UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2010**

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

Registrant's telephone number, including area code (212) 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 ☒ 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 ☒ No ☐

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

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

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

As of April 30, 2010, 1,822,182,953 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.

NEWS CORPORATION

FORM 10-Q

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NEWS CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)

	For the three months ended March 31,		For the nine months ended March 31,	
	2010	2009	2010	2009
Revenues	$ 8,785	$ 7,373	$ 24,668	$ 22,753
Operating expenses	(5,777)	(4,848)	(15,812)	(14,580)
Selling, general and administrative	(1,461)	(1,441)	(4,939)	(4,710)
Depreciation and amortization	(294)	(274)	(890)	(853)
Impairment and restructuring charges	(6)	(55)	(36)	(8,528)
Equity earnings (losses) of affiliates	181	(40)	271	(369)
Interest expense, net	(247)	(238)	(761)	(690)
Interest income	20	16	61	76
Other, net	(45)	1,132	(143)	1,338
Income (loss) before income tax expense	1,156	1,625	2,419	(5,563)
Income tax (expense) benefit	(295)	1,103	(677)	2,436
Net income (loss)	861	2,728	1,742	(3,127)
Less: Net income attributable to noncontrolling interests	(22)	(1)	(78)	(48)
Net income (loss) attributable to News Corporation stockholders	$ 839	$ 2,727	$ 1,664	$ (3,175)
Weighted average shares:				
Basic	2,620	2,614	2,619	2,613
Diluted	2,627	2,620	2,625	2,613
Net income (loss) attributable to News Corporation stockholders per share				
Basic	$ 0.32	$ 1.04	$ 0.64	$ (1.22)
Diluted	$ 0.32	$ 1.04	$ 0.63	$ (1.22)

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

NEWS CORPORATION

CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share amounts)

	At March 31, 2010	At June 30, 2009
	(unaudited)	(audited)
Assets:		
Current assets:		
Cash and cash equivalents	$ 8,183	$ 6,540
Receivables, net	6,788	6,287
Inventories, net	2,732	2,477
Other	485	532
Total current assets	18,188	15,836
Non-current assets:		
Receivables	261	282
Investments	3,423	2,957
Inventories, net	3,303	3,178
Property, plant and equipment, net	6,064	6,245
Intangible assets, net	8,486	8,925
Goodwill	14,007	14,382
Other non-current assets	1,296	1,316
Total assets	$55,028	$53,121
Liabilities and Equity:		
Current liabilities:		
Borrowings	$ 310	$ 2,085
Accounts payable, accrued expenses and other current liabilities	5,613	5,279
Participations, residuals and royalties payable	1,972	1,388
Program rights payable	1,166	1,115
Deferred revenue	835	772
Total current liabilities	9,896	10,639
Non-current liabilities:		
Borrowings	13,196	12,204
Other liabilities	2,882	3,027
Deferred income taxes	3,483	3,276
Redeemable noncontrolling interests	362	343
Commitments and contingencies		
Equity:		
Class A common stock [1]	18	18
Class B common stock [2]	8	8
Additional paid-in capital	17,335	17,354
Retained earnings and accumulated other comprehensive income	7,412	5,844
Total News Corporation stockholders' equity	24,773	23,224
Noncontrolling interests	436	408
Total equity	25,209	23,632
Total liabilities and equity	$55,028	$53,121

(1) **Class A common stock**, $0.01 par value per share, 6,000,000,000 shares authorized, 1,821,978,686 shares and 1,815,449,495 shares issued and outstanding, net of 1,776,759,232 and 1,776,865,809 treasury shares at par at March 31, 2010 and June 30, 2009, 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, 2010 and June 30, 2009.

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

NEWS CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	For the nine months ended March 31,	
	2010	**2009**
Operating activities:		
Net income (loss)	$ 1,742	$(3,127)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	890	853
Amortization of cable distribution investments	64	64
Equity (earnings) losses of affiliates	(271)	369
Cash distributions received from affiliates	190	157
Impairment charges (net of tax of $1.7 billion)	—	6,737
Other, net	143	(1,338)
Change in operating assets and liabilities, net of acquisitions:		
Receivables and other assets	(480)	(43)
Inventories, net	(465)	(718)
Accounts payable and other liabilities	1,166	(1,893)
Net cash provided by operating activities	2,979	1,061
Investing activities:		
Property, plant and equipment, net of acquisitions	(661)	(811)
Acquisitions, net of cash acquired	(132)	(776)
Investments in equity affiliates	(307)	(103)
Other investments	(106)	(65)
Proceeds from sale of investments, other non-current assets and business disposals	889	1,713
Net cash used in investing activities	(317)	(42)
Financing activities:		
Borrowings	1,024	1,032
Repayment of borrowings	(1,869)	(336)
Issuance of shares	22	4
Dividends paid	(203)	(190)
Purchase of subsidiary shares from noncontrolling interest	—	(11)
Other, net	2	18
Net cash (used in) provided by financing activities	(1,024)	517
Net increase in cash and cash equivalents	1,638	1,536
Cash and cash equivalents, beginning of period	6,540	4,662
Exchange movement of opening cash balance	5	(144)
Cash and cash equivalents, end of period	$ 8,183	$ 6,054

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

NEWS CORPORATION

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 eight segments: Filmed Entertainment, Television, Cable Network Programming (which now includes STAR Group Limited ("STAR"), see Note 15—Segment Information), Direct Broadcast Satellite Television ("DBS"), Integrated Marketing Services (formerly Magazines and Inserts, see Note 15—Segment Information), Newspapers and Information Services, Book 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, 2010.

These interim unaudited consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements for the fiscal year ended June 30, 2009 and notes thereto included in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on February 12, 2010, which should be read in conjunction with the Company's Annual Report on Form 10-K filed with the SEC on August 12, 2009.

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 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.

Certain fiscal 2009 amounts have been reclassified to conform to the fiscal 2010 presentation.

The Company maintains a 52-53 week fiscal year ending on the Sunday nearest to each reporting date. As such, all references to March 31, 2010 and March 31, 2009 relate to the three and nine month periods ended March 28, 2010 and March 29, 2009, respectively. For convenience purposes, the Company continues to date its financial statements as of March 31.

In accordance with Accounting Standards Codification ("ASC") 220 "Comprehensive Income," total comprehensive income (loss) for the Company consisted of the following:

	For the three months ended March 31,		For the nine months ended March 31,	
	2010	2009	2010	2009
	(in millions)			
Net income (loss), as reported	$ 861	$2,728	$1,742	$(3,127)
Other comprehensive income:				
Foreign currency translation adjustments	(342)	(187)	117	(2,793)
Unrealized holding gains (losses) on securities, net of tax	5	6	62	(29)
Benefit plan adjustments	16	6	28	(4)
Total comprehensive income (loss)	540	2,553	1,949	(5,953)
Less: net income attributable to noncontrolling interests [(1)]	(22)	(1)	(78)	(48)
Less: foreign currency translation adjustments attributable to noncontrolling interests [(1)]	(2)	14	(2)	54
Comprehensive income (loss) attributable to News Corporation stockholders	$ 516	$2,566	$1,869	$(5,947)

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

Recent Accounting Pronouncements

On July 1, 2009, the Company adopted the provisions of ASC 805 "Business Combinations" ("ASC 805"), which significantly changed the Company's accounting for business combinations on a prospective basis in a number of areas, including the treatment of contingent consideration, preacquisition contingencies, transaction costs and restructuring costs. In addition, under ASC 805, changes in an acquired entity's deferred tax assets and uncertain tax positions after the measurement period are included in income tax expense.

On July 1, 2009, the Company adopted the new provisions of ASC 810 "Consolidation" ("ASC 810"), which changed the accounting and reporting for minority interests. As a result of the adoption of these provisions, minority interests have been recharacterized as noncontrolling interests and classified as a component of equity, with the exception of redeemable noncontrolling interests. In accordance with ASC 810, the presentation and disclosure requirements for existing noncontrolling interests were applied retrospectively. All other requirements of these provisions were applied prospectively.

The following table summarizes changes in equity:

	For the three months ended March 31,					
	2010			2009		
	News Corporation Stockholders	Noncontrolling Interests	Total Equity	News Corporation Stockholders	Noncontrolling Interests	Total Equity
	(in millions)					
Balance, beginning of period	$24,401	$429	$24,830	$19,997	$ 630	$20,627
Net income	839	22[(a)]	861	2,727	14[(a)]	2,741
Other comprehensive loss	(323)	—[(b)]	(323)	(161)	(5)[(b)]	(166)
Issuance of shares	8	—	8	5	—	5
Dividends declared	(196)	—	(196)	(157)	—	(157)
Other	44	(15)[(c)]	29	54	(244)[(c)]	(190)
Balance, end of period	$24,773	$436	$25,209	$22,465	$ 395	$22,860

	For the nine months ended March 31,					
	2010			2009		
	News Corporation Stockholders	Noncontrolling Interests	Total Equity	News Corporation Stockholders	Noncontrolling Interests	Total Equity
	(in millions)					
Balance, beginning of period	$23,224	$408	$23,632	$28,623	$ 631	$29,254
Net income (loss)	1,664	71[a]	1,735	(3,175)	54[a]	(3,121)
Other comprehensive income (loss)	205	3[b]	208	(2,772)	(31)[b]	(2,803)
Issuance of shares	78	—	78	80	—	80
Dividends declared	(353)	—	(353)	(314)	—	(314)
Other	(45)	(46)[c]	(91)	23	(259)[c]	(236)
Balance, end of period	$24,773	$436	$25,209	$22,465	$ 395	$22,860

(a) Net income (loss) attributable to noncontrolling interests excludes nil and $(13) million for the three months ended March 31, 2010 and 2009, respectively, and $7 million and $(6) million for the nine months ended March 31, 2010 and 2009, respectively, relating to redeemable noncontrolling interests which are reflected in temporary equity.

(b) Other comprehensive income (loss) attributable to noncontrolling interests excludes $2 million and $(9) million for the three months ended March 31, 2010 and 2009, respectively, and $(1) million and $(23) million for the nine months ended March 31, 2010 and 2009, respectively, relating to redeemable noncontrolling interests.

(c) Other activity attributable to noncontrolling interests excludes $(5) million and $71 million for the three months ended March 31, 2010 and 2009, respectively, and $13 million and $(63) million for the nine months ended March 31, 2010 and 2009, respectively, relating to redeemable noncontrolling interests.

On July 1, 2009, the Company adopted the new provisions of ASC 350 "Intangibles - Goodwill and Other" ("ASC 350"), which set forth the factors to be considered in developing renewal or extension assumptions used to determine the useful life of a recognizable intangible asset and is intended to improve the consistency between the useful life of a recognizable intangible asset and the period of expected cash flows used to measure the fair value of that asset. This adoption changed the Company's determination of useful lives for intangible assets on a prospective basis.

On July 1, 2009, the Company adopted the additional provisions of ASC 820 "Fair Value Measurement and Disclosure" ("ASC 820"), which apply to non-recurring fair value measurements of non-financial assets and liabilities, such as measurement of potential impairments of goodwill, other intangible assets, other long-lived assets and non-financial assets held by a pension plan. These additional provisions also apply to the fair value measurements of non-financial assets acquired and liabilities assumed in business combinations. The Company's adoption of the additional provisions of ASC 820 did not have a material effect on the Company's consolidated financial statements.

In August 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-05 "Fair Value Measurements and Disclosures (Topic 820)—Measuring Liabilities at Fair Value" ("ASU 2009-05"). ASU 2009-05 amends Subtopic 820-10 "Fair Value Measurements and Disclosures—Overall" and provides clarification on the methods to be used in circumstances in which a quoted price in an active market for the identical liability is not available.

In June 2010, the Company will adopt the new provisions of ASC 715 "Compensation—Retirement Benefits," which expand the disclosure requirements of defined benefit plans. The expanded disclosure requirements include: (i) investment policies and strategies; (ii) the major categories of plan assets; (iii) the

inputs and valuation techniques used to measure plan assets; (iv) the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period; and (v) significant concentrations of risk within plan assets.

Note 2—Acquisitions, Disposals and Other Transactions

Fiscal 2010 Transactions

In December 2009, the Company transferred the equity of its Photobucket subsidiary, a web-based provider of photo- and video-sharing services, and a related asset to a mobile photo uploading platform, in exchange for an equity interest in the acquirer and a cash payment. A loss of approximately $29 million on this transaction was included in other, net in the unaudited consolidated statements of operations for the nine months ended March 31, 2010. As a result of this transaction, the Company's interest in the acquirer, which is not material, was recorded at fair value.

In the third quarter of fiscal 2010, the Company completed two transactions related to its financial indexes businesses.

The Company sold its 33% interest in STOXX AG ("STOXX"), a European market index provider, to its partners, Deutsche Börse AG and SIX Group AG, for approximately $300 million in cash. The Company is entitled to receive additional consideration up to approximately $40 million if STOXX achieves certain revenue targets in calendar year 2010.

The Company and CME Group Inc. ("CME") formed a joint venture to operate a global financial index service business (the "Venture"), to which the Company contributed its Dow Jones Indexes business valued at $675 million and CME contributed a business which provides certain market data services valued at $608 million. The Company and CME own 10% and 90% of the Venture, respectively. The Venture issued approximately $613 million in third-party debt due in March 2018 that has been guaranteed by CME (the "Venture Financing"). The Venture used the proceeds from the debt issuance to make a special distribution at the time of the closing of approximately $600 million to the Company. The Company agreed to indemnify CME with respect to any payments of principal, premium and interest that CME makes under its guarantee of the Venture Financing and certain refinancing of such debt. In the event the Company is required to perform under this indemnity, the Company will be subrogated to and acquire all rights of CME.

The Company has the right to cause the Venture to purchase its 10% interest at fair market value in 2016 and the Venture has the right to call the Company's 10% interest at fair market value in 2017. The Company also agreed to provide to the Venture an annual media credit for advertising on the Company's Dow Jones media properties averaging approximately $3.5 million for a ten year term.

The Company's interest in the Venture was recorded at fair value of $67.5 million, which was determined using an earnings before interest, taxes, depreciation and amortization ("EBITDA") multiple and market-based valuation approach methodologies, and is now accounted for under the cost method of accounting. The net income, assets, liabilities, and cash flow attributable to the Dow Jones Indexes business are not material to the Company in any of the periods presented and, accordingly, have not been presented separately.

