NEWS CORPORATION

FORM 10-Q
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CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; millions, except per share amounts)

	Notes	For the three months ended December 31, 2014	For the three months ended December 31, 2013	For the six months ended December 31, 2014	For the six months ended December 31, 2013
Revenues:					
Advertising		$ 1,038	$ 1,080	$ 1,958	$ 2,038
Circulation and Subscription		656	661	1,339	1,340
Consumer		448	377	838	688
Other		138	120	295	244
Total Revenues		2,280	2,238	4,430	4,310
Operating expenses		(1,266)	(1,274)	(2,580)	(2,569)
Selling, general and administrative		(686)	(637)	(1,352)	(1,273)
Depreciation and amortization		(135)	(138)	(266)	(279)
Impairment and restructuring charges	3	(17)	(36)	(21)	(63)
Equity earnings of affiliates	4	16	17	41	30
Interest, net		13	16	30	33
Other, net	14	10	(231)	58	(672)
Income (loss) before income tax (expense) benefit		215	(45)	340	(483)
Income tax (expense) benefit	12	(52)	211	(89)	687
Net income		163	166	251	204
Less: Net income attributable to noncontrolling interests		(20)	(15)	(43)	(26)
Net income attributable to News Corporation stockholders		$ 143	$ 151	$ 208	$ 178
Net income available to News Corporation stockholders per share:					
Basic and diluted	8	$ 0.24	$ 0.26	$ 0.36	$ 0.31

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

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CONSOLIDATED BALANCE SHEETS

(Millions, except share and per share amounts)

	Notes	As of December 31, 2014 (unaudited)	As of June 30, 2014 (audited)
Assets:			
Current assets:			
Cash and cash equivalents		$ 1,918	$ 3,145
Amounts due from 21st Century Fox	9	55	66
Receivables, net	14	1,450	1,388
Other current assets	14	629	671
Total current assets		4,052	5,270
Non-current assets:			
Investments	4	2,466	2,609
Property, plant and equipment, net		2,809	3,009
Intangible assets, net		2,379	2,137
Goodwill		3,547	2,782
Other non-current assets	14	717	682
Total assets		$15,970	$16,489
Liabilities and Equity:			
Current liabilities:			
Accounts payable		$ 320	$ 276
Accrued expenses		1,136	1,188
Deferred revenue		412	369
Other current liabilities	14	461	431
Total current liabilities		2,329	2,264
Non-current liabilities:			
Retirement benefit obligations	11	273	272
Deferred income taxes		274	224
Other non-current liabilities		307	310
Commitments and contingencies	10		
Redeemable preferred stock		20	20
Class A common stock[(a)]		4	4
Class B common stock[(b)]		2	2
Additional paid-in capital		12,421	12,390
Retained earnings		444	237
Accumulated other comprehensive (loss) income		(261)	610
Total News Corporation stockholders' equity		12,610	13,243
Noncontrolling interests		157	156
Total equity	6	12,767	13,399
Total liabilities and equity		$15,970	$16,489

(a) **Class A common stock,** $0.01 par value per share ("Class A Common Stock"), 1,500,000,000 shares authorized, 380,967,502 and 379,392,985 shares issued and outstanding, net of 27,333,277 treasury shares at par at December 31, 2014 and June 30, 2014, respectively.

(b) **Class B common stock,** $0.01 par value per share ("Class B Common Stock"), 750,000,000 shares authorized, 199,630,240 shares issued and outstanding, net of 78,430,424 treasury shares at par at December 31, 2014 and June 30, 2014, respectively.

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; millions)

	Notes	For the six months ended December 31, 2014	2013
Operating activities:			
Net income		$ 251	$ 204
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization		266	279
Equity earnings of affiliates	4	(41)	(30)
Cash distributions received from affiliates		68	47
Foreign tax refund payable to 21st Century Fox	12	—	148
Foreign tax refund receivable, net of applicable taxes	12	—	(140)
Impairment charges, net of tax	3	—	12
Other, net	14	(58)	(49)
Deferred income taxes and taxes payable	12	42	85
Change in operating assets and liabilities, net of acquisitions:			
Receivables and other assets		(64)	(244)
Inventories, net		66	51
Accounts payable and other liabilities		(26)	65
Pension and postretirement benefit plans		(12)	(21)
Net cash provided by operating activities		492	407
Investing activities:			
Capital expenditures		(183)	(147)
Acquisitions, net of cash acquired		(1,183)	(26)
Investments in equity affiliates and other		(246)	(2)
Proceeds from dispositions		114	100
Net cash used in investing activities		(1,498)	(75)
Financing activities:			
Net transfers from 21st Century Fox and affiliates		—	217
Repayment of borrowings acquired in the Move acquisition		(129)	—
Dividends paid		(17)	(13)
Other, net		(10)	—
Net cash (used in) provided by financing activities		(156)	204
Net (decrease) increase in cash and cash equivalents		(1,162)	536
Cash and cash equivalents, beginning of period		3,145	2,381
Exchange movement on opening cash balance		(65)	(9)
Cash and cash equivalents, end of period		$ 1,918	$2,908

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

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

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

Basis of Presentation

The accompanying consolidated financial statements of the Company, which are referred to herein as the "Financial Statements," have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting only of normal recurring adjustments necessary for a fair presentation have been reflected in these 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, 2015. The preparation of the Company's Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the Financial Statements and accompanying disclosures. Actual results could differ from those estimates.

Intracompany transactions and balances have been eliminated. Equity investments in which the Company exercises significant influence but does not exercise control and is not the primary beneficiary are accounted for using the equity method. Investments in which the Company is not able to exercise significant influence over the

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beginning after July 1, 2016, however, early adoption is permitted. The Company is currently evaluating the impact of ASU 2014-12, but does not expect the adoption to have a significant impact on its Financial Statements.

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

NOTE 2. ACQUISITIONS, DISPOSALS AND OTHER TRANSACTIONS

Fiscal 2015

Harlequin Enterprises Limited

In August 2014, the Company acquired Harlequin Enterprises Limited (“Harlequin”) from Torstar Corporation for $414 million in cash, net of $19 million of cash acquired. Harlequin is a leading publisher of women’s fiction and extends HarperCollins’ global platform, particularly in Europe and Asia Pacific. Harlequin operates as a

restricted stock awards. Of the total fair value of the assumed equity awards, $28 million was allocated to pre-combination services and included in total consideration transferred and $39 million was allocated to future services and will be expensed over the weighted average remaining service period of 2.5 years. Refer to Note 7 for further details on the conversion of Move's equity-based awards. The acquisition date fair value of the consideration transferred for Move was approximately $784 million, net of $108 million of cash acquired, and consists of the following (in millions):

Move had U.S. federal net operating loss carryforwards of $940 million at the date of acquisition. These loss carryforwards are subject to limitations under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code") and subject to review by the Internal Revenue Service. The utilization of these net operating loss carryforwards is dependent on generating sufficient U.S. taxable income prior to their expiration which begins in varying amounts starting in 2023. Due to statutory expirations and Section 382 limitations, valuation allowances have been established related to these assets and may be adjusted upon completion of the final valuation of deferred taxes. The deferred tax assets established for these net operating loss carryforwards, net of valuation allowances, are included in Deferred income taxes on the Balance Sheet as of December 31, 2014.

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

Fiscal 2014

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

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

NOTE 3. RESTRUCTURING AND IMPAIRMENT

Fiscal 2015

During the three and six months ended December 31, 2014, the Company recorded restructuring charges of $17 million and $21 million, respectively, of which $14 million and $18 million, respectively, related to the newspaper businesses. The restructuring charges recorded in fiscal 2015 were primarily for employee termination benefits.

