectively, primarily due to increases at the RSNs, FOX News and FX. Domestic advertising revenues increased 10% for the three and nine months ended March 31, 2012 primarily due to increases at FX and FOX News. For the three and nine months ended March 31, 2012, international net affiliate revenues increased 31% and 25%, respectively, and international advertising revenues increased 7% and 11%, respectively, due to increases at FIC, primarily due to the consolidation of FPAS, and STAR in India.

For the three and nine months ended March 31, 2012, domestic net affiliate revenues increased primarily due to higher average rates per subscriber at the RSNs, FOX News and FX. Domestic advertising revenues increased at FOX News and FX for the three and nine months ended March 31, 2012 due to higher pricing and volume. For the nine months ended March 31, 2012, the increases in domestic net affiliate revenues and domestic advertising revenues were partially offset by allowances at the RSNs and fewer NBA telecasts, respectively, related to the NBA lockout during the 2011-12 NBA season.

The Company s international cable operations revenues increased for the three and nine months ended March 31, 2012 as compared to the corresponding periods of fiscal 2011, due to higher net affiliate revenues at FIC resulting from higher subscribers, and improved advertising revenues in Latin America and Asia. Approximately half of the net affiliate revenue increase in the three months ended March 31, 2012 was due to the consolidation of FPAS. For the nine months ended March 31, 2012, advertising revenues at STAR in India also increased due to higher pricing, increased market share and improved ratings.

For the three and nine months ended March 31, 2012, operating income at the Cable Network Programming segment increased $111 million, or 15%, and $374 million, or 18%, respectively, as compared to the corresponding periods of fiscal 2011, primarily due to the revenue increases noted above, partially offset by $224 million and $396 million increases in expenses, respectively, due to higher programming costs, including rights fees for the Ultimate Fighting Championship, which was not broadcast in the corresponding periods of fiscal 2011, and the consolidation of FPAS.

Filmed Entertainment (22% and 20% of the Company s consolidated revenues in the first nine months of fiscal 2012 and 2011, respectively)

For the three and nine months ended March 31, 2012, revenues at the Filmed Entertainment segment increased $168 million, or 11%, and $697 million, or 14%, respectively, as compared to the corresponding periods of fiscal 2011, primarily due to the inclusion of revenues from Shine which was acquired in fiscal 2011, an increase in license fees for *How I Met Your Mother* and an increase in syndication revenue for *Family Guy*. Also contributing to the revenue increase for the nine months ended March 31, 2012 was approximately $250 million in digital distribution revenues from the licensing of the Company s television content and higher licensing revenues for *Avatar*. The revenue increases for the three and nine months ended March 31, 2012 were partially offset by decreased home entertainment revenues and worldwide theatrical revenues. The three and nine months ended March 31, 2012 included the worldwide theatrical and home entertainment success of *Alvin and the Chipmunks: Chipwrecked* as compared to the corresponding fiscal 2011 periods which included the worldwide theatrical success of *The Chronicles of Narnia: Voyage of the Dawn Treader* and *Black Swan*. The nine months ended March 31, 2012 also included the worldwide theatrical and home entertainment success of *Rise of the Planet of the Apes* and the home entertainment success of *Rio* and *X-Men: First Class* as compared to the corresponding fiscal 2011 period which included the home entertainment and pay television performances of *Avatar*.

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For the three and nine months ended March 31, 2012, the Filmed Entertainment segment s operating income increased $24 million, or 10%, and $295 million, or 41%, respectively, as compared to the corresponding periods of fiscal 2011. The increases in operating income were primarily due to the revenue increases noted above and lower releasing costs, partially offset by the inclusion of expenses at Shine. The increase in operating income for the nine months ended March 31, 2012 was partially offset by higher participation costs and higher production amortization costs.

Television (14% and 15% of the Company s consolidated revenues in the first nine months of fiscal 2012 and 2011, respectively)

For the three and nine months ended March 31, 2012, revenues at the Television segment decreased $230 million and $7 million, respectively, as compared to the corresponding periods of fiscal 2011, primarily due to the absence of advertising revenues generated from the broadcast of the Super Bowl, which was broadcast on FOX in fiscal 2011 and lower advertising revenues at FOX primarily due to lower ratings for *American Idol*, which were partially offset by higher retransmission consent revenues. Also contributing to the revenue decreases for the nine months ended March 31, 2012 were lower political advertising revenues at the television stations owned by the Company due to the 2010 mid-term elections in fiscal 2011. Partially offsetting these decreases were higher revenues at FOX and higher NFL and MLB advertising revenues. The increased revenues at FOX for the nine months ended March 31, 2012 were due to higher pricing and improved ratings primarily due to the launch of the new series *The X-Factor* and *New Girl*. The NFL advertising revenue increased due to higher pricing and the MLB advertising revenue increased due to the broadcast of two additional post-season games during fiscal 2012.

For the three months ended March 31, 2012, operating income at the Television Segment decreased $21 million, or 11%, as compared to the corresponding period of fiscal 2011, primarily due to the revenue decreases noted above, partially offset by lower programming costs due to the absence of costs related to the broadcast of the Super Bowl. For the nine months ended March 31, 2012 operating income at the Television Segment increased $45 million, or 10%, as compared to the corresponding period of fiscal 2011, primarily due to lower programming costs due to the absence of costs related to the broadcast of the Super Bowl, partially offset by higher prime-time entertainment and sports programming costs and higher marketing costs in support of the launch of new series.