The Company recorded a combined loss of approximately $22 million on both of these transactions, which was included in other, net in the unaudited consolidated statements of operations for the three and nine months ended March 31, 2010.

Fiscal 2009 Transactions

Acquisitions

In October 2008, the Company purchased VeriSign Inc.'s minority share of the Jamba joint venture for approximately $193 million in cash, increasing the Company's interest to 100%.

In January 2009, the Company and Asianet TV Holdings Private Limited ("Asianet") formed a venture ("Star Jupiter") to provide general entertainment channels in southern India. The Company paid approximately $235 million in cash and assumed net debt of approximately $20 million for a controlling interest in four of Asianet's channels which were combined with one of the Company's existing channels. The Company has a majority interest in this new venture and, accordingly, began consolidating the results in January 2009.

Disposals

In July 2008, the Company completed the sale of eight of its owned-and-operated FOX network affiliated television stations (the "Stations") for approximately $1 billion in cash. The Stations included: WJW in Cleveland, OH; KDVR in Denver, CO; KTVI in St. Louis, MO; WDAF in Kansas City, MO; WITI in Milwaukee, WI; KSTU in Salt Lake City, UT; WBRC in Birmingham, AL; and WGHP in Greensboro, NC. In connection with the transaction, the Stations entered into new affiliation agreements with the Company to receive network programming and assumed existing contracts with the Company for syndicated programming. No portion of the sale proceeds were allocated to the new network affiliation agreements as they were negotiated at fair value and are consistent with similar pre-existing contracts with other third party-owned FOX affiliated stations. In addition, the Company recorded a gain of approximately $232 million in other, net in the unaudited consolidated statements of operations during the nine months ended March 31, 2009.

In November 2008, the Company sold its ownership stake in a Polish television broadcaster to the remaining shareholders. The Company recognized a net loss of approximately $100 million on the disposal which was included in other, net in the unaudited consolidated statements of operations during the nine months ended March 31, 2009.

Other transactions

In February 2009, the Company, two newly incorporated subsidiaries of funds advised by Permira Advisers LLP (the "Permira Newcos") and the Company's then majority-owned, publicly-held subsidiary, NDS Group plc ("NDS"), completed a transaction pursuant to which all issued and outstanding NDS Series A ordinary shares, including those represented by American Depositary Shares traded on The NASDAQ Stock Market, were acquired for per-share consideration of $63 in cash (the "NDS Transaction"). As part of the NDS Transaction, approximately 67% of the NDS Series B ordinary shares held by the Company were exchanged for $63 per share in a mix of approximately $1.5 billion in cash, which included $780 million of cash retained upon the deconsolidation of NDS, and a $242 million vendor note. Immediately prior to the consummation of the NDS Transaction, the Company owned approximately 72% of NDS through its ownership of all of the outstanding NDS Series B ordinary shares and, accordingly, included the results of NDS in the consolidated financial statements of the Company. As a result of the NDS Transaction, NDS ceased to be a public company and the Permira Newcos and the Company now own approximately 51% and 49% of NDS, respectively. The Company's remaining interest in NDS is accounted for under the equity method of accounting. A gain of $1.2 billion was recognized on the sale of the Company's interest in NDS and was included in other, net in the unaudited consolidated statements of operations in the three and nine months ended March 31, 2009.

Note 3—Receivables, net

Receivables, net consisted of:

	At March 31, 2010	At June 30, 2009
	(in millions)	
Total receivables	$ 8,226	$ 7,727
Allowances for returns and doubtful accounts	(1,177)	(1,158)
Total receivables, net	7,049	6,569
Less: current receivables, net	(6,788)	(6,287)
Non-current receivables, net	$ 261	$ 282

Note 4—Restructuring Programs

In fiscal 2009, certain of the markets in which the Company's businesses operate experienced a weakening in the economic climate which adversely affected advertising revenue and other consumer driven spending. As a result, a number of the Company's businesses implemented a series of operational actions to address the Company's cost structure, including the Company's digital media properties, which were restructured to align resources more closely with business priorities. This restructuring program has included significant job reductions, both domestically and internationally, to enable the businesses to operate on a more cost effective basis. In conjunction with this project, the Company also eliminated excess facility requirements. In fiscal 2009, several other businesses of the Company implemented similar plans, including the U.K. and Australian newspapers, HarperCollins, MyNetworkTV and the Fox Television Stations. During the fiscal year ended June 30, 2009, the Company recorded restructuring charges in accordance with ASC 420 "Exit or Disposal Cost Obligations" of approximately $312 million which were included in impairment and restructuring charges in the consolidated statements of operations.

During the three and nine months ended March 31, 2010, the Company recorded additional restructuring charges of approximately $6 million and $36 million, respectively. The restructuring charges for the three months ended March 31, 2010 reflect approximately $4 million recorded at the Newspapers and Information Services segment related to termination benefits and $2 million recorded at the Other segment related to accretion on facility termination obligations. The restructuring charges for the nine months ended March 31, 2010 reflect an $18 million charge related to the sales and distribution operations of the STAR channels, $4 million related to a restructuring program recorded at the Newspapers and Information Services segment and a $14 million charge at the Other segment related to the restructuring program at the Company's Fox Mobile Entertainment division and accretion on facility termination obligations.

Changes in the program liabilities were as follows:

	For the three months ended March 31, 2010			
	One time termination benefits	Facility related costs	Other costs	Total
	(in millions)			
Beginning of period	$28	$162	$ 8	$198
Additions	4	2	—	6
Payments	(5)	(6)	(1)	(12)
Foreign exchange movements	(1)	—	—	(1)
End of period	$26	$158	$ 7	$191

	For the nine months ended March 31, 2010			
	One time termination benefits	Facility related costs	Other costs	Total
	(in millions)			
Beginning of period	$ 65	$164	$ 8	$237
Additions	22	12	2	36
Payments	(60)	(18)	(3)	(81)
Foreign exchange movements	(1)	—	—	(1)
End of period	$ 26	$158	$ 7	$191

The Company expects to record an additional $64 million of restructuring charges, principally related to accretion on facility termination obligations, through fiscal 2021. At March 31, 2010, restructuring liabilities of approximately $69 million and $122 million were included in the unaudited consolidated balance sheets in other current liabilities and other liabilities, respectively. Other liabilities primarily relate to additional accretion on facility termination obligations which are expected to be paid through fiscal 2021.

Dow Jones

As a result of the Dow Jones & Company, Inc. (“Dow Jones”) acquisition in fiscal 2008, the Company established and approved plans to integrate the acquired operations into the Newspapers and Information Services segment. The cost to implement these plans consists of separation payments for certain Dow Jones executives under the change in control plan Dow Jones had established prior to the acquisition, non-cancelable lease commitments and lease termination charges for leased facilities that have or will be exited and other contract termination costs associated with the restructuring activities.

Changes in the plan liabilities were as follows (in millions):

	For the three months ended March 31,		For the nine months ended March 31,	
	2010	2009	2010	2009
	(in millions)			
Beginning of period	$ 98	$171	$126	$180
Additions	—	—	—	40
Payments	(20)	(31)	(48)	(80)
End of period	$ 78	$140	$ 78	$140

The balance of the plan liabilities as of March 31, 2010 primarily includes facility related costs.

Note 5—Inventories, net

The Company's inventories were comprised of the following:

	At March 31, 2010	At June 30, 2009
	(in millions)	
Programming rights	$ 3,232	$ 3,038
Books, DVDs, paper and other merchandise	435	361
Filmed entertainment costs:		
Films:		
Released (including acquired film libraries)	561	533
Completed, not released	82	137
In production	756	664
In development or preproduction	79	73
	1,478	1,407
Television productions:		
Released (including acquired libraries)	585	589
Completed, not released	—	—
In production	299	256
In development or preproduction	6	4
	890	849
Total filmed entertainment costs, less accumulated amortization [(a)]	2,368	2,256
Total inventories, net	6,035	5,655
Less: current portion of inventory, net [(b)]	(2,732)	(2,477)
Total noncurrent inventories, net	$ 3,303	$ 3,178

(a) Does not include $467 million and $491 million of net intangible film library costs as of March 31, 2010 and June 30, 2009, respectively, which are included in intangible assets subject to amortization in the unaudited consolidated balance sheets.

(b) Current inventory as of March 31, 2010 and June 30, 2009 was comprised of programming rights ($2,329 million and $2,149 million, respectively), books, DVDs, paper and other merchandise.

Note 6—Investments

The Company's investments were comprised of the following:

		Ownership Percentage	At March 31, 2010	At June 30, 2009
			(in millions)	
Equity method investments:				
British Sky Broadcasting Group plc [1]	U.K. DBS operator	39%	$1,028	$ 877
Sky Deutschland AG [1]	German pay-TV operator	45%[2]	389	437
Sky Network Television Ltd. [1]	New Zealand media company	44%	339	305
NDS	Digital technology company	49%	270	232
Other equity method investments		various	840	707
Fair value of available-for-sale investments		various	244	150
Other investments		various	313	249
			$3,423	$2,957

(1) 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. was $6,085 million, $644 million and $628 million at March 31, 2010, respectively.

(2) During the nine months ended March 31, 2010, the Company entered into a series of purchase transactions resulting in the Company increasing its interest in Sky Deutschland. (See Fiscal Year 2010 Transactions below for further discussion)

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

	At March 31, 2010	At June 30, 2009
	(in millions)	
Cost basis of available-for-sale investments	$ 37	$ 38
Accumulated gross unrealized gain	208	113
Accumulated gross unrealized loss	(1)	(1)
Fair value of available-for-sale investments	$244	$150
Deferred tax liability	$ 72	$ 39

Fiscal Year 2010 Transactions

During the nine months ended March 31, 2010, the Company acquired additional shares of Sky Deutschland, increasing its ownership from approximately 38% at June 30, 2009 to approximately 45% at March 31, 2010. The aggregate cost of the shares acquired was approximately $200 million and the majority of the shares were newly registered shares issued pursuant to a capital increase.

Fiscal Year 2009 Transactions

Investment in Sky Deutschland

During fiscal 2009, the Company entered into an agreement with Sky Deutschland and the bank syndicate of Sky Deutschland to provide Sky Deutschland with a new financing structure and additional capital through two equity capital increases. As a result of the rights issues and other transactions, the Company invested an aggregate of approximately $300 million in shares of Sky Deutschland during fiscal 2009 and, as of June 30, 2009, the Company had an approximate 38% ownership interest in Sky Deutschland.

Impairment of Investments in Sky Deutschland

On October 2, 2008, Sky Deutschland announced guidance on its EBITDA indicating results substantially below prior guidance for calendar 2008. Sky Deutschland also announced that it had adopted a new classification of subscribers at September 30, 2008. The day after this announcement, Sky Deutschland experienced a significant decline in its market value. As a result of this decline, the Company's carrying value in Sky Deutschland exceeded its market value based upon Sky Deutschland's closing share price of €4.38 on October 3, 2008. The Company believed that this decline was not temporary based on the assessment described below and, accordingly, recorded an impairment charge of $422 million representing the difference between the Company's carrying value and the market value. The impairment charge was included in Equity earnings (losses) of affiliates in the Company's unaudited consolidated statements of operations during the nine months ended March 31, 2009.

In determining if the decline in Sky Deutschland's market value was other-than-temporary, the Company considered a number of factors: (1) the financial condition, operating performance and near term prospects of Sky Deutschland; (2) the reason for the decline in Sky Deutschland's fair value; (3) analysts' ratings and estimates of 12 month share price targets for Sky Deutschland; and (4) the length of time and the extent to which Sky Deutschland's market value had been less than the carrying value of the Company's investment.

Other

In August 2008, the Company entered into an agreement providing for the restructuring of the Company's content acquisition agreements with Balaji Telefilms Ltd ("Balaji"). As part of this restructuring agreement, the Company no longer has representation on Balaji's board of directors and does not have significant influence in management decisions; therefore, the Company believes that it no longer has the ability to exercise significant influence over Balaji. Accordingly, the Company accounts for its investment in Balaji under the cost method of accounting and the carrying value is adjusted to market value each reporting period as required under ASC 320 "Investments."

In February 2009, the NDS Transaction was completed, resulting in the Permira Newcos and the Company owning approximately 51% and 49% of NDS, respectively. The Company's remaining interest in NDS is accounted for under the equity method of accounting. (See Note 2—Acquisitions, Disposals and Other Transactions for further discussion)

The Company regularly reviews cost method investments for impairments based on criteria that include the extent to which the investment's carrying value exceeds its related market value, the duration of the market decline, the Company's ability to hold its investment until recovery and the investment's financial strength and specific prospects. In the nine months ended March 31, 2009, the Company wrote down certain cost method investments by approximately $110 million which is included in other, net in the unaudited consolidated statements of operations. This write-down included an approximate $58 million impairment related to an

investment in a sports and entertainment company and an approximate $38 million impairment related to an investment in a television content production company. The above write-downs were taken as a result of either the deteriorating financial position of the investee or due to a permanent impairment resulting from sustained losses and limited prospects for recovery.

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” (“ASC 815”), the Company has included additional disclosures about the Company’s derivatives and hedging activities (Level 2).

The table below presents information about financial assets and liabilities carried at fair value on a recurring basis as of March 31, 2010:

		Fair Value Measurements at Reporting Date Using		
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]	$ 244	$244	$—	$ —
Derivatives [2]	7	—	7	—
Redeemable noncontrolling interests [3]	(362)	—	—	(362)
Total	**$(111)**	**$244**	**$ 7**	**$(362)**

(1) See Note 6—Investments

(2) Represents derivatives associated with the Company’s foreign exchange forward contracts designated as hedges and other financial instruments. As of March 31, 2010, the fair value of the foreign exchange forward contracts of approximately $7 million was recorded in the underlying hedged balances. The Company uses financial instruments designated as cash flow hedges primarily to hedge its limited exposures to foreign currency exchange risks associated with the cost for producing or acquiring films and television programming abroad. Cash flows from the settlement of foreign exchange forward contracts (which generally occurs within 12 months from the inception of the contracts) offset cash flows from the underlying hedged item and are included in operating activities in the consolidated statements of cash flows. The effective changes in fair value of derivatives designated as cash flow hedges are recorded in accumulated other comprehensive income with foreign currency translation adjustments. Amounts are reclassified from accumulated other comprehensive income when the underlying hedged item is recognized in earnings. If derivatives are not designated as hedges, changes in fair value are recorded in earnings. 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.