Fiscal 2014

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

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

Changes in restructuring program liabilities were as follows:

	For the three months ended December 31,							
	2014				2013			
	One time employee termination benefits	Facility related costs	Other costs	Total	One time employee termination benefits	Facility related costs	Other costs	Total
	(in millions)							
Balance, beginning of period	$ 14	$ 6	$ —	$ 20	$ 29	$ 7	$ 1	$ 37
Additions	10	—	7	17	22	2	—	24
Payments	(5)	—	—	(5)	(28)	(1)	—	(29)
Other	(2)	—	(1)	(3)	—	—	—	—
Balance, end of period	$ 17	$ 6	$ 6	$ 29	$ 23	$ 8	$ 1	$ 32

	For the six months ended December 31,							
	2014				2013			
	One time employee termination benefits	Facility related costs	Other costs	Total	One time employee termination benefits	Facility related costs	Other costs	Total
	(in millions)							
Balance, beginning of period	$ 21	$ 7	$ —	$ 28	$ 51	$ 6	$ 2	$ 59
Additions	14	—	7	21	45	5	1	51
Payments	(16)	(1)	—	(17)	(74)	(3)	(1)	(78)
Other	(2)	—	(1)	(3)	1	—	(1)	—
Balance, end of period	$ 17	$ 6	$ 6	$ 29	$ 23	$ 8	$ 1	$ 32

As of December 31, 2014, restructuring liabilities of approximately $19 million were included in the Balance Sheet in Other current liabilities and $10 million were included in Other non-current liabilities.

NOTE 4. INVESTMENTS

The Company's investments were comprised of the following:

	Ownership Percentage as of December 31, 2014	As of December 31, 2014	As of June 30, 2014
		(in millions)	
Equity method investments:			
Foxtel[(a)]	50%	$1,603	$1,869
Other equity method investments[(b)]	various	176	24
Loan receivable from Foxtel[(c)]	N/A	366	425
Available-for-sale securities	various	122	151
Cost method investments[(d)]	various	199	140
Total Investments		$2,466	$2,609

(a)

(b) In July 2014, REA Group purchased a 17.22% interest in iProperty Group Limited (ASX: IPP) (“iProperty”) for total cash consideration of approximately $100 million. iProperty has online property advertising operations primarily in Malaysia, Indonesia, Hong Kong, Macau and Singapore. In December 2014, REA Group sold Squarefoot, its Hong Kong based business, to iProperty in exchange for an additional 2.2% interest in iProperty. Upon completion of the transaction and including an acquisition of additional shares of iProperty in October 2014, REA Group owns an approximate 19.9% interest in iProperty, and retroactively applied the equity method of accounting in the second quarter of fiscal 2015 in accordance with ASC 323, “Investments—Equity Method and Joint Ventures.” The carrying value of the investment in iProperty was $96 million as of December 31, 2014.

(c) In May 2012, Foxtel purchased Austar United Communications Ltd. The transaction was funded by Foxtel bank debt and Foxtel’s shareholders made pro rata capital contributions in the form of subordinated shareholder notes based on their respective ownership interests. The Company’s share of the subordinated shareholder notes was approximately A$451 million ($366 million and $425 million as of December 31, 2014 and June 30, 2014, respectively). The subordinated shareholder note can be repaid beginning in July 2022 provided that Foxtel’s senior debt has been repaid. The subordinated shareholder note has a maturity date of July 15, 2027, with interest of 12% payable on June 30 each year and at maturity. Upon maturity, the principal advanced will be repayable.

(d) Cost method investments primarily include the Company’s investment in SEEKAsia Limited (“SEEK Asia”) and certain investments in China. In November 2014, SEEK Asia, in which the Company owns a 12.1% interest, acquired the online employment businesses of JobStreet Corporation Berhad (“JobStreet”), which have been combined with JobsDB, Inc., SEEK Asia’s existing online employment business. The transaction was funded primarily through additional contributions by SEEK Asia shareholders. The Company’s share of the funding contribution was approximately $60 million and the Company continues to hold a 12.1% investment in SEEK Asia following the transaction.

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

	As of December 31, 2014	As of June 30, 2014
	(in millions)	
Cost basis of available-for-sale investments	$ 77	$113
Accumulated gross unrealized gain	50	38
Accumulated gross unrealized loss	(5)	—
Fair value of available-for-sale investments	$122	$151
Net deferred tax liability	$ 18	$ 14

Equity Earnings of Affiliates

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

	For the three months ended December 31,		For the six months ended December 31,	
	2014	2013	2014	2013
	(in millions)			
Foxtel[a]	$ 15	$ 17	$ 40	$ 30
Other equity affiliates, net	1	—	1	—
Total Equity earnings of affiliates	$ 16	$ 17	$ 41	$ 30

[a] In accordance with ASC 350, the Company amortized $14 million and $30 million related to excess cost over the Company's proportionate share of its investment's underlying net assets allocated to finite-lived intangible assets during the three and six months ended December 31, 2014, respectively, and $15 million and $31 million in the corresponding periods of fiscal 2014, respectively. Such amortization is reflected in Equity earnings of affiliates in the Statements of Operations.

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

	For the six months ended December 31,	
	2014	2013
	(in millions)	
Revenues	$1,408	$1,457
Operating income[a]	255	260
Net income	140	122

[a]

commitments be extended under certain circumstances as set forth in the Credit Agreement for up to two additional one-year periods. Additionally, interest on borrowings is based on either (a) a Eurodollar Rate formula or (b) the Base Rate formula, each as set forth in the Credit Agreement.

The Credit Agreement contains certain customary affirmative and negative covenants and events of default, with customary exceptions, including limitations on the ability of the Company and the Company's subsidiaries to engage in transactions with affiliates, incur liens, merge into or consolidate with any other entity, incur subsidiary debt or dispose of all or substantially all of its assets or all or substantially all of the stock of its subsidiaries taken as a whole. In addition, the Credit Agreement requires the Company to maintain an adjusted operating income leverage ratio of not more than 3.0 to 1.0 and an interest coverage ratio of not less than 3.0 to 1.0. If any of the events of default occur and are not cured within applicable grace periods or waived, any unpaid amounts under the Credit Agreement may be declared immediately due and payable. As of December 31, 2014, the Company was in compliance with all of the applicable debt covenants.

The applicable margin and the commitment fee are based on the pricing grid in the Credit Agreement which varies based on the Company's adjusted operating income leverage ratio. As of December 31, 2014, the Company is paying a commitment fee of 0.25% on any undrawn balance and an applicable margin of 0.50% for a Base Rate borrowing and 1.50% for a Eurodollar Rate borrowing.

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

NOTE 6. EQUITY

The following table summarizes changes in equity:

	For the six months ended December 31,						
	2014			2013			
	News Corporation stockholders	Noncontrolling Interests	Total Equity	News Corporation stockholders	Noncontrolling Interests	Total Equity	
	(in millions)						
Balance, beginning of period	$13,243	$156	$13,399	$12,558	$118	$12,676	
Net income	208	43	251	178	26	204	
Other comprehensive (loss) income	(871)	(25)	(896)	(14)	(6)871)	1(6)	9)

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NOTE 8. EARNINGS PER SHARE

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

	For the three months ended December 31,		For the six months ended December 31,	
	2014	2013	2014	2013
	(in millions, except per share amounts)			
Net income attributable to News Corporation stockholders	$ 143	$ 151	$ 208	$ 178
Redeemable preferred stock dividends[a]	(1)	(1)	(1)	(1)
Net income available to News Corporation stockholders—basic and diluted	$ 142	$ 150	$ 207	$ 177
Weighted-average number of shares of common stock outstanding—basic	580.2	578.9	579.8	578.8
Dilutive effect of equity awards	2.3	0.7	1.4	0.8
Weighted-average number of shares of common stock outstanding—diluted	582.5	579.6	581.2	579.6
Net income per share available to News Corporation stockholders—basic	$ 0.24	$ 0.26	$ 0.36	$ 0.31
Net income per share available to News Corporation stockholders—diluted	$ 0.24	$ 0.26	$ 0.36	$ 0.31

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

NOTE 9. RELATIONSHIP BETWEEN NEWS CORP AND 21ST CENTURY FOX

The Separation and Distribution

On June 28, 2013 (the "Distribution Date"), the Company completed the separation of its businesses (the "Separation") from 21st Century Fox. As of the effective time of the Separation, all of the outstanding shares of the Company were distributed to 21st Century Fox stockholders based on a distribution ratio of one share of Company Class A or Class B Common Stock for every four shares of 21st Century Fox Class A or Class B Common Stock, respectively, held of record as of June 21, 2013. Following the Separation, the Company's Class A and Class B Common Stock began trading independently on The NASDAQ Global Select Market ("NASDAQ"), and CHESS Depository Interests representing the Company's Class A and Class B Common Stock began trading on the Australian Securities Exchange ("ASX").