Direct Broadcast Satellite Television (11% of the Company s consolidated revenues in the first nine months of fiscal 2012 and 2011)

For the three months ended March 31, 2012, SKY Italia s revenues were consistent with the corresponding period of fiscal 2011. For the nine months ended March 31, 2012, SKY Italia s revenues increased $69 million, or 3%, as compared to the corresponding period of fiscal 2011. For the three months ended March 31, 2012, revenues, on a local currency basis, increased by 4% as compared to the corresponding period of fiscal 2011, primarily due to an increase in subscription and advertising revenues. For the nine months ended March 31, 2012, revenues, on a local currency basis, increased by 1% as compared to the corresponding period of fiscal 2011, as higher advertising and subscription revenues were partially offset by the absence of FIFA World Cup revenues. SKY Italia had a net decrease of approximately 86,000 subscribers during the third quarter of fiscal 2012, which reduced SKY Italia s total subscriber base to 4.9 million at March 31, 2012, reflecting the continued challenging economic environment in Italy. The total churn for the three months ended March 31, 2012 was approximately 200,000 subscribers on an average subscriber base of 5 million, as compared to churn of approximately 129,000 subscribers on an average subscriber base of 4.9 million in the corresponding period of fiscal 2011. Subscriber churn for the period represents the number of SKY Italia subscribers whose service was disconnected during the period.

During the three months ended March 31, 2012, the strengthening of the U.S. dollar against the Euro resulted in a decrease in revenues of approximately $36 million as compared to the corresponding period of fiscal

2011. During the nine months ended March 31, 2012, the weakening of the U.S. dollar against the Euro resulted in an increase in revenues of approximately $37 million as compared to the corresponding period of fiscal 2011.

Average revenue per subscriber (ARPU) of approximately 42 in the three months ended March 31, 2012 was consistent with the corresponding period of fiscal 2011. ARPU of approximately 41 in the nine months ended March 31, 2012 was slightly down from the 42 in the corresponding period of fiscal 2011 primarily due to the negative impact of previous subscriber discounts. SKY Italia calculates ARPU by dividing total subscriber-related revenues for the period by the average subscribers for the period and dividing that amount by the number of months in the period. Subscriber-related revenues are comprised of total subscription revenue, pay-per-view revenue and equipment rental revenue for the period. Average subscribers are calculated for the respective periods by adding the beginning and ending subscribers for the period and dividing by two.

Subscriber acquisition costs per subscriber (SAC) of approximately 410 in the three months ended March 31, 2012 increased from the corresponding period of fiscal 2011, primarily due to higher marketing costs on a per subscriber basis. SAC is calculated by dividing total subscriber acquisition costs for a period by the number of gross SKY Italia subscribers added during the period. Subscriber acquisition costs include the cost of the commissions paid to retailers and other distributors, the cost of equipment sold directly by SKY Italia to subscribers and the costs related to installation and acquisition advertising net of any upfront activation fee. SKY Italia excludes the value of equipment capitalized under SKY Italia s equipment lease program, as well as payments and the value of returned equipment related to disconnected lease program subscribers from subscriber acquisition costs.

For the three and nine months ended March 31, 2012, SKY Italia s operating income increased $23 million and $78 million, respectively, as compared to the corresponding periods of fiscal 2011. The increase for the three months ended March 31, 2012 was primarily due to the local revenue increases noted above. On a local currency basis, expenses were higher by approximately 1% due to higher programming costs, partially offset by lower installation costs. The increase for the nine months ended March 31, 2012 was primarily due to the revenue increases noted above, lower installation costs, the absence of prior year s rebranding campaign and lower programming costs due to the absence of the FIFA World Cup. During the nine months ended March 31, 2012, the weakening of the U.S. dollar against the Euro resulted in an increase in operating income of approximately $9 million as compared to the corresponding period of fiscal 2011.

Publishing (25% and 27% of the Company s consolidated revenues in the first nine months of fiscal 2012 and 2011, respectively)

For the three and nine months ended March 31, 2012, revenues at the Publishing segment decreased $59 million, or 3%, and $252 million, or 4%, respectively, as compared to the corresponding periods of fiscal 2011, primarily due to decreases at the Company s newspapers businesses. The decreases at the Company s newspaper businesses were primarily due to lower revenues in the U.K., principally resulting from the shutdown of *The News of the World* in July 2011 and lower revenues at the Australian newspapers. Also contributing to the revenue decline during the nine months ended March 31, 2012 was lower advertising revenues at the integrated marketing services business resulting from lower volume of in-store marketing products. The decrease in revenues during the nine months ended March 31, 2012 was partially offset by higher digital circulation revenues at *The Wall Street Journal*. The weakening of the U.S. dollar against local currencies, primarily the Australian dollar, resulted in revenue increases of approximately $19 million and $154 million for the three and nine months ended March 31, 2012, respectively, as compared to the corresponding periods of fiscal 2011.

For the three months ended March 31, 2012 operating income at the Publishing segment increased $94 million as compared to the corresponding period of fiscal 2011, primarily due to the positive impact from the absence of a litigation settlement charge of $125 million at the integrated marketing services business included in the corresponding period of fiscal 2011, partially offset by the revenue decreases noted above. The decrease in operating income for the nine months ended March 31, 2012 of $136 million, or 23%, as compared to the corresponding period of fiscal 2011 was primarily due to lower revenues noted above, partially offset by the

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positive impact from the absence of a litigation settlement charge noted above. The weakening of the U.S. dollar against local currencies, primarily the Australian Dollar, resulted in operating income increases of approximately $15 million for the nine months ended March 31, 2012, respectively, as compared to the corresponding periods of fiscal 2011.

Other (2% and 3% of the Company s consolidated revenues in the first nine months of fiscal 2012 and 2011, respectively)

For the three and nine months ended March 31, 2012, revenues at the Other segment decreased approximately $68 million, or 31%, and $384 million, or 46%, respectively, as compared to the corresponding periods of fiscal 2011, primarily due to the dispositions of Myspace and News Outdoor Russia, partially offset by higher revenues at Wireless Generation. Also contributing to the decrease in revenues for the nine months ended March 31, 2012 was the disposition of Fox Mobile.

Operating results for the nine months ended March 31, 2012 improved $18 million, or 11%, and $40 million, or 8%, respectively, as compared to the corresponding periods of fiscal 2011, primarily due to the net impact of the dispositions noted above, partially offset by the impact of legal and professional fees related to *The News of the World* investigations and litigation and costs for related civil settlements.