(3) The Company accounts for redeemable noncontrolling interests in accordance with ASC 480-10-S99-3A “Distinguishing Liabilities from Equity” because their exercise is outside the control of the Company and, accordingly, has included the fair value of the redeemable noncontrolling interests in the unaudited consolidated balance sheets. The redeemable noncontrolling interests recorded at fair value include put

arrangements held by the noncontrolling interests in one of the Company's majority-owned regional sports networks ("RSNs"), in a majority-owned outdoor marketing subsidiary of the Company and in one of the Company's Asian general entertainment television joint ventures.

The fair value of the redeemable noncontrolling interest in the Company's RSN was determined by using a discounted EBITDA valuation model, assuming a 9.5% discount rate.

The fair value of the redeemable noncontrolling interest in the majority–owned outdoor marketing subsidiary was determined using a discounted cash flow analysis assuming a 5% terminal growth rate and a 15% discount rate.

The fair value of the redeemable noncontrolling interest in the Asian general entertainment television joint venture was determined using discounted cash flow analysis assuming a multiple of eight times terminal year EBITDA.

The changes in fair value of liabilities classified as Level 3 measurements during the nine months ended March 31, 2010 were as follows (in millions):

Beginning of period	$(343)
Total gains (losses) included in net income	(7)
Total gains (losses) included in other comprehensive income	1
Other	(13)
End of period	**$(362)**

Financial Instruments

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

The aggregate fair value of the Company's borrowing at March 31, 2010 was approximately $14.7 billion compared with a carrying value of approximately $13.5 billion and, at June 30, 2009, was approximately $13.5 billion compared with a carrying value of approximately $14.3 billion. 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.

Concentrations of Credit Risk

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

The Company's receivables did not represent significant concentrations of credit risk at March 31, 2010 or June 30, 2009 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, 2010, the Company did not anticipate nonperformance by any of the counterparties.

Note 8—Goodwill and Other Intangible Assets

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

	Balance as of June 30, 2009	Disposals	Foreign Exchange Movements	Adjustments	Balance as of March 31, 2010
			(in millions)		
Filmed Entertainment	$ 1,071	$ —	$—	$—	$ 1,071
Television	1,906	—	—	—	1,906
Cable Network Programming	6,151	—	—	18	6,169
Direct Broadcast Satellite Television	616	—	(29)	—	587
Integrated Marketing Services	286	—	—	(2)	284
Newspapers and Information Services	3,238	(451)	152	—	2,939
Book Publishing	3	(2)	—	2	3
Other	1,111	(93)	11	19	1,048
Total goodwill	$14,382	$(546)	$134	$ 37	$14,007

During the nine months ended March 31, 2010, goodwill decreased approximately $375 million, primarily due to disposals resulting in a reduction of $546 million, which was partially offset by foreign exchange fluctuations of $134 million and adjustments of $37 million. The disposals primarily related to the sale of the financial indexes businesses at the Newspapers and Information Services segment resulting in a reduction of $451 million. Adjustments included the final purchase price allocations of $25 million and new acquisitions of $12 million. The final purchase price allocations related to the acquisition of a majority interest in an Asian general entertainment company as part of the formation of the Star Jupiter venture and the acquisition of the VeriSign minority share of the Jamba joint venture.

Intangible assets decreased $439 million during the nine months ended March 31, 2010, primarily due to a reduction of $392 million related to the sale of the financial indexes businesses noted above and amortization expense, which were partially offset by foreign exchange fluctuations.

During the second quarter of fiscal 2009, the Company performed an interim impairment review in advance of its annual impairment assessment because the Company believed events had occurred and circumstances had changed that would more likely than not reduce the fair value of the Company’s goodwill and indefinite-lived intangible assets below their carrying amounts. These events included: (a) the decline of the price of the Company’s Class A common stock, par value $0.01 per share (“Class A Common Stock”), and Class B common stock, par value $0.01 per share (“Class B Common Stock”), below the carrying value of the Company’s stockholders’ equity; (b) the reduced growth in advertising revenues; (c) the decline in the operating profit margins in some of the Company’s advertising-based businesses; and (d) the decline in the valuations of other television stations, newspapers and advertising-based companies as determined by the current trading values of those companies.

As a result of the interim impairment review performed, the Company recorded non-cash impairment charges of approximately $8.4 billion ($6.7 billion, net of tax) in the nine months ended March 31, 2009. The charges consisted of a write-down of the Company’s indefinite-lived intangible assets (primarily Federal Communications Commission licenses in the Television segment) of $4.6 billion, a write-down of $3.6 billion of goodwill and a write-down of the Newspapers and Information Services segment’s fixed assets of $185 million in accordance with ASC 360 “Property, Plant and Equipment.”

Note 9—Borrowings

On August 25, 2009, News America Incorporated ("NAI"), a 100% owned subsidiary of the Company as defined in Rule 3-10(h) of Regulation S-X, entered into an indenture with the Company, as Guarantor, and The Bank of New York Mellon, as Trustee (the "Indenture"). The following notes were issued pursuant to the Indenture:

Notes due 2020 and 2039

In August 2009, NAI issued $400 million of 5.65% Senior Notes due 2020 and $600 million of 6.90% Senior Notes due 2039. The net proceeds received of approximately $989 million will be used for general corporate purposes.

Repayments

In March 2010, the Company repaid its $150 million 4.75% Senior Debentures due March 2010.

BUCS

In March 2010, the Company redeemed approximately 98.6% of its 0.75% Senior Exchangeable BUCS ("BUCS") pursuant to a holders' redemption right for an aggregate of approximately $1.63 billion in cash. Subsequently, in April 2010, the Company redeemed the remaining outstanding BUCS for an aggregate of approximately $23 million in cash.

TOPrS

In April 2010, the Company redeemed all of its outstanding 5% TOPrS for an aggregate of approximately $134 million in cash.

Other

The Company's $250 million 6.75% Senior Debentures due January 2038 were puttable, at the option of the holder, to the Company in January 2010. The majority of these debentures were not put to the Company in January 2010 and the outstanding debentures which had been classified as current borrowings as of June 30, 2009 were classified as non-current borrowings as of March 31, 2010.

Note 10—Equity

Dividends

The Company declared a dividend of $0.06 per share on both the Class A Common Stock and the Class B Common Stock in the three months ended September 30, 2009, which was paid in October 2009 to stockholders of record on September 9, 2009. The total aggregate dividend paid to stockholders in October 2009 was approximately $157 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, 2010, which was paid in April 2010 to stockholders of record on March 10, 2010. The total aggregate dividend paid to stockholders in April 2010 was approximately $196 million.

Note 11—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,	
	2010	2009	2010	2009
	(in millions)			
Equity-based compensation	$40	$ 42	$120	$115
Cash received from exercise of equity-based compensation	$ 1	$—	$ 22	$ 3

At March 31, 2010, the Company's total compensation cost related to non-vested stock options, restricted stock units ("RSUs") and stock appreciation rights not yet recognized for all equity-based compensation plans was approximately $202 million, the majority of which is expected to be recognized over the next three 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.

Stock options exercised during the nine months ended March 31, 2010 and 2009 resulted in the Company's issuance of approximately 1.8 million and 0.2 million shares of Class A Common Stock, respectively. The intrinsic value of the stock options exercised during the three and nine months ended March 31, 2010 and 2009 was not material.

During the nine months ended March 31, 2010, the Company issued approximately 5.9 million RSUs. These RSUs will be settled in shares of Class A Common Stock upon vesting, except for approximately 0.9 million RSUs that will be settled in cash. RSUs granted to executive directors and certain awards granted to employees in certain foreign locations are settled in cash. At March 31, 2010 and June 30, 2009, the liability for cash-settled RSUs was approximately $39 million and $52 million, respectively.

During the nine months ended March 31, 2010 and 2009, approximately 9.8 million and 8.7 million RSUs vested, respectively, of which approximately 7.5 million and 6.9 million, respectively, were settled in Class A Common Stock, before statutory tax withholdings. The fair value of RSUs settled in Class A Common Stock was approximately $83 million and $93 million for the nine months ended March 31, 2010 and 2009, respectively. The remaining 2.3 million and 1.8 million RSUs settled during the nine months ended March 31, 2010 and 2009, respectively, were settled in cash, before statutory tax withholdings, of approximately $24 million in each period.

The Company recognized a tax expense on vested RSUs and stock options exercised of approximately $9 million and $4 million for the nine months ended March 31, 2010 and 2009, respectively.

Note 12 —Commitments and Guarantees

Commitments

During the nine months ended March 31, 2010, the Company renewed its rights to broadcast Italy's National League Football matches through fiscal 2012. The Company expects to pay approximately $1.7 billion over the term of the agreement.

During the nine months ended March 31, 2010, the Company entered into a long-term supply contract pursuant to which the Company will purchase ink for its newspaper printing facilities in the United Kingdom from a third party through fiscal 2022. The Company will pay approximately $400 million over the term of the contract.

Other than as previously disclosed in these notes to the Company's unaudited consolidated financial statements, the Company's commitments have not changed significantly from disclosures included in the Company's Current Report filed on Form 8-K filed with the SEC on February 12, 2010.

Guarantees

Other than as previously disclosed in these notes to the Company's unaudited consolidated financial statements, the Company's guarantees have not changed significantly from disclosures included in the Company's Current Report filed on Form 8-K filed with the SEC on February 12, 2010.

Note 13—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 Intermix Board, 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, shareholder appellants filed a Petition for Review with the California Supreme Court. After the lower court sustained the demurrers in the *Intermix Media Shareholder Litigation*, co-counsel for certain of the plaintiffs moved for an award of attorneys' fees and costs under a common law substantial benefit theory. On October 4, 2007, the court granted the motion and denied defendants' application to tax costs. After defendants filed a notice of appeal, the matter was resolved.

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. Plaintiff

LeBoyer's November 2005 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 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 14a of the Exchange Act and SEC Rule 14a-9, as well as control person liability under Section 20a 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 shareholder 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 shareholder 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 14a, Section 20a and the breach of fiduciary duty claims related to the FIM Transaction remain against the officer and director defendants and the VantagePoint defendants. On October 6, 2008, defendants filed a partial motion for summary judgment

seeking dismissal of the Section 14a, Section 20 and state law disclosure claims. On November 10, 2008, Judge King denied the motion without prejudice. 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 Media, Inc. 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. The parties have completed fact and expert discovery. Defendants' motion for summary judgment was filed on October 19, 2009. Defendants also filed a motion to exclude plaintiff's damages expert on November 30, 2009. The court has taken both motions under submission. No trial date has been set yet.

News America Marketing

On January 18, 2006, Valassis Communication, Inc. ("Valassis") sued News America Incorporated, News America Marketing FSI, LLC and News America Marketing Services, In-Store, LLC, each of which are subsidiaries of the Company (collectively "News America"), in the United States District Court for the Eastern District of Michigan (the "Valassis Federal Action"). Valassis's operative complaint alleged that News America possesses monopoly power in a claimed in-store advertising and promotions market (the "in-store market") and has used that power to gain an unfair advantage over Valassis in a purported market for coupons distributed by free-standing inserts ("FSIs"). Valassis alleged that News America is attempting to monopolize the purported FSI market by leveraging its alleged monopoly power in the purported in-store market, thereby allegedly violating Section 2 of the Sherman Antitrust Act of 1890, as amended (the "Sherman Act"). Valassis further alleged that News America has unlawfully bundled the sale of in-store marketing products with the sale of FSIs and that such bundling constitutes unlawful tying in violation of Sections 1 and 3 of the Sherman Act. Additionally, Valassis alleged that News America is predatorily pricing its FSI products in violation of Section 2 of the Sherman Act. Valassis also asserted that News America violated various state antitrust statutes and has tortuously interfered with Valassis' actual or expected business relationships. Valassis' complaint sought injunctive relief, damages, fees and costs.

On March 9, 2007, Valassis filed a two-count complaint in Michigan state court against News America (the "Valassis Michigan Action"). That lawsuit, which was based on the same factual allegations as the Valassis Federal Action, alleged that News America tortuously interfered with Valassis' business relationships and that News America unfairly competed with Valassis. The complaint sought injunctive relief, damages, fees and costs.

On March 12, 2007, Valassis filed a three-count complaint in California state court against News America (the "Valassis California Action"). That lawsuit, which is based on the same factual allegations as the Valassis Federal and Michigan Actions, alleged that News America violated the Cartwright Act (California's state antitrust law) by unlawfully tying its FSI products to its in-store products, violated California's Unfair Practices Act by predatorily pricing its FSI products, and unfairly competed with Valassis. The Valassis California Action sought injunctive relief, damages, fees and costs. On May 4, 2007, News America filed a motion to dismiss or, in the alternative stay, that complaint. On June 28, 2007, the court issued a tentative ruling denying the motion and reassigned the case to the Complex Litigation Program. On July 19, 2007, the court denied the motion. The Valassis California Action was stayed until March 2010.

Trial in the Valassis Michigan Action commenced on May 27, 2009. On July 23, 2009, a jury returned a verdict in the amount of $300 million for Valassis. News America filed a motion for new trial, which was denied. News America filed an appeal and posted a bond for $25 million, the maximum bond required under Michigan law.

Trial in the Valassis Federal Action was set to commence on February 2, 2010. As a result of pretrial proceedings and negotiations that occurred in late January 2010 related to the Valassis Federal Action, on January 30, 2010, the Company announced that News America had reached a settlement agreement with Valassis pursuant to which all claims filed by Valassis in all matters have been dismissed with prejudice. The United States District Court for the Eastern District of Michigan oversaw the settlement discussions and approved the terms of the settlement. As part of the settlement, News America paid Valassis $500 million and entered into a ten-year shared mail distribution agreement with Valassis Direct Mail, a Valassis subsidiary. Additionally, the parties also have agreed to a process by which the United States District Court for the Eastern District of Michigan may assess certain future business practices of News America and Valassis. In connection with the settlement, the Valassis Federal Action has been dismissed with prejudice. In addition, the judgment in the Valassis Michigan Action from July 2009 has been satisfied with all related appeals dismissed, and the Valassis California Action has been dismissed with prejudice.

As a result of the settlement, the Company recorded a charge of $500 million in the nine months ended March 31, 2010. The cost of the new distribution agreement, which was entered into on a fair value basis, will be accounted for prospectively, consistent with the accounting for other similar agreements.