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

The Separation and Distribution Agreement between the Company and 21st Century Fox contains the key provisions relating to the separation of the Company's business from 21st Century Fox and the distribution of the Company's common stock to 21st Century Fox stockholders. The Separation and Distribution Agreement

identifies the assets that were transferred and liabilities that were assumed by the Company from 21st Century Fox in the Separation and describes how these transfers and assumptions occurred. In accordance with the Separation and Distribution Agreement, the Company's aggregate cash and cash equivalents balance at the Distribution Date was to approximate $2.6 billion. As of June 30, 2013, the Company had cash and cash

Contingencies

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed below. The outcome of these matters and claims is subject to significant uncertainty, and the Company often cannot predict what the eventual outcome of pending matters will be or the

settled a number of claims through a private compensation scheme established by the Company under which parties could pursue claims against it. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

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

The Company incurred gross legal and professional fees related to the U.K. Newspaper Matters and costs for civil settlements totaling approximately $23 million and $51 million for the three months ended December 31, 2014 and 2013, respectively, and approximately $51 million and $91 million for the six months ended December 31, 2014 and 2013, respectively. These costs are included in Selling, general and administrative expenses in the Company's Statements of Operations. With respect to the fees and costs incurred during the three months ended December 31, 2014 and 2013, the Company has been or will be indemnified by 21st Century Fox for $10 million, net of tax, and $32 million, net of tax, respectively, pursuant to the indemnification arrangements described above. With respect to the fees and costs incurred during the six months ended December 31, 2014 and 2013, the Company has been or will be indemnified by 21st Century Fox for $24 million, net of tax, and $55 million, net of tax, respectively, pursuant to the indemnification arrangements described above. Accordingly, the Company recorded a contra expense in Selling, general and administrative expenses for the after-tax costs that were or will be indemnified of $10 million and $32 million for the three months ended December 31, 2014 and 2013, respectively, and $24 million and $55 million for the six months ended December 31, 2014 and 2013, respectively, and recorded a corresponding receivable from 21st Century Fox. Therefore, the net impact on Selling, general and administrative expenses was $13 million and $19 million for the three months ended December 31, 2014 and 2013, respectively, and $27 million and $36 million for the six months ended December 31, 2014 and 2013, respectively.

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

	For the three months ended December 31,		For the six months ended December 31,	
	2014	2013	2014	2013
	(in millions)			
Gross legal and professional fees related to the U.K. Newspaper Matters	$ 23	$ 51	$ 51	$ 91

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The Company is not able to predict the ultimate outcome or cost of the civil claims or criminal matters. It is possible that these proceedings and any adverse resolution thereof, including any fines or other penalties associated with any plea, judgment or similar result for which the Company will not be indemnified, could damage its reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

Stockholder Rights Agreement Litigation

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

Defendants moved to dismiss the complaint, and on August 25, 2014, plaintiff amended the complaint to seek a declaratory judgment that the Company is bound and subject to the settlement agreement; that the agreement has been breached; that the Board of Directors acted in bad faith by adopting the stockholder rights agreement extension without stockholder approval; and, in the alternative, seeking reformation of the settlement agreement on the grounds of alleged mutual mistake. Thereafter, on September 9, 2014, all defendants moved to dismiss the amended complaint. A hearing on the motion is scheduled for February 10, 2015.

While it is not possible to predict with any degree of certainty the ultimate outcome of this action, the Company and the Board of Directors believe that the allegations in the complaint are without merit and intend to defend against them vigorously.

HarperCollins

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

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

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

News America Marketing

In-Store Marketing and FSI Purchasers

On April 8, 2014, in connection with a pending action in the United States District Court for the Southern District

agreements. On May 20, 2014, the District Court issued an order overruling the objections to the magistrate judge's decision on Valassis's motion for expedited discovery and determining that the motion to stay the magistrate judge's order was therefore moot. In the same order, the District Court terminated the motion to enforce the parties' settlement agreement on the grounds that the issues raised in this motion would be addressed in the context of the NAM Group's motion to dismiss Valassis's newly-filed complaint, described below.

On March 11, 2014, the District Court referred the NAM Group's motion to dismiss Valsassis's newly-filed complaint to the magistrate judge for determination. On July 16, 2014, the magistrate judge recommended that the District Court grant the NAM Group's motion in part with respect to certain claims and stay the remainder of the action. Valassis objected to the magistrate judge's recommendation that the action be stayed, and the NAM Group filed its opposition to Valassis's objections on August 13, 2014.

On October 7, 2014, the NAM Group filed a motion for an order requiring Valassis to show cause why its allegations that the NAM Group engaged in unlawful bundling and tying of in-store marketing services and free-standing insert coupons should not be referred to a three-member panel of antitrust experts for resolution pursuant to the parties' agreements. On November 19, 2014, the magistrate judge denied the NAM Group's motion for an order to show cause. The NAM Group objected to the magistrate judge's order, and Valassis filed its opposition to the NAM Group's objections on December 22, 2014. On January 20, 2015, NAI, NAM FSI and NAM In-Store Services filed a motion for expedited discovery in the previously settled case seeking discovery against Valassis. On February 3, 2015, Valassis filed a response in opposition to the motion for expedited discovery.

Also on February 3, 2015, Valassis filed a Notice of Violation of an order issued by the District Court in the previously settled case. The Notice contains allegations that are substantially similar to the allegations Valassis made in its complaint filed on November 8, 2013. The Notice also re-asserts claims of unlawful bundling and tying which the magistrate judge had previously recommended be dismissed from the separately-filed action on the grounds that such claims could only be brought before the three-member panel of antitrust experts.

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

Other

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

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. PENSION AND OTHER POSTRETIREMENT BENEFITS

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

The amortization of amounts related to unrecognized prior service (credits) and deferred losses were reclassified out of other comprehensive income as a component of net periodic benefit costs. In addition, approximately $1 million related to settlements, curtailments and other during the three and six months ended December 31, 2013 was reclassified out of other comprehensive income as a component of net periodic benefit costs. The components of net periodic benefits costs were as follows:

	Pension benefits				Postretirement benefits	
	Domestic		Foreign			
	For the three months ended December 31,					
	2014	2013	2014	2013	2014	2013
	(in millions)					

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

NOTE 12. INCOME TAXES

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

The Company's effective tax rate for the three and six months ended December 31, 2014 was lower than the U.S. statutory tax rate primarily due to the impact from foreign operations which are subject to lower tax rates, partially offset by the impact of nondeductible items. The Company's effective income tax rate for the three and six months ended December 31, 2013 was higher than the U.S. statutory rate primarily due to the impact of tax refunds received from a foreign jurisdiction, which is discussed below, and certain nontaxable indemnification payments received by 21st Century Fox, partially offset by the impact of other nondeductible items.

For the three and six months ended December 31, 2013, the Company recorded a receivable related to a refund of taxes plus interest in a foreign jurisdiction of $239 million and $794 million, respectively, and recorded a tax benefit, net of applicable taxes on interest, of $238 million and $721 million, respectively, to Income tax benefit in the Statements of Operations. Refunds received related to this matter were remitted to 21st Century Fox, net of applicable taxes on interest, in accordance with the terms of the Tax Sharing and Indemnification Agreement. Accordingly, for the three and six months ended December 31, 2013, the Company recorded an expense to Other, net of $238 million and $721 million, respectively, for the payable to 21st Century Fox in the Statements of Operations. Refer to the table below for the net impact of the tax refund and interest, net of tax, recorded in the Statements of Operations:

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

As of December 31, 2013, the Company had received $654 million from the foreign tax authority. The remaining $140 million was received in January 2014.

As of December 31, 2013, the Company had paid 21st Century Fox $573 million, and the remaining $148 million was paid in January 2014. Amounts paid or payable to 21st Century Fox are net of the estimated tax associated with interest related to the refund.

The Company's tax returns in certain foreign jurisdictions are subject to on-going review and examination. Tax examinations are often complex as tax authorities may disagree with the treatment of items reported. The Company believes it has appropriately accrued for the expected outcome of all pending tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid. However, such liabilities may need to be adjusted as these examinations progress and as more information becomes known.