Liquidity and Capital Resources

Current Financial Condition

The Company s principal source of liquidity is internally generated funds. The Company also has a new five-year $2 billion revolving credit facility, which expires in May 2017, and has access to various film co-production alternatives to supplement its cash flows. In addition, the Company has access to the worldwide capital markets, subject to market conditions. As of March 31, 2012, the availability under the prior $2.25 billion revolving credit facility was reduced by stand-by letters of credit issued which totaled approximately $74 million. As of March 31, 2012, the Company was in compliance with all of the covenants under the revolving credit facility, and it does not anticipate any violation of such covenants. The Company s internally generated funds are highly dependent upon the state of the advertising markets and public acceptance of its film and television products.

The principal uses of cash that affect the Company s liquidity position include the following: investments in the production and distribution of new feature films and television programs; the acquisition of and payments under programming rights for entertainment and sports programming; paper purchases; operational expenditures including employee costs; capital expenditures; interest expenses; income tax payments; investments in associated entities; dividends; acquisitions; debt repayments; and stock repurchases. (See Note 11 Equity)

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

Sources and uses of cash

Net cash provided by operating activities for the nine months ended March 31, 2012 and 2011 was as follows (in millions):

For the nine months ended March 31,	**2012**	**2011**
Net cash provided by operating activities	$ 2,721	$ 2,478

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The increase in net cash provided by operating activities during the nine months ended March 31, 2012 as compared to the corresponding period of fiscal 2011 was primarily due to lower production spending and participation payments and higher licensing revenue of television product at the Filmed Entertainment segment. Also contributing to this increase was higher affiliate receipts at the Cable Network Programming segment. These increases were partially offset by lower cash receipts at the Publishing segment due to lower advertising receipts, the absence of contributions from *The News of the World*, the costs associated with ongoing investigations and higher tax and interest payments.

Net cash used in investing activities for the nine months ended March 31, 2012 and 2011 was as follows (in millions):

For the nine months ended March 31,	**2012**	**2011**
Net cash used in investing activities	$ (987)	$ (1,400)

The decrease in net cash used in investing activities during the nine months ended March 31, 2012 as compared to the corresponding period of fiscal 2011 was primarily due to the sale of a portion of the Company s BSkyB investment in accordance with BSkyB s share repurchase program and lower capital expenditures at the Publishing and DBS segments.

Net cash (used in) provided by financing activities for the nine months ended March 31, 2012 and 2011 was as follows (in millions):

For the nine months ended March 31,	**2012**	**2011**
Net cash (used in) provided by financing activities	$ (3,562)	$ 1,743

The change in net cash used in financing activities for the nine months ended March 31, 2012 as compared to the net cash provided by financing activities in the corresponding period of fiscal 2011 was primarily due to share repurchases of approximately $3.3 billion during the nine months ended March 31, 2012, with no comparable share repurchases in the corresponding period of fiscal 2011.

Debt Instruments

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

	For the nine months ended March 31, 2012	**2011**
	(in millions)	
Borrowings		
Notes due February 2021[(1)]		984
Notes due February 2041[(1)]		1,469
All other		18
Total borrowings	$	$ 2,471
Repayments of borrowings		
LYONs[(1)]		(78)
Senior Debentures due February 2013[(1)]		(262)
Bank loans	(32)	(46)
All other		(31)
Total repayment of borrowings	$ (32)	$ (417)

(1) See Note 9 Borrowings to the accompanying unaudited consolidated financial statements for further discussion.

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Ratings of the Public Debt

The table below summarizes the Company s credit ratings as of March 31, 2012.

Rating Agency	Senior Debt	Outlook
Moody s	Baa 1	Stable
S&P	BBB+	CreditWatch/Negative

Revolving Credit Agreement

In May 2007, NAI entered into a credit agreement (the Credit Agreement), among NAI as Borrower, the Company as Parent Guarantor, the lenders named therein (the Lenders), Citibank, N.A. as Administrative Agent and JPMorgan Chase Bank, N.A. as Syndication Agent. The Credit Agreement provides a $2.25 billion unsecured revolving credit facility with a sub-limit of $600 million available for the issuance of letters of credit and has a maturity date of May 2012. Borrowings are in U.S. dollars only, while letters of credit are issuable in U.S. dollars or Euros. The significant terms of the agreement include the requirement that the Company maintain specific leverage ratios and limitations on secured indebtedness. NAI pays a facility fee of 0.08% regardless of facility usage. NAI pays interest for borrowings at LIBOR plus 0.27% and pays commission fees on letters of credit at 0.27%. NAI pays an additional fee of 0.05% if borrowings under the facility exceed 50% of the committed facility. The interest and fees are based on the Company s current debt rating. As of March 31, 2012, approximately $74 million in standby letters of credit, for the benefit of third parties, were outstanding.

In May 2012, the Company refinanced the Credit Agreement with a new $2 billion unsecured revolving credit facility with a sub-limit of $400 million (or its equivalent in Euros) available for the issuance of letters of credit and a maturity date of May 2017 (the New Credit Agreement). Under the New Credit Agreement, the Company may request an increase in the amount of the credit facility up to a maximum amount of $2.5 billion and the Company may request that the maturity date be extended for up to two additional one-year periods. Borrowings are issuable in U.S. dollars only, while letters of credit are issuable in U.S. dollars or Euros. Fees under the New Credit Agreement will be based on the Company s long-term senior unsecured non-credit enhanced debt ratings. Given the current debt ratings, NAI will pay a facility fee of 0.125% and an initial drawn cost of LIBOR plus 1.125%. All other terms and conditions under the New Credit Agreement will be substantially similar to those under the Credit Agreement.

Commitments

The Company has commitments under certain firm contractual arrangements (firm commitments) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The total firm commitments and future debt payments as of March 31, 2012 and June 30, 2011 were $60 billion and $49 billion, respectively. The increase from June 30, 2011 was primarily due to the new agreement with the National Football League, renewals of certain rights at the Company s RSNs and international sports programming rights. Subsequent to March 31, 2012, the Company entered into an agreement for the rights to broadcast cricket matches organized by the Board of Control for Cricket in India through fiscal 2018. Under the terms of the agreement, the Company is required to obtain a bank guarantee covering the programming rights obligation.