Other

Other than as previously disclosed in the notes to the Company's unaudited 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. In the next twelve months, none of these arrangements that become exercisable are material to the Company.

The Company experiences routine litigation in the normal course of its business. The Company believes that none of its pending litigation will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity.

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.

Note 14 —Pension and Other Postretirement Benefits

The Company sponsors non-contributory pension plans and retiree health and life insurance benefit plans covering specific groups of employees. As of January 1, 2008, the Company's major pension plans 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 benefit costs were as follows:

	Pension Benefits		Postretirement Benefits	
	For the three months ended March 31,			
	2010	2009	2010	2009
	(in millions)			
Service cost benefits earned during the period	$ 17	$ 18	$ 2	$ 1
Interest costs on projected benefit obligation	42	40	4	6
Expected return on plan assets	(34)	(36)	—	—
Amortization of deferred losses	11	4	—	—
Other	1	4	(4)	(2)
Net periodic costs	$ 37	$ 30	$ 2	$ 5
Cash contributions	$ 23	$ 52	$ 5	$ 4

	For the nine months ended March 31,			
	2010	2009	2010	2009
	(in millions)			
Service cost benefits earned during the period	$ 53	$ 56	$ 4	$ 5
Interest costs on projected benefit obligation	128	124	14	16
Expected return on plan assets	(104)	(113)	—	—
Amortization of deferred losses	31	12	—	—
Other	4	5	(12)	(7)
Net periodic costs	$ 112	$ 84	$ 6	$ 14
Cash contributions	$ 46	$ 85	$ 13	$ 12

Note 15—Segment Information

The Company is a diversified global media company, which manages and reports its businesses in eight segments. During the first quarter of fiscal 2010, the Company reclassified STAR, which develops, produces and distributes television programming in Asia, from the Television segment to the Cable Network Programming segment. This reclassification was the result of a restructuring to combine the sales and distribution operations of the STAR channels with those of the Company's other international cable businesses. In addition, the Magazines and Inserts segment was renamed the Integrated Marketing Services segment. The Company has revised its segment information for prior fiscal years to conform to the fiscal 2010 presentation. Beginning in fiscal 2010, the Company's eight segments are:

- **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 nine duopolies, in the United States (of these stations, 17 are affiliated with the FOX network and ten are affiliated with the MyNetworkTV programming distribution service).
- **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.

- **Direct Broadcast Satellite Television,** which consists of the distribution of basic and premium programming services via satellite and broadband directly to subscribers in Italy.
- **Integrated Marketing Services,** which principally consists of the publication of free-standing inserts, which are promotional booklets containing consumer offers distributed through insertion in local Sunday newspapers in the United States, and the provision of in-store marketing products and services, primarily to consumer packaged goods manufacturers in the United States and Canada.
- **Newspapers and Information Services,** which principally consists of the publication of four national newspapers in the United Kingdom, the publication of approximately 146 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.
- **Book Publishing,** which principally consists of the publication of English language books throughout the world.
- **Other,** which principally consists of the Company's digital media properties and News Outdoor, an advertising business which offers display advertising in outdoor locations primarily throughout Russia and Eastern Europe.

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 (losses) of affiliates, interest expense, net, interest income, other, net, income tax expense and net income attributable to noncontrolling interests. The Company believes that information about segment operating income (loss) assists all users of the Company's consolidated financial statements by allowing them to evaluate changes in the operating results of the Company's portfolio of businesses separate from non-operational factors that affect net income, thus providing insight into both operations and the other factors that affect reported results.

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

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

Management believes that total segment operating income and segment operating income (loss) before depreciation and amortization are appropriate measures for evaluating the operating performance of the Company's business. Total segment operating income and segment operating income (loss) before depreciation

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2010	2009	2010	2009
	(in millions)			
Revenues:				
Filmed Entertainment	$2,422	$1,472	$ 5,841	$ 4,216
Television	1,168	1,149	3,181	3,113
Cable Network Programming	1,798	1,550	5,160	4,496
Direct Broadcast Satellite Television	954	924	2,889	2,815
Integrated Marketing Services	335	316	893	859
Newspapers and Information Services	1,505	1,248	4,563	4,458
Book Publishing	276	243	967	863
Other	327	471	1,174	1,933
Total revenues	$8,785	$7,373	$24,668	$22,753
Segment operating income (loss):				
Filmed Entertainment	$ 497	$ 282	$ 1,212	$ 645
Television	40	9	107	91
Cable Network Programming	588	426	1,705	1,224
Direct Broadcast Satellite Television	35	63	133	238
Integrated Marketing Services	108	97	(233)	251
Newspapers and Information Services	131	29	415	370
Book Publishing	4	(8)	89	18
Other	(150)	(88)	(401)	(227)
Total segment operating income	1,253	810	3,027	2,610
Impairment and restructuring charges	(6)	(55)	(36)	(8,528)
Equity earnings (losses) of affiliates	181	(40)	271	(369)
Interest expense, net	(247)	(238)	(761)	(690)
Interest income	20	16	61	76
Other, net	(45)	1,132	(143)	1,338
Income (loss) before income tax expense	1,156	1,625	2,419	(5,563)
Income tax (expense) benefit	(295)	1,103	(677)	2,436
Net income (loss)	861	2,728	1,742	(3,127)
Less: Net income attributable to noncontrolling interests	(22)	(1)	(78)	(48)
Net income (loss) attributable to News Corporation stockholders	$ 839	$2,727	$ 1,664	$ (3,175)

Intersegment revenues, generated primarily by the Filmed Entertainment segment, of approximately $255 million and $285 million for the three months ended March 31, 2010 and 2009, respectively, and of approximately $644 million and $728 million for the nine months ended March 31, 2010 and 2009, respectively, have been eliminated within the Filmed Entertainment segment. Intersegment operating (loss) profit generated primarily by the Filmed Entertainment segment of approximately $(7) million and $3 million for the three months ended March 31,

2010 and 2009, respectively, and of approximately $5 and $37 million for the nine months ended March 31, 2010 and 2009, respectively, have been eliminated within the Filmed Entertainment segment.

	For the three months ended March 31, 2010			
	Segment operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments	Segment operating income (loss) before depreciation and amortization
	(in millions)			
Filmed Entertainment	$ 497	$ 23	$—	$ 520
Television	40	21	—	61
Cable Network Programming	588	37	19	644
Direct Broadcast Satellite Television	35	70	—	105
Integrated Marketing Services	108	3	—	111
Newspapers and Information Services	131	90	—	221
Book Publishing	4	4	—	8
Other	(150)	46	—	(104)
Total	$1,253	$294	$ 19	$1,566

	For the three months ended March 31, 2009			
	Segment operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments	Segment operating income (loss) before depreciation and amortization
	(in millions)			
Filmed Entertainment	$ 282	$ 22	$—	$ 304
Television	9	21	—	30
Cable Network Programming	426	38	22	486
Direct Broadcast Satellite Television	63	59	—	122
Integrated Marketing Services	97	3	—	100
Newspapers and Information Services	29	74	—	103
Book Publishing	(8)	2	—	(6)
Other	(88)	55	—	(33)
Total	$ 810	$274	$ 22	$1,106

	For the nine months ended March 31, 2010			
	Segment operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments	Segment operating income (loss) before depreciation and amortization
	(in millions)			
Filmed Entertainment	$1,212	$ 69	$—	$1,281
Television	107	62	—	169
Cable Network Programming	1,705	115	64	1,884
Direct Broadcast Satellite Television	133	208	—	341
Integrated Marketing Services	(233)	8	—	(225)
Newspapers and Information Services	415	267	—	682
Book Publishing	89	12	—	101
Other	(401)	149	—	(252)
Total	$3,027	$890	$ 64	$3,981

	For the nine months ended March 31, 2009			
	Segment operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments	Segment operating income (loss) before depreciation and amortization
	(in millions)			
Filmed Entertainment	$ 645	$ 68	$—	$ 713
Television	91	61	—	152
Cable Network Programming	1,224	100	64	1,388
Direct Broadcast Satellite Television	238	175	—	413
Integrated Marketing Services	251	8	—	259
Newspapers and Information Services	370	240	—	610
Book Publishing	18	6	—	24
Other	(227)	195	—	(32)
Total	$2,610	$853	$ 64	$3,527

	At March 31, 2010	At June 30, 2009
	(in millions)	
Total assets:		
Filmed Entertainment	$ 7,660	$ 7,042
Television	6,594	6,378
Cable Network Programming	11,888	11,688
Direct Broadcast Satellite Television	2,815	2,647
Integrated Marketing Services	1,403	1,346
Newspapers and Information Services	10,176	10,741
Book Publishing	1,531	1,582
Other	9,538	8,740
Investments	3,423	2,957
Total assets	$55,028	$53,121
Goodwill and Intangible assets, net:		
Filmed Entertainment	$ 1,893	$ 1,917
Television	4,310	4,310
Cable Network Programming	6,870	6,912
Direct Broadcast Satellite Television	587	617
Integrated Marketing Services	1,038	1,034
Newspapers and Information Services	5,422	6,050
Book Publishing	516	511
Other	1,857	1,956
Total goodwill and intangible assets, net	$22,493	$23,307

Note 16—Additional Financial Information

Supplemental Cash Flows Information

	For the nine months ended March 31,	
	2010	2009
	(in millions)	
Supplemental cash flows information:		
Cash paid for income taxes	$(632)	$(995)
Cash paid for interest	(699)	(604)
Sale of other investments	15	12
Purchase of other investments	(121)	(77)
Supplemental information on businesses acquired:		
Fair value of assets acquired	139	638
Cash acquired	5	2
Liabilities assumed	(6)	76
Noncontrolling interest (increase) decrease	(1)	62
Cash paid	(137)	(778)
Fair value of stock consideration	$ —	$ —

Other, net consisted of the following:

	For the three months ended March 31,		For the nine months ended March 31,	
	2010	2009	2010	2009
	(in millions)			
Loss on the financial indexes business transactions [a]	$ (22)	$ —	$ (22)	$ —
Loss on the sale of eastern European television stations [a]	(21)	—	(40)	(100)
Loss on the Photobucket transaction [a]	—	—	(29)	—
Gain on the sale of NDS shares [a]	—	1,249	—	1,249
Gain on the sale of the Stations [a]	—	—	—	232
Impairment of cost based investments [b]	—	(110)	(3)	(110)
Change in fair value of exchangeable securities [c]	7	1	3	79
Other	(9)	(8)	(52)	(12)
Total Other, net	$ (45)	$1,132	$(143)	$1,338

[a] See Note 2—Acquisitions, Disposals and Other Transactions

[b] See Note 6—Investments

[c] The Company has certain outstanding exchangeable debt securities which contain embedded derivatives. Pursuant to ASC 815, these embedded derivatives require separate accounting and, as such, changes in their fair value are recognized in other, net. A significant variance in the price of underlying stock could have a material impact on the operating results of the Company.

Note 17– Subsequent Events

In April 2010, the Company sold bTV, its Bulgarian terrestrial TV business, for cash consideration of approximately $375 million, net of expenses. The Company expects to record a gain on the sale of bTV.

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, among NAI as Borrower, the Company as Parent Guarantor, the initial lenders named therein (the "Lenders"), Citibank, N. A. as Administrative Agent and JPMorgan Chase Bank, N. A. as Syndication Agent (the "Credit Agreement"). 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. NAI may request an increase in the amount of the credit facility up to a maximum amount of $2.5 billion. 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. The Company pays a facility fee of 0.08% regardless of facility usage. The Company pays interest for borrowings at LIBOR plus 0.27% and pays commission fees on letters of credit at 0.27%. The Company 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. The maturity date is in May 2012; however, NAI may request that the Lenders' commitments be renewed for up to two additional one year periods.

The Company, as 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.

Supplemental Condensed Consolidating Statement of Operations
For the three months ended March 31, 2010
(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Revenues	$ 1	$ —	$ 8,784	$ —	$ 8,785
Expenses	(68)	—	(7,470)	—	(7,538)
Equity earnings of affiliates	—	—	181	—	181
Interest expense, net	(777)	(303)	—	833	(247)
Interest income	2	—	851	(833)	20
Earnings (losses) from subsidiary entities	397	1,142	—	(1,539)	—
Other, net	5	—	(50)	—	(45)
Income (loss) before income tax expense	(440)	839	2,296	(1,539)	1,156
Income tax (expense) benefit	476	—	(924)	153	(295)
Net income (loss)	36	839	1,372	(1,386)	861
Less: Net income attributable to noncontrolling interests	—	—	(22)	—	(22)
Net income (loss) attributable to News Corporation stockholders	$ 36	$ 839	$ 1,350	$(1,386)	$ 839

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Operations
For the three months ended March 31, 2009
(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Revenues	$ 2	$ —	$ 7,371	$ —	$ 7,373
Expenses	(78)	—	(6,540)	—	(6,618)
Equity (losses) earnings of affiliates	2	—	(42)	—	(40)
Interest expense, net	(544)	(276)	14	568	(238)
Interest income	2	—	582	(568)	16
Earnings (losses) from subsidiary entities	153	2,944	—	(3,097)	—
Other, net	(118)	59	1,191	—	1,132
Income (loss) before income tax expense	(581)	2,727	2,576	(3,097)	1,625
Income tax benefit	252	—	346	505	1,103
Net income (loss)	(329)	2,727	2,922	(2,592)	2,728
Less: Net income attributable to noncontrolling interests	—	—	(1)	—	(1)
Net income (loss) attributable to News Corporation stockholders	$(329)	$2,727	$ 2,921	$(2,592)	$ 2,727

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Operations
For the nine months ended March 31, 2010
(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Revenues	$ 1	$ —	$ 24,667	$ —	$ 24,668
Expenses	(193)	—	(21,484)	—	(21,677)
Equity earnings of affiliates	2	—	269	—	271
Interest expense, net	(2,293)	(890)	(8)	2,430	(761)
Interest income	4	—	2,487	(2,430)	61
Earnings (losses) from subsidiary entities	1,281	2,554	—	(3,835)	—
Other, net	389	—	(127)	(405)	(143)
Income (loss) before income tax expense	(809)	1,664	5,804	(4,240)	2,419
Income tax benefit	588	—	(1,986)	721	(677)
Net income (loss)	(221)	1,664	3,818	(3,519)	1,742
Less: Net income attributable to noncontrolling interests	—	—	(78)	—	(78)
Net income (loss) attributable to News Corporation stockholders	$ (221)	$1,664	$ 3,740	$(3,519)	$ 1,664