During the six months ended December 31, 2014 and 2013, the Company paid gross income taxes of $50 million and $48 million, respectively, and received income tax refunds of $3 million and $682 million, respectively. The income tax refunds for the six months ended December 31, 2013 included the $654 million related to amounts received from the foreign tax authority discussed above.

NOTE 13. SEGMENT INFORMATION

In the fourth quarter of fiscal 2014, the Company changed the composition of its reporting segments to present the digital education business separately as its own segment. As a result of the change, the Company reports its business in the following six segments:

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

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

- ***Book Publishing***—The Book Publishing segment consists of HarperCollins which is one of the largest English-language consumer publishers in the world, with particular strengths in general fiction, nonfiction, children's and religious publishing, and an industry leader in digital publishing. HarperCollins includes over 60 branded publishing imprints, including Avon, Harper, HarperCollins Children's Publishers, William Morrow, Harlequin and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as Mitch Albom, Veronica Roth, Rick Warren and Agatha Christie and popular titles such as *The Hobbit*, *Goodnight Moon*, *To Kill a Mockingbird* and the *Divergent* series.

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

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

- ***Digital Education***—The Company's Digital Education segment, which consists of Amplify, the brand for the Company's digital education business, is dedicated to creating technology solutions that transform the way teachers teach and students learn in three areas:
  - Amplify Insight, Amplify's data and assessment business, which formerly operated under the brand Wireless Generation, Inc., commenced operations in 2000 and was acquired in fiscal 2011. Amplify Insight provides powerful assessment products and services to support teachers and school districts, including student assessment tools and analytic technologies, intervention programs, enterprise education information systems, and professional development and consulting services.
  - Amplify Learning, Amplify's curriculum business, is developing digital content for K-12 English Language Arts, Math and Science, including software that combines interactive, game-like experiences, rich, immersive media and sophisticated analytics to make the classroom teaching and learning experience more engaging, rigorous, personalized and effective. Amplify Learning's digital curriculum incorporates the new Common Core State Standards adopted by most states in the U.S. and is available for use on multiple platforms.
  - Amplify Access, Amplify's platform business, is delivering a tablet-based distribution system to facilitate personalized instruction and enable anytime, anywhere learning. Amplify Access offers a bundle that includes a tablet designed for the K-12 market, instructional software and curated third-party content, as well as implementation support.
- ***Other***—The Other segment consists primarily of general corporate overhead expenses, the corporate Strategy and Creative Group, and costs related to the U.K. Newspaper Matters. The Company's corporate Strategy and Creative Group was formed to identify new products and services across its businesses to increase revenues and profitability and to target and assess potential acquisitions and investments.

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

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: Depreciation and amortization; impairment and restructuring charges; equity earnings of affiliates; interest, net; other, net; income tax (expense) benefit and net income attributable to noncontrolling interests. The Company believes that information about Segment EBITDA assists all users of its Financial Statements by allowing them to evaluate changes in the operating results of the Company's portfolio of businesses separate from non-operational factors that affect net income, thus providing insight into both operations and the other factors that affect reported results.

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

Management believes that Segment EBITDA is an appropriate measure for evaluating the operating performance of the Company's business. Segment EBITDA provides management, investors and equity analysts with a measure to analyze operating performance of the Company's business and its enterprise value against historical data and competitors' data, although historical results, including Segment EBITDA, may not be indicative of

	As of December 31, 2014	As of June 30, 2014
	(in millions)	
Total assets:		
News and Information Services	$ 7,001	$ 7,379
Book Publishing	2,065	1,852
Cable Network Programming	1,212	1,427
Digital Real Estate Services	1,320	438
Digital Education	504	481
Other	1,402	2,303
Investments	2,466	2,609
Total assets	$15,970	$16,489

	As of December 31, 2014	As of June 30, 2014
	(in millions)	
Goodwill and intangible assets, net:		
News and Information Services	$2,615	$2,646
Book Publishing	906	619
Cable Network Programming	1,007	1,181
Digital Real Estate Services	1,027	95
Digital Education	371	378
Other	—	—
Total goodwill and intangible assets, net	$5,926	$4,919

NOTE 14. ADDITIONAL FINANCIAL INFORMATION

Receivables, net

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

Receivables, net consist of:

	As of December 31, 2014	As of June 30, 2014
	(in millions)	
Receivables	$1,708	$1,563
Allowances for returns and doubtful accounts	(258)	(175)
Receivables, net	$1,450	$1,388

The Company's receivables did not contain significant concentrations of credit risk as of December 31, 2014 or June 30, 2014 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Other Current Assets

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

	As of December 31, 2014	As of June 30, 2014
	(in millions)	
Inventory[a]	$274	$310
Assets held for sale	2	11
Deferred tax assets	76	76
Prepayments and other current assets	277	274
Total Other current assets	$629	$671

[a] Inventory at December 31, 2014 and June 30, 2014 was primarily comprised of books, newsprint, printing ink, plate material and programming rights.

Other Non-Current Assets

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

	As of December 31, 2014	As of June 30, 2014
	(in millions)	

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Other, net

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

	For the three months ended December 31,		For the six months ended December 31,	
	2014	**2013**	**2014**	**2013**
	(in millions)			
Foreign tax refund payable to 21st Century Fox[a]	$—	$(238)	$—	$(721)
Gain on third party pension contribution[b]	—	—	—	37
Gain on sale of marketable securities[c]	—	—	29	—
Dividends received from cost method investments	3	—	20	—
Other, net	7	7	9	12
Total Other, net	$ 10	$(231)	$ 58	$(672)

(a) See Note 12—Income Taxes

(b) See Note 11—Pension and Other Postretirement Benefits

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

OVERVIEW OF THE COMPANY’S BUSINESSES

In the fourth quarter of fiscal 2014, the Company changed the composition of its reporting segments to present the digital education business separately as its own segment. As a result of the change, the Company reports its business in the following six segments:

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

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

- ***Book Publishing***—The Book Publishing segment consists of HarperCollins which is one of the largest English-language consumer publishers in the world, with particular strengths in general fiction, nonfiction, children’s and religious publishing, and an industry leader in digital publishing. HarperCollins includes over 60 branded publishing imprints, including Avon, Harper, HarperCollins Children’s Publishers, William Morrow, Harlequin and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as Mitch Albom, Veronica Roth, Rick Warren and Agatha Christie and popular titles such as *The Hobbit, Goodnight Moon*, *To Kill a Mockingbird* and the *Divergent* series.

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

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Company's corporate Strategy and Creative Group was formed to identify new products and services across its businesses to increase revenues and profitability and to target and assess potential acquisitions and investments.

News and Information Services

Revenue at the News and Information Services segment is derived from the sale of advertising, circulation and subscriptions, as well as licensing. Adverse changes in general market conditions for advertising continue to affect revenues. Advertising revenues at the News and Information Services segment are also subject to seasonality, with revenues typically being highest in the Company's second fiscal quarter due to the end-of-year holiday season in its main operating geographies. Circulation and subscription revenues can be greatly affected by changes in the prices of the Company's and/or competitors' products, as well as by promotional activities.

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

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

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

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

Book Publishing

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

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

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

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

Cable Network Programming

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

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

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

Digital Real Estate Services

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

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

Digital Education

The Digital Education esE(with)-252(ldtate)-256(ServiGibers.)]TJ0-2.(Digid-256l)-257(solsdvertiser252(ev]TJ07ng)-256.1(segment

In July 2014, REA Group purchased a 17.22% interest in iProperty Group Limited (ASX:IPP) (“iProperty”) for total cash consideration of approximately $100 million. iProperty has online property advertising operations primarily in Malaysia, Indonesia, Hong Kong, Macau and Singapore. In December 2014, REA Group sold Squarefoot, its Hong Kong based business, to iProperty in exchange for an additional 2.2% interest in iProperty. Upon completion of the transaction and including an acquisition of additional shares of iProperty in October 2014, REA Group owns an approximate 19.9% interest in iProperty, and has retroactively applied the equity method of accounting in the second quarter of fiscal 2015 in accordance with ASC 323, “Investments—Equity Method and Joint Ventures”. The carrying value of the investment in iProperty was $96 million as of December 31, 2014.

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

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

RESULTS OF OPERATIONS

Results of Operations — For the three and six months ended December 31, 2014 versus the three and six months ended December 31, 2013

The following table sets forth the Company's operating results for the three and six months ended December 31, 2014 as compared to the three and six months ended December 31, 2013.