Guarantees

The Company s guarantees have not changed significantly from disclosures included in the 2011 Form 10-K.

Contingencies

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

As disclosed in the notes to the accompanying unaudited Consolidated Financial Statements of News Corporation, U.K. and U.S. regulators and governmental authorities are conducting investigations initiated in 2011 after allegations of phone hacking and inappropriate payments to public officials at our former publication, *The News of the World*, and other related matters, including investigations into whether similar conduct may have occurred at the Company s subsidiaries outside of the U.K. The Company is cooperating fully with these investigations. It is possible that these proceedings could damage our reputation and might impair our ability to conduct our business.

The Company is not able to predict the ultimate outcome or cost associated with these investigations. Violations of law may result in civil, administrative or criminal fines or penalties. The Company has admitted liability in a number of civil cases related to the phone hacking allegations and has settled a number of cases. At March 31, 2012, the Company has provided for its best estimate of the liability for the claims that have been filed. The Company has announced a process under which parties can pursue claims against the Company, and management believes that it is probable that additional claims will be filed. It is not possible to estimate the liability for such additional claims given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision for such matters. Any fees, expenses, fines, penalties, judgments or settlements which might be incurred by the Company in connection with the various proceedings could affect the Company s results of operations and financial condition.

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

Intangible Assets

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

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

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

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

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

Although the Company determined that the goodwill included in the consolidated balance sheets was not impaired as a result of the annual impairment tests performed as of June 30, 2011, the Company continues to monitor the goodwill at its Digital Media Group reporting unit as well as at a reporting unit included in its Publishing segment. Goodwill was $242 million and $1.7 billion, respectively, as of March 31, 2012 at these reporting units where goodwill is at risk for future impairment.

Recent Accounting Pronouncements

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

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

Foreign Currency Exchange Rates

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

At March 31, 2012, the Company s outstanding financial instruments with foreign currency exchange rate risk exposure had an aggregate fair value of $152 million (including the Company s non-U.S. dollar-denominated fixed rate debt). The potential increase in the fair values of these instruments resulting from a 10% adverse change in quoted foreign currency exchange rates would be approximately $45 million at March 31, 2012.

Interest Rates

The Company s current financing arrangements and facilities include approximately $15,460 million of outstanding fixed-rate debt and the Credit Agreement, which carries variable interest. Fixed and variable rate debts are impacted differently by changes in interest rates. A change in the interest rate or yield of fixed rate debt will only impact the fair market value of such debt, while a change in the interest rate of variable debt will impact interest expense, as well as the amount of cash required to service such debt. As of March 31, 2012, substantially all of the Company s financial instruments with exposure to interest rate risk were denominated in U.S. dollars and had an aggregate fair value of approximately $17,917 million. The potential change in fair market value for these financial instruments from an adverse 10% change in quoted interest rates across all maturities, often referred to as a parallel shift in the yield curve, would be approximately $910 million at March 31, 2012.

Stock Prices

The Company has common stock investments in several publicly traded companies that are subject to market price volatility. These investments principally represent the Company s equity method affiliates and had an aggregate fair value of approximately $9,352 million as of March 31, 2012. A hypothetical decrease in the market price of these investments of 10% would result in a fair value of approximately $8,416 million. Such a hypothetical decrease would result in a before tax decrease in comprehensive income of approximately $32 million, as any changes in fair value of the Company s equity method affiliates are not recognized unless deemed other-than-temporary.

Credit Risk

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

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The Company s receivables did not represent significant concentrations of credit risk at March 31, 2012 or June 30, 2011 due to the wide variety of customers, markets and geographic areas to which the Company s products and services are sold.

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. At March 31, 2012, the Company did not anticipate nonperformance by any of the counterparties.

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ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

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

(b) Internal Control Over Financial Reporting

There has been no change in the Company s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) during the Company s third quarter of fiscal 2012 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

Intermix

On August 26, 2005 and August 30, 2005, two purported class action lawsuits captioned, respectively, Ron Sheppard v. Richard Rosenblatt et. al., and John Friedmann v. Intermix Media, Inc. et al., were filed in the California Superior Court, County of Los Angeles. Both lawsuits named as defendants all of the then incumbent members of the board of directors of Intermix Media, Inc. (Intermix), including Mr. Rosenblatt, Intermix s former Chief Executive Officer, and certain entities affiliated with VantagePoint Venture Partners (VantagePoint), a former major Intermix stockholder. The complaints alleged that, in pursuing the transaction whereby Intermix was to be acquired by Fox Interactive Media, a subsidiary of the Company (the FIM Transaction), and approving the related merger agreement, the director defendants breached their fiduciary duties to Intermix stockholders by, among other things, engaging in self-dealing and failing to obtain the highest price reasonably available for Intermix and its stockholders. The complaints further alleged that the merger agreement resulted from a flawed process and that the defendants tailored the terms of the merger to advance their own interests. The FIM Transaction was consummated on September 30, 2005. The Friedmann and Sheppard lawsuits were subsequently consolidated and, on January 17, 2006, a consolidated amended complaint was filed (the Intermix Media Shareholder Litigation). The plaintiffs in the consolidated action sought various forms of declaratory relief, damages, disgorgement and fees and costs. On March 20, 2006, the court ordered that substantially identical claims asserted in a separate state action filed by Brad Greenspan, captioned Greenspan v. Intermix Media, Inc., et al., be severed and related to the Intermix Media Shareholder Litigation. The defendants filed demurrers seeking dismissal of all claims in the Intermix Media Shareholder Litigation and the severed Greenspan claims. On October 6, 2006, the court sustained the demurrers without leave to amend. On December 13, 2006, the court dismissed the complaints and entered judgment for the defendants. Greenspan and plaintiffs in the Intermix Media Shareholder Litigation filed notices of appeal. The Court of Appeal heard arguments on the fully briefed appeal on October 23, 2008. On November 11, 2008, the Court of Appeal issued an unpublished opinion affirming the lower court s dismissal on all counts. On December 19, 2008, stockholder appellants filed a Petition for Review with the California Supreme Court. The California Supreme Court denied review on February 18, 2009 and the judgment is now final.