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Operations
For the nine months ended March 31, 2009
(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Revenues	$ 5	$ —	$ 22,748	$ —	$ 22,753
Expenses	(248)	—	(28,423)	—	(28,671)
Equity (losses) earnings of affiliates	4	—	(373)	—	(369)
Interest expense, net	(1,284)	(807)	(129)	1,530	(690)
Interest income	205	—	1,401	(1,530)	76
Earnings (losses) from subsidiary entities	908	(2,356)	—	1,448	—
Other, net	(161)	(12)	1,511	—	1,338
(Loss) income before income tax expense	(571)	(3,175)	(3,265)	1,448	(5,563)
Income tax benefit	250	—	1,429	757	2,436
Net (loss) income	(321)	(3,175)	(1,836)	2,205	(3,127)
Less: Net income attributable to noncontrolling interests	—	—	(48)	—	(48)
Net (loss) income attributable to News Corporation stockholders	$ (321)	$(3,175)	$ (1,884)	$ 2,205	$ (3,175)

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Balance Sheet
At March 31, 2010
(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 5,186	$ —	$ 2,997	$ —	$ 8,183
Receivables, net	22	—	6,766	—	6,788
Inventories, net	—	—	2,732	—	2,732
Other	27	—	458	—	485
Total current assets	5,235	—	12,953	—	18,188
Non-current assets:					
Receivables	—	—	261	—	261
Inventories, net	—	—	3,303	—	3,303
Property, plant and equipment, net	95	—	5,969	—	6,064
Intangible assets, net	—	—	8,486	—	8,486
Goodwill	—	—	14,007	—	14,007
Other	264	—	1,032	—	1,296
Investments					
Investments in associated companies and other investments	102	40	3,281	—	3,423
Intragroup investments	50,356	40,290	—	(90,646)	—
Total investments	50,458	40,330	3,281	(90,646)	3,423
TOTAL ASSETS	$56,052	$40,330	$ 49,292	$(90,646)	$55,028
LIABILITIES AND EQUITY					
Current liabilities:					
Borrowings	$ 236	$ —	$ 74	$ —	$ 310
Other current liabilities	20	197	9,369	—	9,586
Total current liabilities	256	197	9,443	—	9,896
Non-current liabilities:					
Borrowings	13,164	—	32	—	13,196
Other non-current liabilities	180	—	6,185	—	6,365
Intercompany	28,676	15,360	(44,036)	—	—
Redeemable noncontrolling interests	—	—	362	—	362
Equity	13,776	24,773	77,306	(90,646)	25,209
TOTAL LIABILITIES AND EQUITY	$56,052	$40,330	$ 49,292	$(90,646)	$55,028

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Balance Sheet
At June 30, 2009
(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
ASSETS:					
Current Assets:					
Cash and cash equivalents	$ 4,479	$ —	$ 2,061	$ —	$ 6,540
Receivables, net	15	—	6,272	—	6,287
Inventories, net	—	—	2,477	—	2,477
Other	40	—	492	—	532
Total current assets	4,534	—	11,302	—	15,836
Non-current assets:					
Receivables	—	—	282	—	282
Inventories, net	—	—	3,178	—	3,178
Property, plant and equipment, net	75	—	6,170	—	6,245
Intangible assets, net	—	—	8,925	—	8,925
Goodwill	—	—	14,382	—	14,382
Other	241	—	1,075	—	1,316
Investments					
Investments in associated companies and other investments	95	41	2,821	—	2,957
Intragroup investments	46,019	37,577	—	(83,596)	—
Total investments	46,114	37,618	2,821	(83,596)	2,957
TOTAL ASSETS	$50,964	$37,618	$ 48,135	$(83,596)	$53,121
LIABILITIES AND EQUITY					
Current liabilities:					
Borrowings	$ 2,008	$ —	$ 77	$ —	$ 2,085
Other current liabilities	22	—	8,532	—	8,554
Total current liabilities	2,030	—	8,609	—	10,639
Non-current liabilities:					
Borrowings	12,108	—	96	—	12,204
Other non-current liabilities	235	—	6,068	—	6,303
Intercompany	21,182	14,394	(35,576)	—	—
Redeemable noncontrolling interests	—	—	343	—	343
Equity	15,409	23,224	68,595	(83,596)	23,632
TOTAL LIABILITIES AND EQUITY	$50,964	$37,618	$ 48,135	$(83,596)	$53,121

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Cash Flows
For the nine months ended March 31, 2010
(in millions)

	News America Incorporated	News Corporation	Non-Guarantor	Reclassifications and Eliminations	News Corporation and Subsidiaries
Operating activities:					
Net cash provided by operating activities	$ 1,584	$ 136	$1,259	$—	$ 2,979
Investing activities:					
Property, plant and equipment	(40)	—	(621)	—	(661)
Investments	(42)	—	(503)	—	(545)
Proceeds from sale of investments, non-current assets and business disposals	—	—	889	—	889
Net cash used in investing activities	(82)	—	(235)	—	(317)
Financing activities:					
Borrowings	989	—	35	—	1,024
Repayment of borrowings	(1,784)	—	(85)	—	(1,869)
Issuance of shares	—	22	—	—	22
Dividends paid	—	(158)	(45)	—	(203)
Other, net	—	—	2	—	2
Net used in financing activities	(795)	(136)	(93)	—	(1,024)
Net increase in cash and cash equivalents	707	—	931	—	1,638
Cash and cash equivalents, beginning of period	4,479	—	2,061	—	6,540
Exchange movement on opening cash balance	—	—	5	—	5
Cash and cash equivalents, end of period	$ 5,186	$ —	$2,997	$—	$ 8,183

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Cash Flows
For the nine months ended March 31, 2009
(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	$1,469	$ 176	$ (584)	$—	$1,061
Investing and other activities:					
Property, plant and equipment	(10)	—	(801)	—	(811)
Investments	(8)	(25)	(911)	—	(944)
Proceeds from sale of investments, non-current assets and business disposals	—	—	1,713	—	1,713
Net cash (used in) provided by investing activities	(18)	(25)	1	—	(42)
Financing activities:					
Borrowings	973	—	59	—	1,032
Repayment of borrowings	(200)	—	(136)	—	(336)
Issuance of shares	—	3	1	—	4
Dividends paid	—	(154)	(36)		(190)
Purchase of subsidiary shares from noncontrolling interest	—		(11)	—	(11)
Other, net	—	—	18	—	18
Net cash provided by (used in) financing activities	773	(151)	(105)	—	517
Net increase (decrease) in cash and cash equivalents	2,224	—	(688)	—	1,536
Cash and cash equivalents, beginning of period	2,275	—	2,387	—	4,662
Exchange movement on opening cash balance	—	—	(144)	—	(144)
Cash and cash equivalents, end of period	$4,499	$ —	$1,555	$—	$6,054

See notes to supplemental guarantor information

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.

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 the audited consolidated financial statements of News Corporation for the fiscal year ended June 30, 2009 included in News Corporation's Current Report on Form 8-K filed with the SEC on February 12, 2010, which should be read in conjunction with the Company's Annual Report on Form 10-K filed with the SEC on August 12, 2009.

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 2010 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, 2010 and 2009. 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, 2010 and 2009. 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 eight segments. During the first quarter of fiscal 2010, the Company reclassified STAR Group Limited ("STAR"), which develops, produces and distributes television programming in Asia, from the Television segment to the Cable Network Programming segment. This reclassification was the result of a restructuring to combine the sales and distribution operations of the STAR channels with those of the Company's other international cable businesses. In addition, the Magazines and Inserts segment was renamed the Integrated Marketing Services segment. The Company has revised its segment information for prior fiscal years to conform to the fiscal 2010 presentation. Beginning in fiscal 2010, the Company's eight segments are:

- **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 nine duopolies, in the United States (of these stations, 17 are affiliated with the FOX network and ten are affiliated with the MyNetworkTV programming distribution service).
- **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.
- **Direct Broadcast Satellite Television**, which consists of the distribution of basic and premium programming services via satellite and broadband directly to subscribers in Italy.
- **Integrated Marketing Services**, which principally consists of the publication of free-standing inserts, which are promotional booklets containing consumer offers distributed through insertion in local Sunday newspapers in the United States, and the provision of in-store marketing products and services, primarily to consumer packaged goods manufacturers in the United States and Canada.
- **Newspapers and Information Services**, which principally consists of the publication of four national newspapers in the United Kingdom, the publication of approximately 146 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.
- **Book Publishing**, which principally consists of the publication of English language books throughout the world.
- **Other**, which principally consists of the Company's digital media properties and News Outdoor, an advertising business which offers display advertising in outdoor locations primarily throughout Russia and Eastern Europe.

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, 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 box sets. 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 formats 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 Accounting Standards Codification ("ASC") 926-605 "Entertainment—Films—Revenue Recognition," 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 major studios, such as Disney, Paramount, Sony, Universal, Warner Bros. and independent film producers in the production and distribution of motion pictures and DVDs. 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.

Television and Cable Network Programming

The Company's television operations primarily consist of FOX Broadcasting Company ("FOX"), MyNetworkTV, Inc. ("MyNetworkTV") and the 27 television stations owned by the Company.

The television operations derive revenues primarily from the sale of advertising. 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. FOX and MyNetworkTV compete with other broadcast networks, such as CBS, ABC, NBC and The CW, independent television stations, cable program services, as well as other media, including DVDs, video games, print and the Internet for audiences and programming and, in the case of FOX, also for 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.

MyNetworkTV is a programming distribution service, airing off-network programming and movies as well as World Wrestling Entertainment's *Friday Night SmackDown*.

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 strength of FOX and MyNetworkTV, and, in particular, the prime-time viewership of the respective network, as well as the quality of the programming of FOX and MyNetworkTV.

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") with channels primarily in Latin America, Europe and Asia and STAR with channels throughout Asia.

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 ("DBS") 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 DBS operator to 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 DBS 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, DBS 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 DBS 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 production and technical 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 2014, 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, 2010 of directly 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, 2010, 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 estimated 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.

Direct Broadcast Satellite Television

The 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 video, audio and interactive programming, quality of picture, 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. The Company is currently prohibited from providing a pay DTT service under regulations of the European Commission.

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 technical 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.

Integrated Marketing Services

The Integrated Marketing Services segment derives revenues from the sale of advertising space in free-standing inserts, in-store marketing products and services, promotional advertising and production fees. Adverse changes in general market conditions for advertising may affect revenues. Operating expenses for the Integrated Marketing Services segment include paper, promotional, printing, retail commissions, distribution and production costs. Selling, general and administrative expenses include salaries, employee benefits, rent and other routine overhead.

Newspapers and Information Services

The Newspapers and Information Services segment derives revenues primarily from the sale of advertising space, the sale of published newspapers, subscriptions and contract printing. Adverse changes in general market conditions for advertising may affect revenues. Circulation revenues can be greatly affected by changes in the cover prices of the Company's and/or competitors' newspapers, as well as by promotional activities.

Operating expenses for the Newspapers and Information Services segment include costs related to newsprint, ink, printing, distribution and editorial content. Selling, general and administrative expenses include salaries, employee benefits, rent and other routine overhead.

The Newspapers and Information Services segment's advertising volume, circulation and the price of newsprint 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 newsprint prices in managing its businesses to maximize operating profit during expanding and contracting economic cycles. Newsprint 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 newsprint. The newspapers published by the Company compete for readership and advertising with local and national newspapers and also compete with television, radio, Internet and other media alternatives in their respective markets. Competition for newspaper circulation is based on the news and editorial content of the newspaper, service, cover price and, from

time to time, various promotions. The success of the newspapers published by the Company in competing with other newspapers and media for advertising depends upon advertisers' judgments as to the most effective use of their advertising budgets. Competition for advertising among newspapers is based upon circulation levels, readership levels, reader demographics, internet reach, advertising rates and advertiser results. Such judgments are based on factors such as cost, availability of alternative media, circulation and quality of readership demographics. In recent years, the newspaper industry has experienced difficulty increasing circulation volume and revenues. This is due to, among other factors, increased competition from new media formats and sources and shifting preferences among some consumers to receive all or a portion of their news from sources other than a newspaper.

The Newspapers and Information Services segment also derives revenue from the provision of subscriber-based information services and the licensing of products and content to third-parties. Losses in the number of subscribers for these information services may affect revenues. The information services provided by the Company also compete with other media sources (free and subscription-based) and new media formats. Licensing revenues depend on new and renewed customer contracts, and may be affected if the Company is unable to generate new licensing business or if existing customers renew for lesser amounts, terminate early or forego renewal.

The Company believes that competition from new media formats and sources and shifting consumer preferences will continue to pose challenges within the Newspapers and Information Services industries.

Book Publishing

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

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

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

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. The Company's digital media properties include, among others, MySpace.com, IGN.com and Fox Audience Network.

News Outdoor

News Outdoor sells outdoor advertising space on various media, primarily in Russia and Eastern Europe. Significant expenses associated with the News Outdoor business include site lease costs, direct production, maintenance and installation expenses, salaries, employee benefits and other routine overhead. The Company has announced that it intends to explore strategic options for News Outdoor in connection with News Outdoor's continued development plans. The strategic options include, but are not limited to, exploring the opportunity to expand News Outdoor's existing shareholder group through new partners. No agreement has yet been entered into with respect to any transaction.

Other Business Developments

During the nine months ended March 31, 2010, the Company acquired additional shares of Sky Deutschland, increasing its ownership from approximately 38% at June 30, 2009 to approximately 45% at March 31, 2010. The aggregate cost of the shares acquired was approximately $200 million and the majority of the shares were newly registered shares issued pursuant to a capital increase.

In the third quarter of fiscal 2010, the Company completed two transactions related to its financial indexes businesses.

The Company sold its 33% interest in STOXX AG ("STOXX"), a European market index provider, to its partners, Deutsche Börse AG and SIX Group AG, for approximately $300 million in cash. The Company is entitled to receive additional consideration up to approximately $40 million if STOXX achieves certain revenue targets in calendar year 2010.