	For the three months ended December 31,				For the six months ended December 31,			
(in millions, except %)	2014	2013	Change Better/(Worse)	% Change Better/(Worse)	2014	2013	Change Better/(Worse)	% Change Better/(Worse)
Revenues:								
Advertising	$ 1,038	$ 1,080	$ (42)	(4)%	$ 1,958	$ 2,038	$ (80)	(4)%
Circulation and Subscription	656	661	(5)	(1)%	1,339	1,340	(1)	—
Consumer	448	377	71	19 %	838	688	150	22 %
Other	138	120	18	15 %	295	244	51	21 %
Total Revenues	2,280	2,238	42	2 %	4,430	4,310	120	3 %
Operating expenses	(1,266)	(1,274)	8	1 %	(2,580)	(2,569)	(11)	—
Selling, general and administrative	(686)	(637)	(49)	(8)%	(1,352)	(1,273)	(79)	(6)%
Depreciation and amortization	(135)	(138)	3	2 %	(266)	(279)	13	5 %
Impairment and restructuring charges	(17)	(36)	19	53 %	(21)	(63)	42	67 %
Equity earnings of affiliates	16	17	(1)	(6)%	41	30	11	37 %
Interest, net	13	16	(3)	(19)%	30	33	(3)	(9)%
Other, net	10	(231)	241	**	58	(672)	730	**
Income (loss) before income tax (expense) benefit	**215**	**(45)**	**260**	**	**340**	**(483)**	**823**	**
Income tax (expense) benefit	(52)	211	(263)	**	(89)	687	(776)	**
Net income	163	166	(3)	(2)%	251	204	47	23 %
Less: Net income attributable to noncontrolling interests	(20)	(15)	(5)	(33)%	(43)	(26)	(17)	(65)%
Net income attributable to News Corporation	**$ 143**	**$ 151**	**$ (8)**	**(5)%**	**$ 208**	**$ 178**	**$ 30**	**17 %**

** not meaningful

Revenues—Revenues increased $42 million, or 2%, and $120 million, or 3%, for the three and six months ended December 31, 2014, respectively, as compared to the corresponding periods of fiscal 2014.

The revenue increase for the three months ended December 31, 2014 was mainly due to increased revenues at the Book Publishing segment of $78 million, primarily as a result of the acquisition of Harlequin in August 2014, and increased revenues at the Digital Real Estate Services segment of $51 million, primarily as a result of the acquisition of Move in November 2014 and to a lesser extent, increased revenues at REA Group. These revenue increases were partially offset by a decrease in revenues at the News and Information Services segment of $89 million, primarily resulting from the negative impact of foreign currency fluctuations, weakness in the print advertising market and lower circulation and subscription revenues.

The revenue increase for the six months ended December 31, 2014 was primarily due to increased revenues at the Book Publishing segment of $156 million, primarily as a result of the acquisition of Harlequin in August 2014, and increased revenues at the Digital Real Estate Services segment of $73 million, primarily as a result of

impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Selling, general and administrative expense decrease of $10 million for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014.

Depreciation and amorti ation—Depreciation and amortization expense decreased 2% and 5% for the three and six months ended December 31, 2014, respectively, as compared to the corresponding periods of fiscal 2014, primarily due to lower depreciation and amortization expense at the News and Information Services segment of $16 million and $31 million, respectively, partially offset by increased depreciation at the Book Publishing segment and Digital Real Estate Services segment, primarily due to the acquisitions of Harlequin and Move, respectively.

Impairment and restructuring charges—During the three and six months ended December 31, 2014, the Company recorded restructuring charges of $17 million and $21 million, respectively, of which $14 million and $18 million, respectively, related to the newspaper businesses. The restructuring charges recorded in the three and six months ended December 31, 2014 were primarily for employee termination benefits.

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

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

Equit earnings of affiliates—Equity earnings of affiliates decreased $1 million for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014, primarily due to the unfavorable impact of foreign currency fluctuations. Equity earnings of affiliates increased $11 million for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014, primarily due to increased net income at Foxtel as a result of favorable fair value movements on hedged items and lower tax expense, partially offset by adverse foreign currency fluctuations.

	For the three months ended December 31,				For the six months ended December 31,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Foxtel[a]	$ 15	$ 17	$ (2)	(12)%	$ 40	$ 30	$ 10	33%
Other equity affiliates, net	1	—	1	**	1	—	1	**
Total Equity earnings of affiliates	$ 16	$ 17	$ (1)	(6)%	$ 41	$ 30	$ 11	37%

** not meaningful

(a) In accordance with ASC 350, the Company amortized $14 million and $30 million related to excess cost over the Company's proportionate share of its investment's underlying net assets allocated to finite-lived intangible assets during the three and six months ended December 31, 2014, respectively, as compared to $15 million and $31 million in the three and six months ended December 31, 2013, respectively. Such amortization is reflected in Equity earnings of affiliates in the Statements of Operations.

Interest, net—Interest, net decreased $3 million for the three and six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014.

Other, net

	For the three months ended December 31,		For the six months ended December 31,	
	2014	2013	2014	2013
	(in millions)			
Foreign tax refund payable to 21st Century Fox[a]	$—	$(238)	$—	$(721)
Gain on third party pension contribution[b]	—	—	—	37
Gain on sale of marketable securities[c]	—	—	29	—
Dividends received from cost method investments	3	—	20	—
Other, net	7	7	9	12
Total Other, net	$ 10	$(231)	$ 58	$(672)

(a) For the three and six months ended December 31, 2013, the Company recorded a receivable related to a refund of taxes plus interest in a foreign jurisdiction of $239 million and $794 million, respectively, and recorded a tax benefit, net of applicable taxes on interest of $238 million and $721 million, respectively, to Income tax benefit in the Statements of Operations. Refunds received related to this matter were remitted to 21st Century Fox, net of applicable taxes on interest, in accordance with the terms of the Tax Sharing and Indemnification Agreement. Accordingly, for the three and six months ended December 31, 2013, the Company recorded an expense to Other, net of $238 million and $721 million, respectively, for the payable to 21st Century Fox in the Statements of Operations. (See Note 12 to the unaudited Consolidated Financial Statements of News Corporation).

(b) During the first quarter of fiscal 2014, a $37 million contribution was made by a third party to one of the Company's pension plans in connection with the sale of a business in a prior period. The contribution was contractually stipulated in the sale agreement and was made on behalf of former employees who retained certain pension benefits. This resulted in a gain being recognized in Other, net in the Statements of Operations during the six months ended December 31, 2013. (See Note 11 to the unaudited Consolidated Financial Statements of News Corporation).

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

Income tax (expense) benefit—The Company's effective tax rate for the three and six months ended December 31, 2014 was lower than the U.S. statutory tax rate primarily due to the impact from foreign operations which are subject to lower tax rates, partially offset by the impact of nondeductible items. The Company's effective income tax rate for the three and six months ended December 31, 2013 was higher than the U.S. statutory rate primarily due to the impact of tax refunds received from a foreign jurisdiction, which is discussed below, and certain nontaxable indemnification payments received by 21st Century Fox, partially offset by the impact of other nondeductible items.

For the three and six months ended December 31, 2013, the Company recorded a receivable related to a refund of taxes plus interest in a foreign jurisdiction of $239 million and $794 million, respectively, and recorded a tax benefit, net of applicable taxes on interest, of $238 million and $721 million, respectively, to Income tax benefit in the Statements of Operations. Refunds received related to this matter were remitted to 21st Century Fox, net of applicable taxes on interest, in accordance with the terms of the Tax Sharing and Indemnification Agreement. Accordingly, for the three and six months ended December 31, 2013, the Company recorded an expense to Other, net of $238 million and $721 million, respectively, for the payable to 21st Century Fox in the Statements of Operations. (See Note 12 to the unaudited Consolidated Financial Statements of News Corporation).

Net income—Net income decreased $3 million for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014.

Net income for the six months ended December 31, 2014 increased $47 million as compared to the corresponding period of fiscal 2014, primarily due to higher Segment EBITDA, lower restructuring and impairment costs, lower depreciation and higher equity earnings from Foxtel.