In November 2005, plaintiff in a derivative action captioned LeBoyer v. Greenspan et al. pending against various former Intermix directors and officers in the United States District Court for the Central District of California filed a First Amended Class and Derivative Complaint (the Amended Complaint). The original derivative action was filed in May 2003 and arose out of Intermix s restatement of quarterly financial results for its fiscal year ended March 31, 2003. A substantially similar derivative action filed in Los Angeles Superior Court was dismissed based on the inability of the plaintiffs to plead adequately demand futility. The Amended Complaint added various allegations and purported class claims arising out of the FIM Transaction that are substantially similar to those asserted in the Intermix Media Shareholder Litigation. The Amended Complaint also added as defendants the individuals and entities named in the Intermix Media Shareholder Litigation that were not already defendants in the matter. On October 16, 2006, the court dismissed the fourth through seventh claims for relief, which related to the 2003 restatement, finding that the plaintiff is precluded from relitigating demand futility. At the same time, the court asked for further briefing regarding plaintiffs standing to assert derivative claims based on the FIM Transaction, including for alleged violation of Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), the effect of the state judge s dismissal of the claims in the Greenspan case and the Intermix Media Shareholder Litigation on the remaining direct class action claims alleging breaches of fiduciary duty and other common law claims leading up to the FIM Transaction. The parties filed the requested additional briefing in which the defendants requested that the court stay the direct LeBoyer claims pending the resolution of any appeal in the Greenspan case and the Intermix Media Shareholder Litigation. By order dated May 22, 2007, the court granted defendants motion to dismiss the derivative claims arising out of the FIM Transaction, and denied the defendants request to stay the two remaining direct claims. As explained in more detail in the next paragraph, the court subsequently consolidated this case with the Brown

v. Brewer action also pending before the court. On July 11, 2007, plaintiffs filed the consolidated first amended complaint under the Brown case title. See the discussion of the Brown case below for the subsequent developments in the consolidated case.

On June 14, 2006, a purported class action lawsuit, captioned Jim Brown v. Brett C. Brewer, et al., was filed against certain former Intermix directors and officers in the United States District Court for the Central District of California. The plaintiff asserted claims for alleged violations of Section 14(a) of the Exchange Act and SEC Rule 14a-9, as well as control person liability under Section 20(a) of the Exchange Act. The plaintiff alleged that certain defendants disseminated false and misleading definitive proxy statements on two occasions: one on December 30, 2003 in connection with the stockholder vote on January 29, 2004 on the election of directors and ratification of financing transactions with certain entities of VantagePoint; and another on August 25, 2005 in connection with the stockholder vote on the FIM Transaction. The complaint named as defendants certain VantagePoint related entities, the former general counsel and the members of the Intermix Board who were incumbent on the dates of the respective proxy statements. Intermix was not named as a defendant, but has certain indemnity obligations to the former officer and director defendants in connection with these claims and allegations. On August 25, 2006, plaintiff amended his complaint to add certain investment banks (the Investment Banks) as defendants. Intermix has certain indemnity obligations to the Investment Banks as well. Plaintiff amended his complaint again on September 27, 2006, which defendants moved to dismiss. On February 9, 2007, the case was transferred to Judge George H. King, the judge assigned to the LeBoyer action, on the grounds that it raises substantially related questions of law and fact as LeBoyer, and would entail substantial duplication of labor if heard by different judges. On June 11, 2007, Judge King ordered the Brown case be consolidated with the LeBoyer action, ordered plaintiffs counsel to file a consolidated first amended complaint, and further ordered the parties to file a joint brief on defendants contemplated motion to dismiss the consolidated first amended complaint. On July 11, 2007, plaintiffs filed the consolidated first amended complaint, which defendants moved to dismiss. By order dated January 17, 2008, Judge King granted defendants motion to dismiss the 2003 proxy claims (concerning VantagePoint transactions) and the 2005 proxy claims (concerning the FIM Transaction), as well as a claim against the VantagePoint entities alleging unjust enrichment. The court found it unnecessary to rule on dismissal of the remaining claims, which are related to the 2005 FIM Transaction, because the dismissal disposed of those claims. On February 8, 2008, plaintiffs filed a consolidated second amended complaint, which defendants moved to dismiss on February 28, 2008. By order dated July 15, 2008, the court granted in part and denied in part defendants motion to dismiss. The 2003 claims and the claims against the Investment Banks were dismissed with prejudice. The Section 14(a), Section 20(a) and the breach of fiduciary duty claims related to the FIM Transaction remain against the officer and director defendants and the VantagePoint defendants. On November 14, 2008, plaintiff filed a motion for class certification to which defendants filed their opposition on January 14, 2009. On June 22, 2009, the court granted plaintiff s motion for class certification, certifying a class of all holders of Intermix common stock from July 18, 2005 through consummation of the FIM Transaction, who were allegedly harmed by defendants improper conduct as set forth in the complaint. On June 17, 2010, the court granted in part and denied in part defendants summary judgment motion filed on October 19, 2009. Specifically, the court denied plaintiff s motion for summary adjudication of a factual issue and denied defendants motion to exclude plaintiff s damages expert, which was filed on November 30, 2009. In the court s June 17, 2010 order, the court found that plaintiff could not proceed on any fiduciary duty claim based upon alleged violations of the duty of care, but found material issues of fact prohibiting summary judgment on alleged violations of fiduciary duty of loyalty. On plaintiff s Section 14(a) claim, the court found material issues of fact that prohibited summary judgment on the entire claim, but granted defendants motion as to certain purported omissions, finding the allegedly omitted information immaterial. Further, the court granted defendants motion as to two damage theories for the Section 14(a) claim, finding benefit of the bargain damages not viable and lost opportunity damages too speculative, and permitting plaintiff to proceed only based upon a theory of out-of-pocket damages. No trial date was set. On October 21, 2010, the parties agreed to a settlement of the action, which is subject to approval by the court. A formal stipulation of settlement was submitted to the court for its approval on December 28, 2010 and the Company recognized the terms of this settlement in its results of operations. The terms of this settlement were not material to the Company. On February 18, 2011, the court granted preliminary approval of the settlement. Plaintiff s counsel supervised notice of the settlement to the class. The notice provided class members with an opportunity to object. Two shareholders filed objections to the settlement with the court in April 2011. Both objectors had counsel appear on their behalf at a hearing on May 16, 2011 where the court considered plaintiff s motion for final approval of the settlement and plaintiff s counsel s motion for attorneys fees, which will come out of the settlement funds. At the hearing, the court did not rule on the motions and instead ordered that plaintiff, objector Trafelet & Co., and defendants submit joint briefing with respect to certain of Trafelet s objections. The joint brief was filed on June 10, 2011. The joint brief narrowed the objections to allocation of the settlement amount and sufficiency of the notice as it pertains to how the settlement funds will be allocated. The joint brief contained no objection to the settlement itself. On September 29, 2011, the court entered an order rejecting the settlement in so far as the court found that the proposed plan of allocation was not fair, adequate and reasonable because certain members of the certified class are releasing their claims under the settlement, but under the proposed plan, they will not be receiving any of the settlement proceeds. The court ordered the parties to submit a new plan of allocation within 30 days and stated that it will issue appropriate orders after reviewing the new plan. The court order had no effect on the settlement amount. Plaintiff and Trafelet submitted competing revised plans of allocation of the settlement proceeds. On December 19, 2011, the court set a hearing for January 12, 2012 to consider these plans and whether further notice should be provided to the class if the court were to approve a revised plan of allocation. The court heard argument on the issues of allocation and notice on January 12, 2012. On January 18, 2012, the court issued an order rejecting certain aspects of the plaintiff s revised plan of allocation, providing that plaintiff give supplemental notice of the revised plan of allocation with a period for objections, and setting March 19, 2012 as the hearing date for final approval of the settlement. Thereafter, two shareholders filed motions seeking to intervene in the action. The court rejected those motions. One shareholder submitted written objections to the revised plan of allocation and settlement. At the hearing on March 19, 2012, the court (a) approved the settlement and revised plan of allocation after considering, and rejecting, all of the objections that the court had received, including those submitted prior to the May 16, 2011 hearing, (b) denied an attempt by James Nelson, a purported shareholder, to assert additional oral objections during the hearing upon finding that such objections would be untimely, and (c) awarded attorneys fees, which are taken out of the settlement amount, paid per the terms of the settlement agreement. That same day, the court entered judgment dismissing the case with prejudice. On April 19, 2012, Mr. Nelson filed a notice of appeal in which he appealed from an order dated March 19, 2012 denying Mr. Nelson s request to assert additional oral objections to the settlement during the hearing on final approval of the settlement.