The Company and CME Group Inc. ("CME") formed a joint venture to operate a global financial index service business (the "Venture"), to which the Company contributed its Dow Jones Indexes business valued at $675 million and CME contributed a business which provides certain market data services valued at $608 million. The Company and CME own 10% and 90% of the Venture, respectively. The Venture issued approximately $613 million in third-party debt due in March 2018 that has been guaranteed by CME (the "Venture Financing"). The Venture used the proceeds from the debt issuance to make a special distribution at the time of the closing of approximately $600 million to the Company. The Company agreed to indemnify CME with respect to any payments of principal, premium and interest that CME makes under its guarantee of the Venture Financing and certain refinancing of such debt. In the event the Company is required to perform under this indemnity, the Company will be subrogated to and acquire all rights of CME.

The Company has the right to cause the Venture to purchase its 10% interest at fair market value in 2016 and the Venture has the right to call the Company's 10% interest at fair market value in 2017. The Company also agreed to provide to the Venture an annual media credit for advertising on the Company's Dow Jones media properties averaging approximately $3.5 million a year for a ten year term.

In April 2010, the Company sold bTV, its Bulgarian terrestrial TV business, for cash consideration of approximately $375 million, net of expenses.

RESULTS OF OPERATIONS

Results of Operations—For the three and nine months ended March 31, 2010 versus the three and nine months ended March 31, 2009.

The following table sets forth the Company's operating results for the three and nine months ended March 31, 2010, as compared to the three and nine months ended March 31, 2009.

	For the three months ended March 31,			For the nine months ended March 31,		
	2010	**2009**	**% Change**	**2010**	**2009**	**% Change**
			(in millions, except %)			
Revenues	$ 8,785	$ 7,373	19%	$ 24,668	$ 22,753	8%
Operating expenses	(5,777)	(4,848)	19%	(15,812)	(14,580)	8%
Selling, general and administrative	(1,461)	(1,441)	1%	(4,939)	(4,710)	5%
Depreciation and amortization	(294)	(274)	7%	(890)	(853)	4%
Impairment and restructuring charges	(6)	(55)	(89)%	(36)	(8,528)	**
Equity earnings (losses) of affiliates	181	(40)	**	271	(369)	**
Interest expense, net	(247)	(238)	4%	(761)	(690)	10%
Interest income	20	16	25%	61	76	(20)%
Other, net	(45)	1,132	**	(143)	1,338	**
Income (loss) before income tax expense	**1,156**	**1,625**	**(29)%**	**2,419**	**(5,563)**	**
Income tax (expense) benefit	(295)	1,103	**	(677)	2,436	**
Net income (loss)	861	2,728	(68)%	1,742	(3,127)	**
Less: Net income attributable to noncontrolling interests	(22)	(1)	**	(78)	(48)	63%
Net income (loss) attributable to News Corporation stockholders	**$ 839**	**$ 2,727**	**(69)%**	**$ 1,664**	**$ (3,175)**	**

** not meaningful

Overview—The Company's revenues increased 19% and 8% for the three and nine months ended March 31, 2010, respectively, as compared to the corresponding periods of fiscal 2009. The increases were primarily due to revenue increases at the Filmed Entertainment, Newspapers and Information Services and Cable Network Programming segments. Filmed Entertainment segment revenues increased primarily due to increased theatrical and home entertainment revenues. The increase at the Newspapers and Information Services segment for the three months ended March 31, 2010 was primarily due to favorable foreign exchange fluctuations and higher advertising revenue while the increase for the nine months ended March 31, 2010 was primarily due to favorable foreign exchange fluctuations. The increases at the Cable Network Programming segment were primarily due to increases in net affiliate and advertising revenues. These revenue increases were partially offset by decreased revenues at the Other segment, primarily due to decreased revenues at the Company's digital media properties and the sale of a portion of the Company's ownership stake in NDS Group plc ("NDS") in February 2009. As a result of the sale, the Company's portion of NDS's operating results subsequent to February 2009 is included within Equity earnings (losses) of affiliates.

Operating expenses for the three and nine months ended March 31, 2010 increased 19% and 8%, respectively, as compared to the corresponding periods of fiscal 2009. The increases were primarily due to increased amortization of production and higher participation costs at the Filmed Entertainment segment and higher entertainment and sports programming costs at the Television and Cable Network Programming segments, as well as unfavorable foreign exchange fluctuations. These increases were partially offset by the absence of costs related to NDS in the Other segment, reflecting the sale of a portion of the Company's NDS ownership stake as noted above, as well as the effects of company-wide cost containment initiatives.

Selling, general and administrative expenses for the three months ended March 31, 2010 were relatively consistent with the corresponding period of fiscal 2009, as increases due to foreign exchange fluctuations were offset by the absence of costs related to NDS and the effects of company-wide cost containment initiatives. Selling, general and administrative expenses for the nine months ended March 31, 2010 increased 5% as compared to the corresponding period of fiscal 2009. This increase was primarily due to the $500 million charge related to the legal settlement with Valassis Communications, Inc. ("Valassis") at the Integrated Marketing Services segment (See Note 13—Contingencies to the accompanying unaudited consolidated financial statements for further discussion.), partially offset by the absence of costs related to NDS as noted above and the effects of company-wide cost containment initiatives.

Depreciation and amortization increased 7% and 4% for the three and nine months ended March 31, 2010, respectively, as compared to the corresponding periods of fiscal 2009. These increases were primarily due to higher depreciation at the DBS segment resulting from higher volumes of set-top boxes and unfavorable foreign exchange fluctuations. The increase in the nine months ended March 31, 2010 was partially offset by the absence of depreciation and amortization related to NDS.

Impairment and restructuring charges—As discussed in Note 4—Restructuring Programs to the accompanying unaudited consolidated financial statements, the Company recorded approximately $6 million and $36 million of additional restructuring charges in the unaudited consolidated statements of operations for the three and nine months ended March 31, 2010, respectively. The restructuring charges for the three months ended March 31, 2010 reflect approximately $4 million recorded at the Newspapers and Information Services segment related to termination benefits and $2 million recorded at the Other segment related to accretion on facility termination obligations. The restructuring charges for the nine months ended March 31, 2010 reflect an $18 million charge related to the sales and distribution operations of the STAR channels, $4 million related to a restructuring program recorded at the Newspapers and Information Services segment and a $14 million charge at the Other segment related to the restructuring program at the Company's Fox Mobile Entertainment division and accretion on facility termination obligations.

During the three and nine months ended March 31, 2009, the Company recorded approximately $55 million and $84 million in restructuring charges, respectively, primarily reflecting restructuring charges recorded at the Newspapers and Information Services and Book Publishing segments. In addition, the Company recorded non-cash impairment charges of $8,444 million during the nine months ended March 31, 2009 as noted below.

During the second quarter of fiscal 2009, the Company performed an interim impairment review in advance of its annual impairment assessment because the Company believed events had occurred and circumstances had changed that would more likely than not reduce the fair value of the Company's goodwill and indefinite-lived intangible assets below their carrying amounts. These events included: (a) the decline of the price of the Company's Class A common stock, par value $0.01 per share ("Class A Common Stock"), and Class B common stock, par value $0.01 per share ("Class B Common Stock"), below the carrying value of the Company's stockholders' equity; (b) the reduced growth in advertising revenues; (c) the decline in the operating profit margins in some of the Company's advertising-based businesses; and (d) the decline in the valuations of other television stations, newspapers and advertising-based companies as determined by the current trading values of those companies.

As a result of the interim impairment review performed, the Company recorded non-cash impairment charges of approximately $8.4 billion ($6.7 billion, net of tax) in the nine months ended March 31, 2009. The charges consisted of a write-down of the Company's indefinite-lived intangible assets (primarily FCC licenses in the Television segment) of $4.6 billion, a write-down of $3.6 billion of goodwill and a write-down of the Newspapers and Information Services segment's fixed assets of $185 million in accordance with ASC 360 "Property, Plant and Equipment."

Equity earnings (losses) of affiliates—Equity earnings (losses) of affiliates increased $221 million and $640 million for the three and nine months ended March 31, 2010 as compared to the corresponding period of fiscal 2009, due to higher contributions from British Sky Broadcasting Group plc ("BSkyB") as a result of a gain

recognized by BSkyB on the sale of a portion of its investment in ITV and the absence of write-downs related to ITV that BSkyB recorded during the three and nine months ended March 31, 2009. Also contributing to the increase for the nine months ended March 31, 2010 was the absence of a $422 million write-down of the Company's investment in Sky Deutschland recorded in the nine months ended March 31, 2009.

	For the three months ended March 31,			For the nine months ended March 31,		
	2010	2009	% Change	2010	2009	% Change
	(in millions, except %)					
DBS equity affiliates	$139	$(35)	**	$170	$(412)	**
Cable channel equity affiliates	25	15	67%	54	42	29%
Other equity affiliates	17	(20)	**	47	1	**
Total equity earnings (losses) of affiliates	$181	$(40)	**	$271	$(369)	**

** not meaningful

Interest expense, net—Interest expense, net for the three and nine months ended March 31, 2010 increased $9 million and $71 million, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to the issuance of borrowings in February 2009 and August 2009. The increase in interest expense, net for the nine months ended March 31, 2010 was partially offset by the retirement of $200 million of the Company's borrowings in October 2008.

Interest income—Interest income increased $4 million for the three months ended March 31, 2010 as compared to the corresponding period of fiscal 2009, primarily due to higher interest rates. Interest income decreased $15 million for the nine months ended March 31, 2010 as compared to the corresponding period of fiscal 2009, primarily due to lower average interest rates.

Other, net—

	For the three months ended March 31,		For the nine months ended March 31,	
	2010	2009	2010	2009
	(in millions)			
Loss on the financial indexes business transactions [a]	$ (22)	$ —	$ (22)	$ —
Loss on the sale of eastern European television stations [a]	(21)	—	(40)	(100)
Loss on the Photobucket transaction [a]	—	—	(29)	—
Gain on the sale of NDS shares [a]	—	1,249	—	1,249
Gain on the sale of the Stations [a]	—	—	—	232
Impairment of cost based investments [b]	—	(110)	(3)	(110)
Change in fair value of exchangeable securities [c]	7	1	3	79
Other	(9)	(8)	(52)	(12)
Total Other, net	$ (45)	$1,132	$(143)	$1,338

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

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

(c) The Company has certain outstanding exchangeable debt securities which contain embedded derivatives. Pursuant to ASC 815 "Derivatives and Hedging" ("ASC 815"), these embedded derivatives require separate accounting and, as such, changes in their fair value are recognized in other, net. A significant variance in the price of underlying stock could have a material impact on the operating results of the Company.

Income tax expense—The effective income tax rates for the three and nine months ended March 31, 2010 were 26% and 28%, respectively, which were lower than the statutory rate of 35%, primarily due to permanent

differences and the recognition of tax assets on the disposition of certain assets. The Company's tax provision and related tax rate for the three and nine months ended March 31, 2009 were different from the statutory rate primarily due to the recognition of a non-cash benefit as a result of the resolution of certain tax matters and a permanent difference on the gain on the sale of a portion of a subsidiary. The tax provision and tax rate for the nine months ended March 31, 2009 reflect these items, which were offset in part by a non-deductible goodwill impairment charge recorded in the nine months ended March 31, 2009.

Net income (loss)**—**Net income for the three months ended March 31, 2010 decreased as compared to the corresponding period of fiscal 2009, primarily due to the absence of the gain on the sale of the Company's ownership stake in NDS in February 2009 and the non-cash tax benefit in the corresponding period of fiscal 2009 noted above. Net income for the nine months ended March 31, 2010 increased as compared to the corresponding period of fiscal 2009, primarily due to the absence of the impairment charges recorded in fiscal 2009. This increase was partially offset by the charge related to the settlement of the Valassis litigation recorded in the nine months ended March 31, 2010, the absence of the gain on sale of eight of the Company's television stations in July 2008, the gain on the sale of the Company's ownership stake in NDS in February 2009 and the non-cash tax benefit in the corresponding period of fiscal 2009 noted above.

Net income attributable to noncontrolling interests—Net income attributable to noncontrolling interests increased for the three and nine months ended March 31, 2010 as compared to the corresponding periods of fiscal 2009, primarily due to higher results at the Company's majority-owned businesses. The increase for the nine months ended March 31, 2010 was partially offset by the absence of income from NDS due to the sale of a portion of the Company's ownership stake in February 2009, resulting in the Company's remaining interest in NDS being accounted for under the equity method of accounting.

Segment Analysis:

The following table sets forth the Company's revenues and segment operating income for the three and nine months ended March 31, 2010 as compared to the three and nine months ended March 31, 2009.

	For the three months ended March 31,			For the nine months ended March 31,		
	2010	2009	% Change	2010	2009	% Change
	(in millions, except %)					
Revenues:						
Filmed Entertainment	$2,422	$1,472	65%	$ 5,841	$ 4,216	39%
Television	1,168	1,149	2%	3,181	3,113	2%
Cable Network Programming	1,798	1,550	16%	5,160	4,496	15%
Direct Broadcast Satellite Television	954	924	3%	2,889	2,815	3%
Integrated Marketing Services	335	316	6%	893	859	4%
Newspapers and Information Services	1,505	1,248	21%	4,563	4,458	2%
Book Publishing	276	243	14%	967	863	12%
Other	327	471	(31)%	1,174	1,933	(39)%
Total revenues	**$8,785**	**$7,373**	**19%**	**$24,668**	**$22,753**	**8%**
Segment operating income:						
Filmed Entertainment	$ 497	$ 282	76%	$ 1,212	$ 645	88%
Television	40	9	**	107	91	18%
Cable Network Programming	588	426	38%	1,705	1,224	39%
Direct Broadcast Satellite Television	35	63	(44)%	133	238	(44)%
Integrated Marketing Services	108	97	11%	(233)	251	**
Newspapers and Information Services	131	29	**	415	370	12%
Book Publishing	4	(8)	**	89	18	**
Other	(150)	(88)	(70)%	(401)	(227)	(77)%
Total segment operating income	**$1,253**	**$ 810**	**55%**	**$ 3,027**	**$ 2,610**	**16%**

** not meaningful

Management believes that total segment operating income is an appropriate measure for evaluating the operating performance of the Company's business segments. 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 (loss) before income taxes.