Net income attributable to noncontrolling interests—Net income attributable to noncontrolling interests increased by $5 million and $17 million for the three and six months ended December 31, 2014, respectively, as compared to the corresponding periods of fiscal 2014, due to higher results at REA Group.

Segment Anal sis

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: Depreciation and amortization, impairment and restructuring charges, equity earnings of affiliates, interest, net, other, net, income tax (expense) benefit and net income attributable to noncontrolling interests. Management believes that Segment EBITDA is an appropriate measure for evaluating the operating performance of the Company's business segments because it is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources within the Company's businesses. Segment EBITDA provides management, investors and equity analysts with a measure to analyze operating performance of each of the Company's business segments and its enterprise value against historical data and competitors' data, although historical results may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

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

	For the three months ended December 31,				For the six months ended December 31,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Revenues	$ 2,280	$ 2,238	$ 4	3114% net incoO(performance6255.1(and)-2583944(t(1,t,)etter169t(				

	For the three months ended December 31,			
	2014		2013	
	Revenues	Segment EBITDA	Revenues	Segment EBITDA
	(in millions)			
News and Information Services	$1,523	$216	$1,612	$255
Book Publishing	469	77	391	68
Cable Network Programming	112	54	110	53
Digital Real Estate Services	154	57	103	55
Digital Education	22	(24)	22	(44)
Other	—	(52)	—	(60)
Total	$2,280	$328	$2,238	$327

	For the six months ended December 31,			
	2014		2013	
	Revenues	Segment EBITDA	Revenues	Segment EBITDA
	(in millions)			
News and Information Services	$2,974	$ 321	$3,107	$ 388
Book Publishing	875	132	719	111
Cable Network Programming	251	86	242	82
Digital Real Estate Services	266	114	193	99
Digital Education	64	(48)	49	(95)
Other	—	(107)	—	(117)
Total	$4,430	$ 498	$4,310	$ 468

News and Information Services (67% and 72% of the Company's consolidated revenues in the six months ended December 31, 2014 and 2013, respectively)

	For the three months ended December 31,				For the six months ended December 31,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Revenues:								
Advertising	$ 877	$ 962	$ (85)	(9)%	$ 1,660	$ 1,804	$ (144)	(8)%
Circulation and Subscription	540	557	(17)	(3)%	1,099	1,123	(24)	(2)%
Other	106	93	13	14 %	215	180	35	19 %
Total Revenues	**1,523**	**1,612**	**(89)**	**(6)%**	**2,974**	**3,107**	**(133)**	**(4)%**
Operating expenses	(879)	(937)	58	6 %	(1,787)	(1,873)	86	5 %
Selling, general and administrative	(428)	(420)	(8)	(2)%	(866)	(846)	(20)	(2)%
Segment EBITDA	**$ 216**	**$ 255**	**$ (39)**	**(15)%**	**$ 321**	**$ 388**	**$ (67)**	**(17)%**

Revenues at the News and Information Services segment decreased $89 million, or 6%, for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The revenue decrease for the three months ended December 31, 2014 was primarily due to lower advertising revenues of $85 million as compared to the corresponding period of fiscal 2014, primarily resulting from lower advertising revenues at the Australian newspapers, News UK and News America Marketing, offset by increased advertising revenues at Dow Jones. Circulation and subscription revenues for the three months ended December 31, 2014 decreased $17 million as compared to the corresponding period of fiscal 2014, primarily as a result of lower subscription revenues from the Dow Jones professional information business and lower circulation and subscription revenues

at the Australian newspapers due to the negative impact of foreign currency fluctuations. Other revenues for the three months ended December 31, 2014 increased $13 million, primarily due to increased other revenues at News Corp Australia and News UK.

Segment EBITDA at the News and Information Services segment decreased $39 million, or 15%, for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The decrease was primarily due to a decrease at the U.K. newspapers of $27 million, principally as a result of the lower revenues discussed above, the release of legal reserves resulting from a favorable arbitration ruling in the prior year period of $8 million and the impact of dual rent and other facility related costs of $8 million, and a decrease at News America Marketing of $13 million primarily due to increased legal expenses and the decreased advertising revenues discussed above, partially offset by lower media, paper and production costs. These decreases were partially offset by an increase at the Australian newspapers of $4 million, due to lower expenses.

Revenues at the News and Information Services segment decreased $133 million, or 4%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The revenue decrease was primarily due to lower advertising revenues of $144 million as compared to the corresponding period of fiscal 2014, primarily resulting from lower advertising revenues throughout the segment. Circulation and subscription revenues for the six months ended December 31, 2014 decreased $24 million as compared to the corresponding period of fiscal 2014, primarily as a result of lower circulation and subscription revenues at Dow Jones and lower revenues at the Australian newspapers, mainly due to the negative impact of foreign currency fluctuations, partially offset by increased circulation and subscription revenues at the U.K. newspapers, primarily due to the favorable impact of foreign currency fluctuations. Other revenues for the six months ended December 31, 2014 increased $35 million, primarily due to increased other revenues at News Corp Australia and News UK.

Segment EBITDA at the News and Information Services segment decreased $67 million, or 17%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The decrease for the six months ended December 31, 2014 was primarily due to a decrease at the U.K. newspapers of $38 million, principally as a result of the lower revenues discussed above, the impact of dual rent and other facility related costs of $22 million and the release of legal reserves resulting from a favorable arbitration ruling in the prior year period of $8 million, a decrease at News America Marketing of $21 million, primarily due to increased legal expenses and the decreased advertising revenues discussed above, partially offset by lower media, paper and production costs, and a decrease at Dow Jones of $13 million, primarily due to the lower revenues discussed above and the sale of Dow Jones Local Media Group in September 2013, partially offset by lower newsprint, production and distribution expenses. These decreases were partially offset by an increase at the Australian newspapers of $9 million, due to lower expenses.

News Corp Australia

Revenues at the Australian newspapers for the three months ended December 31, 2014 decreased 8% compared to the corresponding period of fiscal 2014. Advertising revenues declined $33 million, primarily as a result of the negative impact of foreign currency fluctuations and weakness in the print advertising market in Australia. Circulation and subscription revenues declined $8 million, primarily due to the negative impact of foreign currency fluctuations as price increases offset volume declines. These decreases were partially offset by an increase in other revenues. The impact of foreign currency fluctuations of the U.S. dollar against the Australian dollar resulted in a revenue decrease of $35 million, or 8%, for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014.

Revenues at the Australian newspapers for the six months ended December 31, 2014 decreased 4% compared to the corresponding period of fiscal 2014. Advertising revenues declined $47 million, primarily as a result of weakness in the print advertising market in Australia and the negative impact of foreign currency fluctuations. Circulation and subscription revenues declined $9 million, primarily due to the negative impact of foreign currency fluctuations as price increases offset volume declines. These decreases were partially offset by

increased other revenues. The impact of foreign currency fluctuations of the U.S. dollar against the Australian dollar resulted in a revenue decrease of $30 million, or 4%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014.

News UK

For the three months ended December 31, 2014 revenues at the U.K. newspapers decreased 7% as compared to the corresponding period of fiscal 2014. The decrease was primarily due to lower advertising revenues of $30 million resulting from overall print market declines, partially offset by increased other revenues. Circulation revenues were relatively flat as print and digital price increases and digital subscriber growth offset volume declines. The impact of foreign currency fluctuations of the U.S. dollar against the British pound resulted in a revenue decrease of $8 million, or 2%, for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014.

For the six months ended December 31, 2014 revenues at the U.K newspapers decreased 2% as compared to the corresponding period of fiscal 2014. The decrease was primarily due to lower advertising revenues of $38 million resulting from overall print market declines, partially offset by increased circulation and subscription revenues of $14 million, primarily due to the favorable impact of foreign currency fluctuations as volume declines were offset by price increases and digital subscriber growth. The impact of foreign currency fluctuations of the U.S. dollar against the British pound resulted in a revenue increase of $19 million, or 3%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014.

Dow Jones

Revenues at Dow Jones for the three months ended December 31, 2014 were relatively flat compared to the corresponding period of fiscal 2014 due to a $7 million increase in advertising revenues, primarily due to higher revenues across the Wall Street Journal franchise and increased circulation revenues of $5 million at *The Wall Street Journal* and WSJ.com, primarily due to price increases. These increases were offset by lower professional information business revenues of $11 million.