Shareholder Litigation

On March 16, 2011, a complaint seeking to compel the inspection of the Company s books and records pursuant to 8 Del. C. § 220, captioned Central Laborers Pension Fund v. News Corporation, was filed in the Delaware Court of Chancery. The plaintiff requested the Company s books and records to investigate alleged possible breaches of fiduciary duty by the directors of the Company in connection with the Company s purchase of Shine (the Shine Transaction). The Company moved to dismiss the action. On November 30, 2011, the court issued an order granting the Company s motion and dismissing the complaint. The plaintiff filed a notice of appeal on December 13, 2011. The Delaware Supreme Court heard argument on the fully-briefed appeal on April 18, 2012. No decision on the appeal has been issued yet.

Also on March 16, 2011, two purported shareholders of the Company, one of which was Central Laborers Pension Fund, filed a derivative action in the Delaware Court of Chancery, captioned The Amalgamated Bank v. Murdoch, et al. (the Amalgamated Bank Litigation). The plaintiffs alleged that both the directors of the Company and Rupert Murdoch as a controlling shareholder breached their fiduciary duties in connection with the Shine Transaction. The suit named as defendants all directors of the Company, and named the Company as a nominal defendant. Similar claims against the same group of defendants were filed in the Delaware Court of Chancery by a purported shareholder of the Company, New Orleans Employees Retirement System, on March 25, 2011 (the New Orleans Employees Retirement Litigation). Both the Amalgamated Bank Litigation and the New Orleans Employees Retirement Litigation were consolidated on April 6, 2011 (the Consolidated

Action), with The Amalgamated Bank s complaint serving as the operative complaint. The Consolidated Action was captioned In re News Corp. Shareholder Derivative Litigation. On April 9, 2011, the court entered a scheduling order governing the filing of an amended complaint and briefing on potential motions to dismiss.

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

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

The defendants filed a motion to dismiss the Second Amended Complaint. The motion is fully briefed and the hearing is scheduled for May 21, 2012.

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

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

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

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

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

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

The Wilder Litigation, the Stricklin Litigation and the Iron Workers Litigation are all now before the judge in the Shields Litigation. On November 21, 2011, the court issued an order setting a briefing schedule for the defendants motion to stay the Stricklin Litigation, the Iron Workers Litigation and the Shields Litigation pending the outcome of the consolidated action pending in the Delaware Court of Chancery. On December 8, 2011, the defendants and the Company, as a nominal defendant, served their motion to stay. Opposition briefs were served by Stricklin, Iron Workers and Shields. Reply briefs in support of the motion to stay were filed on January 24, 2012. No hearing date is set. In the Wilder Litigation, there are competing motions for appointment of lead plaintiff and lead counsel pending.

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The Company and its Board of Directors believe these shareholder claims are entirely without merit, and intend to vigorously defend these actions.