	For the three months ended March 31,		For the nine months ended March 31,	
	2010	2009	2010	2009
	(in millions)			
Total segment operating income	$1,253	$ 810	$3,027	$ 2,610
Impairment and restructuring charges	(6)	(55)	(36)	(8,528)
Equity earnings (losses) of affiliates	181	(40)	271	(369)
Interest expense, net	(247)	(238)	(761)	(690)
Interest income	20	16	61	76
Other, net	(45)	1,132	(143)	1,338
Income (loss) before income tax expense	$1,156	$1,625	$2,419	$(5,563)

Filmed Entertainment (24% and 19% of the Company's consolidated revenues in the first nine months of fiscal 2010 and 2009, respectively)

For the three and nine months ended March 31, 2010, revenues at the Filmed Entertainment segment increased $950 million, or 65%, and $1,625 million, or 39%, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to increased worldwide theatrical and home entertainment revenues. The revenue increase for the three months ended March 31, 2010 was driven by the successful worldwide theatrical releases of *Avatar* and *Alvin and the Chipmunks: The Squeakquel.* For the nine months ended March 31, 2010, revenues increased primarily due to the revenue increases noted above, as well as the theatrical and home entertainment performance of *Ice Age: Dawn of the Dinosaurs* and the home entertainment releases of *X-Men Origins*: *Wolverine* and *Night At the Museum: Battle of the Smithsonian.*

For the three and nine months ended March 31, 2010, the Filmed Entertainment segment's operating income increased $215 million, or 76%, and $567 million, or 88%, respectively, as compared to the corresponding periods of fiscal 2009. The increases were primarily due to the revenue increases noted above, partially offset by increased amortization of production costs, as well as higher participation and releasing costs. Also partially offsetting the revenue increase for the nine months ended March 31, 2010 were higher home entertainment manufacturing and marketing costs.

Television (13% of the Company's consolidated revenues in the first nine months of fiscal 2010 and 2009)

For the three and nine months ended March 31, 2010, revenues at the Television segment increased $19 million, or 2%, and $68 million, or 2%, respectively, as compared to the corresponding periods of fiscal 2009. The increases in the three and nine months ended March 31, 2010 were primarily due to higher advertising revenues at the television stations owned by the Company, resulting from higher pricing due to continued improvements in the advertising market. Partially offsetting these increases were lower revenues from FOX due to a decrease in prime-time ratings. In addition, higher NFL revenues due to increased post-season ratings were more than offset by the absence of revenue from the Bowl Championship Series National Championship, which was broadcast on FOX in the prior year, and lower ratings for NASCAR. Also contributing to the revenue increase in the nine months ended March 31, 2010, were higher MLB revenues due to higher post-season ratings and the broadcast of two additional post-season games, which were partially offset by lower political advertising revenues due to the 2008 presidential election.

The Television segment reported increases in operating income for the three and nine months ended March 31, 2010 of $31 million and $16 million, respectively, as compared to the corresponding periods of fiscal 2009. The increases in operating income were primarily due to the revenue increases noted above and the effects of cost containment initiatives, as well as improved operating results at MyNetworkTV, partially offset by higher prime-time entertainment programming and sports costs.

Cable Network Programming (21% and 20% of the Company's consolidated revenues in the first nine months of fiscal 2010 and 2009, respectively)

For the three and nine months ended March 31, 2010, revenues at the Cable Network Programming segment increased $248 million, or 16%, and $664 million, or 15%, respectively, as compared to the corresponding periods of fiscal 2009. The increases were primarily due to higher net affiliate and advertising revenues principally at Fox News, the Company's international cable operations, and FX, as well as higher net affiliate revenues at the RSNs.

For the three and nine months ended March 31, 2010, Fox News' revenues increased 17% and 24%, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to increases in net affiliate and advertising revenues. Net affiliate revenues increased 22% and 49% for the three and nine months ended March 31, 2010, respectively, primarily due to increases in the average rate per subscriber and the number of subscribers as compared to the corresponding periods of fiscal 2009. Advertising revenues increased 17% and 3% for the three and nine months ended March 31, 2010, respectively, primarily due to higher pricing. As of March 31, 2010, Fox News reached approximately 98 million Nielsen households.

The Company's international cable operations' revenues increased 26% and 18% for the three and nine months ended March 31, 2010, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to higher affiliate and advertising revenues. The higher affiliate revenues resulted from new channels in Europe and an increase in subscribers at existing channels in Latin America. The higher advertising revenues were primarily due to the strengthening of the advertising market in India and improved performance at the regional channels.

FX's revenues increased 11% for both the three and nine months ended March 31, 2010 as compared to the corresponding periods of fiscal 2009, primarily due to increases in net affiliate and advertising revenues. Net affiliate revenues increased 17% for both the three and nine months ended March 31, 2010 primarily due to increases in the average rate per subscriber and the number of subscribers. Advertising revenues increased 9% and 4% for the three and nine months ended March 31, 2010, respectively, primarily due to additional commercial spots sold. As of March 31, 2010, FX reached approximately 96 million Nielsen households.

For the three and nine months ended March 31, 2010, the RSNs' revenues increased 13% and 10%, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to increases in net affiliate revenues. Net affiliate revenues increased 16% and 13% for the three and nine months ended March 31, 2010, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to increases in the average rate per subscriber and the number of subscribers. Advertising revenues decreased 6% during the nine months ended March 31, 2010 as compared to the corresponding period of fiscal 2009, primarily due to reduced local advertising spending.

The Company's other cable operations' revenues increased as compared to the corresponding periods of fiscal 2009, primarily due to increases in net affiliate revenues.

For the three and nine months ended March 31, 2010, operating income at the Cable Network Programming segment increased $162 million, or 38%, and $481 million, or 39%, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to the revenue increases noted above. Also contributing to the increase during the nine months ended March 31, 2010 was the absence of a settlement relating to the

termination of a distribution agreement at the international cable operations during the first quarter of fiscal 2009. These increases were partially offset by increased operating expenses during the three and nine months ended March 31, 2010 of $86 million and $183 million, respectively, as compared to the corresponding periods of fiscal 2009. The increases in operating expenses during the three and nine months ended March 31, 2010 were due to higher movie acquisition costs, sports rights amortization and original programming costs.

Direct Broadcast Satellite Television (12% of the Company's consolidated revenues in the first nine months of fiscal 2010 and 2009)

For the three and nine months ended March 31, 2010, SKY Italia's revenues increased $30 million, or 3%, and $74 million, or 3%, respectively, as compared to the corresponding periods of fiscal 2009, as favorable foreign exchange fluctuations were partially offset by lower local currency subscription revenue. SKY Italia had a decrease of approximately 101,000 subscribers over the past twelve month period, which decreased SKY Italia's total subscriber base to 4.7 million at March 31, 2010. The total churn for the three months ended March 31, 2010 was approximately 157,000 subscribers on an average subscriber base of 4.7 million, as compared to churn of approximately 186,000 subscribers on an average subscriber base of 4.8 million in the corresponding period of fiscal 2009. Subscriber churn for the period represents the number of SKY Italia subscribers whose service was disconnected during the period.

Average revenue per subscriber ("ARPU") of approximately €44 in the three months ended March 31, 2010 was consistent with the corresponding period of fiscal 2009. ARPU for the nine months ended March 31, 2010 decreased to approximately €43 from approximately €44 reported in the corresponding period of fiscal 2009. The decrease in ARPU for the nine months ended March 31, 2010, was primarily due to lower average tier mix, reduced pay-per-view revenue and the lagged effect of various pricing promotions. 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 €270 and €330 in three and nine months ended March 31, 2010, respectively, increased from the corresponding periods of fiscal 2009, 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, 2010, SKY Italia's operating income decreased $28 million and $105 million, respectively, as compared to the corresponding periods of fiscal 2009. The decrease for the three months ended March 31, 2010 was primarily due to lower local currency subscription revenue as overall costs, in local currency, were flat as higher sports programming costs related to the 2010 Winter Olympics were offset by lower basic programming costs and subscriber related costs. The decrease for the nine months ended March 31, 2010 was primarily due to lower local currency subscription revenue and higher sports rights amortization.

Integrated Marketing Services (3% and 4% of the Company's consolidated revenues in the first nine months of fiscal 2010 and 2009, respectively)

For the three and nine months ended March 31, 2010, revenues at the Integrated Marketing Services segment increased $19 million, or 6%, and $34 million, or 4%, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to increases in volume and rates of in-store marketing products sold, partially offset by lower revenues for free-standing insert products.

For the three months ended March 31, 2010, operating income at the Integrated Marketing Services segment increased $11 million, or 11%, as compared to the corresponding period of fiscal 2009, primarily due to the revenue increase noted above, as well as lower paper costs, partially offset by higher commissions for in-store marketing products. Operating income at the Integrated Marketing Services segment decreased $484 million for the nine months ended March 31, 2010 as compared to the corresponding period of fiscal 2009, as the revenue increase noted above was more than offset by the $500 million charge relating to the settlement of the Valassis litigation.

Newspapers and Information Services (18% and 20% of the Company's consolidated revenues in the first nine months of fiscal 2010 and 2009, respectively)

For the three and nine months ended March 31, 2010, revenues at the Newspapers and Information Services segment increased $257 million, or 21%, and $105 million, or 2%, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to favorable foreign exchange fluctuations at the Australian newspapers. Operating income at the Newspapers and Information Services segment increased $102 million and $45 million for the three and nine months ended March 31, 2010, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to the revenue increases noted above, as well as the impact of cost containment initiatives.

For the three and nine months ended March 31, 2010, the Australian newspapers' revenues increased 44% and 13%, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to favorable foreign exchange fluctuations. The weakening of the U.S. dollar against the Australian dollar resulted in revenue increases of approximately 40% and 19% for the three and nine months ended March 31, 2010, respectively. The increase for the three months ended March 31, 2010 also reflects higher display advertising revenues due to higher pricing that was partially offset by lower circulation revenue. Local currency revenues decreased for the nine months ended March 31, 2010 due to lower circulation and advertising revenues as a result of a decrease in volume. For the three months ended March 31, 2010, the Australian newspapers' operating income increased 44% as compared to the corresponding period of fiscal 2009, primarily due to the revenue increase noted above, offset by higher newsprint costs and costs associated with various initiatives. For the nine months ended March 31, 2010, the Australian newspapers operating income decreased 6% as compared to the corresponding period of fiscal 2009, primarily due to the revenue decrease noted above, partially offset by a reduction in operating costs resulting from cost containment initiatives. The weakening of the U.S. dollar against the Australian dollar resulted in operating income increases of approximately 43% and 16% for the three and nine months ended March 31, 2010, respectively.

For the three and nine months ended March 31, 2010, the U.K. newspapers' revenues increased 15% and decreased 3%, respectively, as compared to the corresponding periods of fiscal 2009. The increase for the three months ended March 31, 2010 was primarily due to favorable foreign exchange fluctuations and higher display advertising revenues, resulting from an increase in volume, partially offset by lower circulation revenues. The decrease for the nine months ended March 31, 2010 was primarily due to lower circulation revenue. Operating income at the U.K. newspapers for the three and nine months ended March 31, 2010 increased as compared to the corresponding periods of fiscal 2009, primarily due to lower marketing and newsprint costs and the impact of cost containment initiatives. The weakening of the U.S. dollar against the British pound resulted in revenue and operating income increases of approximately 12% and 35%, respectively, for the three months ended March 31, 2010.

During the three months ended March 31, 2010, revenues at Dow Jones & Company, Inc ("Dow Jones") increased 7% as compared with the corresponding period of fiscal 2009, primarily due to a 25% increased advertising revenue resulting from higher volume and higher circulation revenues at *The Wall Street Journal*

resulting from higher prices, partially offset by lower information services revenues. Revenues for the nine months ended March 31, 2010 decreased 2% as compared to the corresponding period of fiscal 2009, primarily due to lower advertising revenue at *The Wall Street Journal* resulting from lower volume, as well as lower information services revenue. The decrease for the nine months ended March 31, 2010 was partially offset by higher circulation revenues resulting from higher pricing at *The Wall Street Journal* and higher digital advertising revenue. Dow Jones' operating results for the three and nine months ended March 31, 2010 increased from the corresponding periods of fiscal 2009, primarily due to cost containment initiatives and lower newsprint costs.

Book Publishing (4% of the Company's consolidated revenues in the first nine months of fiscal 2010 and 2009)

For the three and nine months ended March 31, 2010, revenues at the Book Publishing segment increased $33 million, or 14%, and $104 million, or 12%, respectively, as compared to the corresponding periods of fiscal 2009. The increases were primarily due to higher sales at the General Books and Children's divisions and favorable foreign exchange fluctuations. The increases at the General Books division were primarily due to the success of *Going Rogue* by Sarah Palin and *Game Change* by John Heilemann and Mark Halperin, as well as higher electronic book sales. Strong sales of *Where the Wild Things Are* by Maurice Sendak and *The Vampire Diaries* by L.J. Smith led to the increases at the Children's division. During the three months ended March 31, 2010, HarperCollins had 61 titles on *The New York Times* Bestseller List with eight titles reaching the number one position. During the nine months ended March 31, 2010, HarperCollins had 116 titles on *The New York Times* Bestseller List with 16 titles reaching the number one position.

Operating income for the three and nine months ended March 31, 2010, increased $12 million and $71 million, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to the revenue increases noted above and operating cost reductions resulting from cost containment initiatives, partially offset by higher royalty and manufacturing costs resulting from higher sales.

Other (5% and 8% of the Company's consolidated revenues in the first nine months of fiscal 2010 and 2009, respectively)

For the three and nine months ended March 31, 2010, revenues at the Other segment decreased $144 million, or 31%, and $759 million, or 39%, respectively, as compared to the corresponding periods of fiscal 2009, primarily due to decreased revenues from NDS and the Company's digital media properties. The decreases at NDS were due to the absence of revenues for the three and nine months ended March 31, 2009, reflecting the sale of a portion of the Company's ownership stake in NDS in February 2009. As a result of the sale, the Company's portion of NDS's operating results subsequent to February 2009 is included within Equity earnings (losses) of affiliates. The revenue decreases at the Company's digital media properties were principally due to lower search revenues.

Operating results for the three and nine months ended March 31, 2010 decreased $62 million and $174 million, respectively, as compared to the corresponding periods of fiscal 2009. The decreases were primarily due to lower operating results from NDS and the Company's digital media properties. The decreases at NDS were due to the absence of $60 million and $121 million of operating income during the three and nine months ended March 31, 2010, respectively, resulting from the sale of a portion of the Company's ownership stake in NDS as noted above. The decreases at the Company's digital media properties of $32 million and $84 million for the three and nine months ended March 31, 2010, respectively, were primarily due to the revenue declines noted above partially offset by cost containment initiatives.