Revenues for the six months ended December 31, 2014 were down 6% compared to the corresponding period of fiscal 2014, primarily due to lower revenues of $28 million resulting from the sale of the Dow Jones Local Media Group in September 2013, lower circulation and subscription revenues at Dow Jones of $16 million, primarily as a result of the decreased professional information business revenues of $24 million, partially offset by increased circulation revenues of $8 million as a result of price increase at *The Wall Street Journal* and WSJ.com, and lower advertising revenues of $3 million as a result of print advertising declines.

News America Marketing

Revenues at News America Marketing decreased 9% for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014, primarily due to decreased revenues for free-standing insert products of $26 million.

Revenues at News America Marketing decreased 6% for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014, primarily due to decreased revenues for free-standing insert products of $42 million.

Book Publishing (20% and 17% of the Company's consolidated revenues in the six months ended December 31, 2014 and 2013, respectively)

(in millions, except %)	For the three months ended December 31,				For the six months ended December 31,			
	2014	**2013**	**Change**	**% Change**	**2014**	**2013**	**Change**	**% Change**
			Better/(Worse)				**Better/(Worse)**	
Revenues:								
Consumer	$ 448	$ 377	$ 71	19 %	$ 838	$ 688	$150	22 %
Other	21	14	7	50 %	37	31	6	19 %
Total Revenues	**469**	**391**	**78**	**20 %**	**875**	**719**	**156**	**22 %**
Operating expenses	(306)	(274)	(32)	(12)%	(577)	(514)	(63)	(12)%
Selling, general and administrative	(86)	(49)	(37)	(76)%	(166)	(94)	(72)	(77)%
Segment EBITDA	**$ 77**	**$ 68**	**$ 9**	**13 %**	**$ 132**	**$ 111**	**$ 21**	**19 %**

Revenues at the Book Publishing segment increased $78 million, or 20%, for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The increase was primarily the result of the acquisition of Harlequin in August 2014, which contributed $80 million of revenues in the second quarter of fiscal 2015. Revenues from print and digital book sales at HarperCollins' other divisions decreased $4 million, as increased backlist sales in the general and children's books categories offset, in large part, lower revenues from the *Divergent* series by Veronica Roth of $33 million. The Company sold 1.5 million net units of the *Divergent* series in the three months ended December 31, 2014 as compared to approximately 5.7 million net units in the corresponding period of fiscal 2014. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of $5 million, or 1%, for the three months ended December 31, 2014. E-book sales represented 17% of Consumer revenues during the three months ended December 31, 2014. E-book revenues increased 14% compared to the corresponding period in the prior fiscal year, due to the inclusion of Harlequin.

Segment EBITDA at the Book Publishing segment increased $9 million, or 13%, for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The increase was primarily the result of the Harlequin acquisition, which contributed $11 million, strong backlist sales in the general and children's books categories, ongoing operational efficiencies and higher contribution to profits from e-books, offset by the lower EBITDA contribution from the *Divergent* series.

Revenues at the Book Publishing segment increased $156 million, or 22%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The increase was primarily the result of the acquisition of Harlequin3g(2014.)-250(The)-250(itBt937d)-260.1($80)-250(million)-260(of)-252(renues)-256.1(during)-2fir ba

Segment EBITDA at the Book Publishing segment incr21ased $9 million, or 22%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The increase was primarily the result of the Harlequin acquisition, which contribut3d $11 million, strong backlist sales in the general and children's books categories, ongoing operational efficiencies and higher contribution to profits from e-books, offset by the lower EBITDA contribution from the *Divergent* eneralto approxima$5d $80 millioncont2mpanysnetcon

Cable Network Programming (6% and 6% of the Company's consolidated revenues in the six months ended December 31, 2014 and 2013, respectively)

	For the three months ended December 31,				For the six months ended December 31,			
	2014	2013	Change	% Change	2014	2013	Change	% Change

acquisition of Move in November 2014, which contributed $34 million in revenues during the quarter, and higher revenues at REA Group of $17 million, primarily due to the impact of increased listing depth product penetration in Australia and higher pricing. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of $10 million, or 10%, for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014.

Segment EBITDA at the Digital Real Estate Services segment increased $2 million, or 4%, for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The increase in Segment EBITDA was primarily due to the increased revenues at REA Group noted above, offset by an EBITDA loss of $13 million related to the acquisition of Move, which includes approximately $16 million in one-time transaction costs related to the acquisition. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an EBITDA decrease of $6 million, or 11%, for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014.

Revenues at the Digital Real Estate Services segment increased $73 million, or 38%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The increase was primarily due to higher revenues at REA Group of $39 million due to the impact of increased listing depth product penetration in Australia and higher pricing, and as a result of the acquisition of Move discussed above. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of $9 million, or 5%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014.

Segment EBITDA at the Digital Real Estate Services segment increased $15 million, or 15%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014, primarily due to the increased revenues at REA Group, noted above. These increases were offset by an EBITDA loss of $15 million related to the acquisition of Move, which includes approximately $18 million in one-time transaction costs related to the acquisition. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an EBITDA decrease of $5 million, or 5%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014.

Digital Education (1% and 1% of the Company's consolidated revenues in the six months ended December 31, 2014 and 2013, respectively)

	For the three months ended December 31,				**For the six months ended December 31,**			
	2014	**2013**	**Change**	**% Change**	**2014**	**2013**	**Change**	**% Change**
(in millions, except %)			**Better/(Worse)**				**Better/(Worse)**	
Revenues:								
Circulation and Subscription	$ 12	$ 10	$ 2	20 %	$ 23	$ 19	$ 4	21 %
Other	10	12	(2)	(17)%	41	30	11	37 %
Total Revenues	**22**	**22**	**—**	**—**	**64**	**49**	**15**	**31 %**
Operating expenses	(15)	(10)	(5)	(50)%	(47)	(32)	(15)	(47)%
Selling, general and administrative	(31)	(56)	25	45 %	(65)	(112)	47	42 %
Segment EBITDA	**$(24)**	**$(44)**	**$ 20**	**45 %**	**$(48)**	**$ (95)**	**$ 47**	**49 %**

Revenues at the Digital Education segment were flat for the three months ended December 31, 2014, as compared to the corresponding period of fiscal 2014. Subscription revenues were higher in the second quarter of fiscal 2015 due to increased revenues at Amplify Access and Insight. Other revenues were lower in the second quarter of fiscal 2015 due to lower Amplify Insight consulting revenues and lower revenues at Amplify Learning, due to the timing of the delivery of early grade print and hybrid learning products.

Segment EBITDA at the Digital Education segment increased $20 million, or 45%, for the three months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The improvement in Segment

EBITDA was largely driven by the impact from the capitalization of software development costs at Amplify Learning of $14 million as a result of certain products reaching their technological feasibility in fiscal 2015 and lower expenses.

Revenues at the Digital Education segment increased $15 million, or 31%, for the six months ended December 31, 2014, as compared to the corresponding period of fiscal 2014. Subscription revenues were higher in the six months ended December 31, 2014 due to increased revenues at Amplify Access and Insight. Other revenues were higher due to tablet sales at Amplify Access and increased revenues at Amplify Learning, as a result of the adoption of early grade print and hybrid learning products.

Segment EBITDA at the Digital Education segment increased $47 million, or 49%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. The improvement in Segment EBITDA was largely driven by the impact from the capitalization of software development costs at Amplify Learning of $29 million as a result of certain products reaching their technological feasibility in fiscal 2015 and the increased revenues noted above.

Other (0% and 0% of the Company's consolidated revenues in the six months ended December 31, 2014 and 2013, respectively)

	For the three months ended December 31,				For the six months ended December 31,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Revenues	—	—	—	—	—	—	—	—
Operating expenses	(2)	(1)	(1)	(100)%	(4)	(1)	(3)	**
Selling, general and administrative	(50)	(59)	9	15 %	(103)	(116)	13	11%
Segment EBITDA	**$ (52)**	**$ (60)**	**$ 8**	**13 %**	**$(107)**	**$(117)**	**$ 10**	**9%**

** not meaningful

Segment EBITDA at the Other segment increased $8 million, or 13%, for the three months ended December 31, 2014, as compared to the corresponding period of fiscal 2014. Segment EBITDA increased primarily due to lower costs associated with the U.K. Newspaper Matters. The net expense related to the U.K. Newspaper Matters included in Selling, general and administrative expenses was $13 million as compared to $19 million in the corresponding period of fiscal 2014.