The News of the World Investigations and Litigation

U.K. and U.S. regulators and governmental authorities are conducting investigations initiated in 2011 after allegations of phone hacking and inappropriate payments to public officials at our former publication, *The News of the World*, and other related matters, including investigations into whether similar conduct may have occurred at the Company s subsidiaries outside of the U.K. The Company is cooperating fully with these investigations. It is possible that these proceedings could damage our reputation and might impair our ability to conduct our business.

The Company is not able to predict the ultimate outcome or cost associated with these investigations. Violations of law may result in civil, administrative or criminal fines or penalties. The Company has admitted liability in a number of civil cases related to the phone hacking allegations and has settled a number of cases. As of March 31, 2012, the Company has provided for its best estimate of the liability for the claims that have been filed. The Company has announced a process under which parties can pursue claims against the Company, and management believes that it is probable that additional claims will be filed. It is not possible to estimate the liability for such additional claims given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision for such matters. Any fees, expenses, fines, penalties, judgments or settlements which might be incurred by the Company in connection with the various proceedings could affect the Company s results of operations and financial condition.

HarperCollins

Commencing on August 9, 2011, twenty-nine purported consumer class actions have been filed in the U.S. District Courts for the Southern District of New York and for the Northern District of California, which relate to the decisions by certain publishers, including HarperCollins Publishers L.L.C. (HarperCollins), to begin selling their eBooks pursuant to an agency relationship. The cases all involve allegations that certain named defendants in the book publishing and distribution industry, including HarperCollins, violated the antitrust and unfair competition laws by virtue of the switch to the agency model for eBooks. The actions seek as relief treble damages, injunctive relief and attorneys fees. The Judicial Panel on Multidistrict Litigation (JPML) has transferred the various class actions to the Honorable Denise L. Cote in the Southern District of New York. On January 20, 2012, plaintiffs filed a consolidated amended complaint, again alleging that certain named defendants, including HarperCollins, violated the antitrust and unfair competition laws by virtue of the switch to the agency model for eBooks. Defendants filed a motion to dismiss on March 2, 2012. On March 30, 2012, plaintiffs filed their opposition to defendants motion to dismiss. On April 13, 2012, certain defendants, not including HarperCollins, filed a reply in support of their motion to dismiss. On April 18, 2012, Judge Cote held a status conference to assess the impact on the consolidated class actions of the actions brought by United States Department of Justice (the DOJ) and sixteen state Attorneys General led by Texas and Connecticut (the AGs) (discussed below). On April 24, 2012, Judge Cote issued a case management order regarding discovery issues and scheduled a status conference for June 22, 2012.

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 alleges antitrust violations relating to defendants decisions to begin selling eBooks pursuant to an agency relationship. This case was assigned to Judge Cote. Simultaneously, the DOJ announced that it had reached a proposed settlement with three publishers, including HarperCollins, and filed a Proposed Final Judgment and related materials detailing that agreement. Among other things, the Proposed Final Judgment requires that HarperCollins terminate its agreements with certain eBook retailers and places certain restrictions on any agreements subsequently entered into with such retailers. Pursuant to the Antitrust Procedures and

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Penalties Act, the Proposed Final Judgment cannot be entered by Judge Cote for at least sixty days while the DOJ receives public comments. Additional information about the Proposed Final Judgment can be found on the DOJ s website.

Following an investigation, on April 11, 2012, the AGs filed a similar action against certain publishers and Apple, Inc. in the Western District of Texas. As a result of a memorandum of understanding agreed upon with the AGs for Texas and Connecticut, which is subject to finalizing a settlement agreement, HarperCollins was not named as a defendant in this action. Any settlement reached with any state attorneys general is subject to court approval and would, subject to court approval, also resolve the damage claims of individual citizens from those states.

While the Proposed Final Judgment of the DOJ has not been entered and the memorandum of understanding agreed upon with the AGs is still subject to finalization and court approval, the Company believes that these proposed settlements, as currently drafted, will not have a material impact on the results of operations or the financial position of the Company. However, the Company can make no assurances that these proposed settlements will be finalized or that they will receive court approval.

The European Commission is conducting an investigation into whether certain companies in the book publishing and distribution industry, including HarperCollins, violated the antitrust and unfair competition laws by virtue of the switch to the agency model for eBooks. Following discussions with the European Commission, the Office of Fair Trading closed its investigation in favor of the European Commission s investigation on December 6, 2011. HarperCollins currently is cooperating with the European Commission and working towards resolving its investigation.

While a proposed resolution has not been finalized with the European Commission, the Company believes that such a resolution, as currently contemplated, would not have a material impact on the results of operations or the financial position of the Company. However, the Company can make no assurances that such a resolution will be finalized.

Other

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

ITEM 1A. RISK FACTORS

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

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

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

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

The United States and global economies have undergone a period of economic uncertainty, which caused, among other things, a general tightening in the credit markets, limited access to the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, lower consumer and business spending and lower consumer net worth. The resulting pressure on the labor and retail markets and the downturn in consumer confidence weakened the economic climate in certain markets in which the Company does business and has had and may continue to have an adverse effect on the Company s business, results of operations, financial condition and liquidity. A continued decline in these economic conditions could further impact the Company s business, reduce the Company s advertising and other revenues and negatively impact the performance of its motion pictures and home entertainment releases, television operations, newspapers, books and other consumer products. In addition, these conditions could also impair the ability of those with whom the Company does business to satisfy their obligations to the Company. As a result, the Company s results of operations may be adversely affected. Although the Company believes that its operating cash flow and current access to capital and credit markets, including the Company s existing credit facility, will give it the ability to meet its financial needs for the foreseeable future, there can be no assurance that continued or increased volatility and disruption in the global capital and credit markets will not impair the Company s liquidity or increase its cost of borrowing.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company seeks to limit the threat of content piracy and direct broadcast satellite programming signal theft; however, policing unauthorized use of the Company s products and services and related intellectual property is often difficult and the steps taken by the Company may not in every case prevent the infringement by unauthorized third parties. Developments in technology, including digital copying, file compressing and the growing penetration of high-bandwidth Internet connections, increase the threat of content piracy by making it easier to duplicate and widely distribute pirated material. In addition, developments in software or devices that circumvent encryption technology increase the threat of unauthorized use and distribution of direct broadcast satellite programming signals. The Company has taken, and will continue to take, a variety of actions to combat piracy and signal theft, both individually and, in some instances, together with industry associations. There can be no assurance that the Company s efforts to enforce its rights and protect its products, services and intellectual property will be successful in preventing content piracy or signal theft. Content piracy and signal theft present a threat to the Company s revenues from products and services, including, but not limited to, films, television shows, books and direct broadcast satellite programming.