Liquidity and Capital Resources

Impact of the Current Economic Environment

The United States and global economies have undergone a period of economic uncertainty, and the related capital markets have experienced significant volatility. In certain of the markets in which the Company's businesses operate, there was a weakening in the overall economic climate resulting in pressure on labor markets, retail sales and consumer confidence, which impacted advertising revenues at the Company's Television, Newspapers and Information Services and Other segments, as well as the retail sales of books and DVDs. Despite these trends, the Company believes the cash generated internally and available financing will continue to provide the Company sufficient liquidity for the foreseeable future.

Current Financial Condition

The Company's principal source of liquidity is internally generated funds. The Company also has a $2.25 billion revolving credit facility, which expires in May 2012, 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, 2010, the availability under the revolving credit facility was reduced by standby letters of credit issued which totaled approximately $74 million. As of March 31, 2010, 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 agreements for entertainment and sports programming; paper purchases; operational expenditures including employee costs; capital expenditures; interest expense; income tax payments; investments in associated entities; dividends; acquisitions; and stock repurchases.

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, 2010 and 2009 was as follows (in millions):

For the nine months ended March 31,	2010	2009
Net cash provided by operating activities	$2,979	$1,061

The increase in net cash provided by operating activities during the nine months ended March 31, 2010 as compared to the corresponding period of fiscal 2009 primarily reflects higher worldwide theatrical receipts at the Filmed Entertainment segment, higher affiliate receipts at the Cable Network Programming segment, higher receipts at the Book Publishing segment and lower tax payments. The increase was partially offset by the $500 million payment relating to the settlement of the Valassis litigation and lower subscriber receipts at the DBS segment.

Net cash used in investing activities for the nine months ended March 31, 2010 and 2009 was as follows (in millions):

For the nine months ended March 31,	2010	2009
Net cash used in investing activities	$(317)	$(42)

The increase in net cash used in investing activities during the nine months ended March 31, 2010 was primarily due to the absence of proceeds from the sale of eight of the Company's television stations in July 2008, the absence of net proceeds received from the sale of a portion of the Company's interest in NDS in February 2009 and increased investment in Sky Deutschland, partially offset by cash received from the sale of the financial indexes businesses and lower property, plant and equipment purchases.

Net cash (used in) provided by financing activities for the nine months ended March 31, 2010 and 2009 was as follows (in millions):

For the nine months ended March 31,	2010	2009
Net cash (used in) provided by financing activities	$(1,024)	$517

The increase in net cash used in financing activities during the nine months ended March 31, 2010 was primarily due to the redemption of the majority of the Company's 0.75% Senior Exchangeable BUCS and repayment of $150 million Senior Notes due March 2010, partially offset by the issuance of $600 million 6.90% Senior Notes due 2039 and $400 million 5.65% Senior Notes due 2020 in August 2009.

The Company declared a dividend of $0.06 per share on both its Class A Common Stock and its Class B Common Stock in the three months ended September 30, 2009, which was paid in October 2009 to stockholders of record on September 9, 2009. The total aggregate dividend paid to stockholders in October 2009 was approximately $157 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, 2010, which was paid in April 2010 to stockholders of record on March 10, 2010. The total aggregate dividend paid to stockholders in April 2010 was approximately $196 million.

Debt Instruments

	For the nine months ended March 31,	
	2010	2009
	(in millions)	
Borrowings		
Notes due August 2039	$ 593	$ —
Notes due August 2020	396	—
Notes due March 2019	—	690
Notes due March 2039	—	283
Bank loans	—	30
All other	35	29
Total borrowings	$ 1,024	$1,032
Repayments of borrowings		
BUCS	$(1,632)	$ —
Notes due March 2010	(150)	—
Notes due October 2008	—	(200)
Bank loans	(64)	(64)
All other	(23)	(72)
Total repayment of borrowings	$(1,869)	$ (336)

BUCS

In March 2010, the Company redeemed approximately 98.6% of its 0.75% Senior Exchangeable BUCS ("BUCS") pursuant to a holders' redemption right for an aggregate of approximately $1.63 billion in cash. Subsequently, in April 2010, the Company redeemed the remaining outstanding BUCS for an aggregate of approximately $23 million in cash.

TOPrS

In April 2010, the Company redeemed all of its outstanding 5% TOPrS for an aggregate of approximately $134 million in cash.

Other

In March 2010, the Company retired its $150 million 4.75% Senior Debentures due 2010.

Ratings of the Public Debt

The table below summarizes the Company's credit ratings as of March 31, 2010.

Rating Agency	Senior Debt	Outlook
Moody's	Baa 1	Stable
S&P	BBB+	Stable

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 initial 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. NAI may request an increase in the amount of the credit facility up to a maximum amount of $2.5 billion. 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 leveraging ratios and limitations on secured indebtedness. The Company pays a facility fee of 0.08% regardless of facility usage. The Company pays interest for borrowings at LIBOR plus 0.27% and pays commission fees on letters of credit at 0.27%. The Company 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. The maturity date is in May 2012; however, NAI may request that the Lenders' commitments be renewed for up to two additional one year periods. As of March 31, 2010, approximately $74 million in standby letters of credit, for the benefit of third parties, was outstanding.

Commitments

During the nine months ended March 31, 2010, the Company renewed its rights to broadcast Italy's National League Football matches through fiscal 2012. The Company expects to pay approximately $1.7 billion over the term of the agreement.

During the nine months ended March 31, 2010, the Company entered into a long-term supply contract pursuant to which the Company will purchase ink for its newspaper printing facilities in the United Kingdom from a third party through fiscal 2022. The Company will pay approximately $400 million over the term of the contract.

Other than as previously disclosed in the notes to the Company's unaudited consolidated financial statements, the Company's commitments have not changed significantly from disclosures included in the Company's Current Report on Form 8-K filed with the SEC on February 12, 2010.

Guarantees

Other than as previously disclosed in the notes to the Company's unaudited consolidated financial statements, the Company's guarantees have not changed significantly from disclosures included in the Company's Current Report on Form 8-K filed with the SEC on February 12, 2010.

Contingencies

Other than as disclosed in the notes to the accompanying unaudited 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. In the next twelve months, none of these arrangements that become exercisable are material.

The Company experiences routine litigation in the normal course of its business. The Company believes that none of its pending litigation will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity.

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 other pending tax matters that it can estimate at this time and does not currently anticipate that the ultimate resolution of other pending tax matters will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity.

Goodwill

In accordance with ASC 350 "Intangibles—Goodwill and Other," the Company's goodwill and indefinite-lived intangible assets, which include FCC licenses, are reviewed annually for impairment or earlier if events occur or circumstances change that would more likely than not reduce the fair value of the Company's goodwill and indefinite-lived intangibles below their carrying amount. During the second quarter of fiscal 2009, the Company performed an interim impairment review in advance of its annual impairment assessment because the Company believed events had occurred and circumstances had changed that would more likely than not reduce the fair value of the Company's goodwill and indefinite-lived intangible assets below their carrying amounts. These events included: (a) the decline of the price of the Class A Common Stock and Class B Common Stock below the carrying value of the Company's stockholders' equity; (b) the reduced growth in advertising revenues; (c) the decline in the operating profit margins in some of the Company's advertising-based businesses; and (d) the decline in the valuations of other television stations, newspapers and advertising-based companies as determined by the current trading values of those companies. In addition, the Company also performed an annual impairment assessment of its goodwill and indefinite-lived intangible assets.

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.

The Company performed impairment reviews consisting of a comparison of the estimated fair value of the Company's FCC licenses with their carrying amount on a station-by-station basis using a discounted cash flow

valuation method, assuming a hypothetical start-up scenario for a broadcast station in each of the markets the Company operates in. The significant assumptions used were the discount rate and terminal growth rates and operating margins, as well as industry data on future advertising and other revenues in the markets where the Company owns television stations. These assumptions were based on actual historical performance in each market and estimates of future performance in each market. These assumptions took into account the weakening of advertising markets that had affected both the national and local markets in which the Company's stations operate.

As a result of the impairment reviews performed, the Company recorded non-cash impairment charges of approximately $8.9 billion ($7.2 billion, net of tax) during the fiscal year ended June 30, 2009. The charges consisted of a write-down of the Company's indefinite-lived intangible assets (primarily FCC licenses in the Television segment) of $4.6 billion, a write-down of $4.1 billion of goodwill (primarily in the Newspapers and Information Services and Other segments) and a write-down of the Newspapers and Information Services segment's fixed assets of $185 million in accordance with ASC 360 "Property, Plant and Equipment. The factors that contributed to the fiscal 2009 impairment charges and the key assumptions that drive fair value have improved during the nine months ended March 31, 2010; however, the following segments have reporting units that continue to be at risk for future impairment as the fair value of a reporting unit exceeded its carrying amount by less than 10% as of the last goodwill impairment assessment performed: Television and Cable Network Programming. In addition, the Company continues to monitor certain of its reporting units in the Other segment due to the impairment charges recorded in fiscal 2009. Goodwill amounts by segment at risk for future impairment are as follows: Television ($1.9 billion); Cable Network Programming ($0.9 billion); and Other ($0.6 billion). The Company will continue to monitor its goodwill and intangible assets for possible future impairment.

Recent Accounting Pronouncements

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

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, drawdowns 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, 2010, the Company's outstanding financial instruments with foreign currency exchange rate risk exposure had an aggregate fair value of $145 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 $12.7 million at March 31, 2010.

Interest Rates

The Company's current financing arrangements and facilities include approximately $13.5 billion of outstanding debt with fixed interest 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, 2010, 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 $14.7 billion. 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 $879 million at March 31, 2010.

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 affiliates and had an aggregate fair value of approximately $7.7 billion as of March 31, 2010. A hypothetical decrease in the market price of these investments of 10% would result in a fair value of approximately $6.9 billion. Such a hypothetical decrease would result in a before tax decrease in comprehensive income of approximately $24 million, as any changes in fair value of the Company's equity affiliates are not recognized unless deemed other-than-temporary, as these investments are accounted for under the equity method.

In accordance with ASC 815, the Company has recorded the conversion feature embedded in its exchangeable debentures in other liabilities. At March 31, 2010, the fair value of this conversion feature was nil. This conversion feature is sensitive to movements in the share price of one of the Company's publicly traded equity affiliates. A significant variance in the price of the underlying stock could have a material impact on the operating results of the Company.

Credit Risk

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

The Company's receivables did not represent significant concentrations of credit risk at March 31, 2010 or June 30, 2009 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold. However, in light of the recent turmoil in the domestic and global economies, the Company's estimates and judgments with respect to the collectability of its receivables have become subject to greater uncertainty than in more stable periods.

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, 2010, the Company did not anticipate nonperformance by any of the counterparties.

PART I

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 2010 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

See Note 13-Contingencies to the unaudited consolidated financial statements, which is incorporated herein by reference.

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 DBS 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 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. 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.

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 (including FCC Licenses) 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, 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 Newspapers and Information Services, 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 fluctuate 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.

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 DBS 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 DBS 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 DBS programming.

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 and satellite licensees. Further, the United States Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters, including technological changes, 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 regulations in the U.S. and other jurisdictions in which the Company has operations could affect the Company's results of operations.

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

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

(a) Exhibits.

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, 2010 formatted in eXtensible Business Reporting Language: (i) Unaudited Consolidated Statements of Operations for the three and nine months ended March 31, 2010 and 2009; (ii) Consolidated Balance Sheets at March 31, 2010 (unaudited) and June 30, 2009 (audited); (iii) Unaudited Consolidated Statements of Cash Flows for the nine months ended March 31, 2010 and 2009; and (iv) Notes to the Unaudited Consolidated Financial Statements (tagged as blocks of text).*

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* Filed 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 4, 2010

Exhibit 12.1

News Corporation
Computation of Ratio of Earnings to Fixed Charges
(in Millions, Except Ratio Amounts)
(Unaudited)

	For the nine months ended March 31,	
	2010	**2009**
Earnings:		
Income before income (loss) tax expense	$2,419	$(5,563)
Add:		
Equity (earnings) losses from affiliates	(271)	369
Dividends received from affiliates	190	157
Fixed charges, excluding capitalized interest	931	892
Amortization of capitalized interest	60	35
Total earnings available for fixed charges	$3,329	$(4,110)
Fixed charges:		
Interest on debt and finance lease charges	$ 761	$ 690
Capitalized interest	35	45
Interest element on rental expense	170	202
Total fixed charges	$ 966	$ 937
Ratio of earnings to fixed charges	3.5	**

** Earnings did not cover fixed charges by $5.0 billion during the nine months ended March 31, 2009 due to a non-cash impairment charge of $8.4 billion ($6.7 billion net of tax). (See Note 8 to the accompanying unaudited consolidated financial statements for further discussion)

Exhibit 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

I, K. Rupert Murdoch, Chairman and Chief Executive Officer of News Corporation ("News Corporation" or the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for the external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
   (d) Disclosed in this quarterly report any change in the Company's internal control over financial reporting that occurred during the Company's third quarter of fiscal 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's independent registered public accounting firm and the Audit Committee of the Company's Board of Directors:
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

May 4, 2010

By: **/s/ K. RUPERT MURDOCH**

K. Rupert Murdoch
Chairman and Chief Executive Officer

Exhibit 31.2

Chief Financial Officer Certification

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

I, David F. DeVoe, Senior Executive Vice President and Chief Financial Officer of News Corporation ("News Corporation" or the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for the external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
   (d) Disclosed in this quarterly report any change in the Company's internal control over financial reporting that occurred during the Company's third quarter of fiscal 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's independent registered public accounting firm and the Audit Committee of the Company's Board of Directors:
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

May 4, 2010

By: **/s/ DAVID F. DEVOE**

David F. DeVoe
Senior Executive Vice President and
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of News Corporation on Form 10-Q for the fiscal quarter ended March 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned officers of News Corporation, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of News Corporation.

May 4, 2010

By: /s/ K. RUPERT MURDOCH

K. Rupert Murdoch
Chairman and Chief Executive Officer

By: /s/ DAVID F. DEVOE

David F. DeVoe
Senior Executive Vice President and
Chief Financial Officer