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

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

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

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

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

The Company is subject to a variety of U.S. and foreign regulations in the jurisdictions in which its businesses operate. In general, the television broadcasting and multichannel video programming and distribution industries in the United States are highly regulated by federal laws and regulations issued and administered by various federal agencies, including the FCC. The FCC generally regulates, among other things, the ownership of media, broadcast and multichannel video programming and technical operations of broadcast licensees. Our

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program services and online properties are subject to a variety of laws and regulations, including those relating to issues such as content regulation, user privacy and data protection, and consumer protection, among others. Further, the United States Congress, the FCC and state legislatures currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters, including technological changes and measures relating to privacy and data security, which could, directly or indirectly, affect the operations and ownership of the Company s U.S. media properties. Similarly, changes in regulations imposed by governments in other jurisdictions in which the Company, or entities in which the Company has an interest, operate could adversely affect its business and results of operations.

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

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

The Company owns broadcast station licensees in connection with its ownership and operation of U.S. television stations. Under U.S. law, no broadcast station licensee may be owned by a corporation if more than 25% of its stock is owned or voted by non-U.S. persons, their representatives, or by any other corporation organized under the laws of a foreign country. The Company s Restated Certificate of Incorporation authorizes the Board to prevent, cure or mitigate the effect of stock ownership above the applicable foreign ownership threshold by taking any action including: refusing to permit any transfer of common stock to or ownership of common stock by a non-U.S. stockholder; voiding a transfer of common stock to a non-U.S. stockholder; suspending rights of stock ownership if held by a non-U.S. stockholder; or redeeming common stock held by a non-U.S. stockholder. On April 18, 2012, the Company announced that it had determined that approximately 36% of the Company s Class B Common Stock is owned by non-U.S. stockholders, and the combined ownership of Class A Common Stock and Class B Common Stock by non-U.S. stockholders is approximately 22% of the combined outstanding shares of Class A Common Stock and Class B Common Stock. In order to ensure compliance with U.S. law, the Company suspended 50% of the voting rights of the Class B Common Stock held by non-U.S. stockholders. This suspension will remain in place for as long as the Company deems it necessary to maintain compliance with applicable U.S. law. The Company is not able to predict whether it will need to adjust the suspension or whether additional action pursuant to its Restated Certificate of Incorporation may be necessary. The FCC could review the Company s compliance with applicable U.S. law in connection with its consideration of the Company s renewal applications for licenses to operate the broadcast stations the Company owns.

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

U.K. and U.S. regulators and governmental authorities are conducting investigations initiated in 2011 after allegations of phone hacking and inappropriate payments to public officials at our former publication, *The News of the World*, and other related matters, including investigations into whether similar conduct may have occurred at the Company s subsidiaries outside of the U.K. The Company is cooperating fully with these investigations.

The Company has admitted liability in a number of civil cases related to the phone hacking allegations and has settled a number of cases. The Company has announced a process under which parties can pursue claims against the Company, and management believes that it is probable that additional claims will be filed.

We are not able to predict the ultimate outcome or cost of the investigations. Violations of law may result in civil, administrative or criminal fines or penalties. It is also possible that these proceedings could damage our reputation and might impair our ability to conduct our business. Any fees, expenses, fines, penalties, judgments or settlements which might be incurred by the Company in connection with the various proceedings could affect the Company s results of operations and financial condition.

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

In June 2005, the Company announced a stock repurchase program under which the Company is authorized to acquire from time to time up to an aggregate of $3 billion in Class A Common Stock and Class B Common Stock. In May 2006, the Company announced that the Board increased the total amount of the stock repurchase program to $6 billion. In July 2011, the Company announced that the Board had authorized increasing the total amount of the stock repurchase program remaining by approximately $3.2 billion to $5 billion. The remaining authorized amount under the Company s stock repurchase program at March 31, 2012, excluding commissions, was approximately $1.7 billion.

Below is a summary of the Company s purchases of its Class A Common Stock during the three months ended March 31, 2012:

	Total Number of Shares Purchased	Average Price per Share	Total Cost of Purchase (in millions)
January	8,500,000	$ 18.59	$ 158
February	14,500,000	19.31	280
March	19,130,000	19.81	379
Total	42,130,000		$ 817

The Company did not purchase any of its Class B Common Stock during the three months ended March 31, 2012.

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

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ITEM 6. EXHIBITS

(a) Exhibits.

10.1	Second Extension Agreement, as of January 1, 2012, between News America Incorporated and Arthur M. Siskind.*
10.2	Form of Performance Stock Unit Agreement Settled in Cash-Settled Performance Stock Units.*
12.1	Ratio of Earnings to Fixed Charges.*
31.1	Chairman and Chief Executive Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
31.2	Chief Financial Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Chairman and Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes Oxley Act of 2002.**
101	The following financial information from the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 formatted in eXtensible Business Reporting Language: (i) Unaudited Consolidated Statements of Operations for the three and nine months ended March 31, 2012 and 2011; (ii) Consolidated Balance Sheets at March 31, 2012 (unaudited) and June 30, 2011 (audited); (iii) Unaudited Consolidated Statements of Cash Flows for the nine months ended March 31, 2012 and 2011; and (iv) Notes to the Unaudited Consolidated 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/ David F. DeVoe
David F. DeVoe

Senior Executive Vice President and

Chief Financial Officer

Date: May 9, 2012