Segment EBITDA at the Other segment increased $10 million, or 9%, for the six months ended December 31, 2014 as compared to the corresponding period of fiscal 2014. Segment EBITDA increased primarily due to lower costs associated with the U.K. Newspaper Matters. The net expense related to the U.K. Newspaper Matters included in Selling, general and administrative expenses was $27 million for the six months ended December 31, 2014 as compared to $36 million in the corresponding period of fiscal 2014.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company's principal source of liquidity is internally generated funds and cash and cash equivalents on hand. In accordance with the Separation and Distribution Agreement, 21st Century Fox made a cash contribution to the Company such that at the Distribution Date, the Company had approximately $2.4 billion of cash on hand and received the remaining $0.2 billion from 21st Century Fox during the first quarter of fiscal 2014. The Company expects these elements of liquidity will enable it to meet its liquidity needs in the foreseeable future. In October 2013, the Company established a revolving credit facility of $650 million. Under the credit agreement, the Company may request increases in the amount of the facility up to a maximum amount of $900 million. In

addition, the Company expects to have access to the worldwide capital markets, subject to market conditions, in order to issue debt if needed or desired. Although the Company believes that its future cash from operations, together with its access to the capital markets, will provide adequate resources to fund its operating and financing needs, its access to, and the availability of, financing on acceptable terms in the future will be affected by many factors, including: (i) the Company's performance, (ii) its credit rating or absence of a credit rating, (iii) the liquidity of the overall capital markets and (iv) the current state of the economy. There can be no assurances that the Company will continue to have access to the capital markets on acceptable terms. See Part II, "Item 1A. Risk

decrease in the cash balance for the period. Management compensates for the limitation of free cash flow available to News Corporation by also relying on the net change in cash and cash equivalents as presented in the Company's consolidated statements of cash flows prepared in accordance with GAAP which incorporates all cash movements during the period.

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

	For the six months ended December 31,	
	2014	2013
	(in millions)	
Net cash provided by operating activities	$ 492	$ 407
Less: Capital expenditures	(183)	(147)
	309	260
Less: REA Group free cash flow	(60)	(62)
Plus: Cash dividends received from REA Group	26	19
Free cash flow available to News Corporation	$ 275	$ 217

Free cash flow available to News Corporation improved by $58 million in the six months ended December 31, 2014 to $275 million from $217 million in the corresponding period of fiscal 2014, primarily due to the change in net cash provided by operating activities, partially offset by an increase in capital expenditures discussed above.

Revolving Credit Agreement

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

The Credit Agreement contains certain customary affirmative and negative covenants and events of default, with customary exceptions, including limitations on the ability of the Company and the Company's subsidiaries to engage in transactions with affiliates, incur liens, merge into or consolidate with any other entity, incur subsidiary debt or dispose of all or substantially all of its assets or all or substantially all of the stock of its subsidiaries taken as a whole. In addition, the Credit Agreement requires the Company to maintain an adjusted operating income leverage ratio of not more than 3.0 to 1.0 and an interest coverage ratio of not (stated)-2572lable to News -253(teiss

Company is paying a commitment fee of 0.25% on any undrawn balance and an applicable margin of 0.50% for a Base Rate borrowing and 1.50% for a Eurodollar Rate borrowing.

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

Commitments

The Company has commitments under certain firm contractual arrangements ("firm commitments") to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The Company's commitments as of December 31, 2014 have not changed significantly from the disclosures included in the 2014 Form 10-K.

Contingencies

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

Foreign Currency Rates

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

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

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

	U.S. Dollars	Australian Dollars	British Pound Sterling
Fiscal year ended June 30, 2014			
Revenues	52%	30%	18%
Operating and Selling, general, and administrative expenses	54%	27%	19%

Based on the year ended June 30, 2014, a one cent change in each of the U.S. dollar/Australian dollar and the U.S. dollar/British pound sterling exchange rates will impact revenues by approximately $24 million for each currency on an annual basis, and will impact Total Segment EBITDA by approximately $4 million and $1 million, respectively, on an annual basis.

Stock Prices

The Company has common stock investments in publicly traded companies that are subject to market price volatility. These investments had an aggregate fair value of approximately $122 million as of December 31, 2014. A hypothetical decrease in the market price F31Tf0-(local)-25(are)-255S406.om4,-25rease i4sulnd resule in decrease in comrehsensvte F31Tf(approximately)-263.1($12)-250(million)-260be(fore)-256(axs.)-253Aany changes in fair value of the Company common stock investments are notthn-ateepoarys.

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The Company's receivables did not represent significant concentrations of credit risk as of December 31, 2014 or June 30, 2014 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. As of December 31, 2014 and June 30, 2014, the Company did not anticipate nonperformance by any of the counterparties.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

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

(b) Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) during the Company's second quarter of fiscal 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

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

U.K. Newspaper Matters and Related Investigations and Litigation

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

On June 5, 2012, the court issued an order appointing the Avon Pension Fund ("Avon") as lead plaintiff and Robbins Geller Rudman & Dowd as lead counsel. Avon filed an amended consolidated complaint on July 31, 2012, which among other things, added as defendants the Company's subsidiary, NI Group Limited (now known

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

The Company's businesses face competition from other sources of news, information and entertainment content delivery, and the Company may be adversely affected if consumers migrate to other media alternatives. For example, advertising and circulation revenues in the Company's News and Information Services segment may continue to decline, reflecting general trends in the newspaper industry, including declining newspaper buying by younger audiences and consumers' increasing reliance on the Internet for the delivery of news and information, often without charge. In recent years, Internet sites devoted to recruitment, automobile sales and real estate services have become significant competitors of the Company's newspapers and websites for classified advertising sales. In addition, due to innovations in content distribution platforms, consumers are now more readily able to watch Internet-delivered content on television sets and mobile devices, in some cases also without charge, which could reduce consumer demand for the Company and its affiliates' television programming and pay-TV services and adversely affect both its subscription revenue and advertisers' willingness to purchase television advertising from the Company.

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

Technology continues to evolve rapidly, and the resulting changes in consumer behavior and preferences create constant opportunities for new and existing competitors that can quickly render our products and services less valuable. For example, alternative methods for the delivery and storage of digital content, including the distribution of news and other content through social networking tools and on mobile and other devices, digital distribution models for books and Internet and mobile distribution of video content via streaming and downloading, have empowered consumers to seek more control over when, where and how they consume digital content. Content owners are increasingly delivering their content directly to consumers over the Internet, often without charge, and innovations in distribution platforms have enabled consumers to view such Internet-delivered content on portable devices and televisions. Enhanced Internet capabilities and other new media may reduce the demand for newspapers and television viewership, which could negatively affect the Company's revenues.

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

In order to succeed, the Company must continue to innovate to ensure that its products and services remain relevant and useful for consumers and customers. The Company may be required to incur significant capital

consumer net worth and a dramatic decline in the real estate market. The resulting pressure on the labor and retail markets and the downturn in consumer confidence weakened the economic climate in certain markets in which the Company does business and had an adverse effect on its business, results of operations, financial condition and liquidity, including advertising revenues. Any continued or recurring economic weakness could further impact the Company's business, reduce its advertising and other revenues and negatively impact the performance of its newspapers, books, digital real estate services business, television operations and other consumer products and services. In addition, further volatility and disruption in the financial markets could make it more difficult and expensive for the Company to obtain financing. These conditions could also impair the ability of those with whom the Company does business to satisfy their obligations to the Company, including as a result of their inability to obtain capital on acceptable terms. The Company is particularly exposed to certain Australian

cases. The Company has also settled a number of claims through a private compensation scheme established by the Company under which parties could pursue claims against it. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

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

From July 1, 2010 through December 31, 2014, the Company incurred aggregate fees, costs and expenses related to the U.K. Newspaper Matters of $497 million, net of costs that have been or will be indemnified by 21st Century Fox, which includes $37 million paid to claimants for civil settlements. As of December 31, 2014, the Company accrued $112 million, representing its best estimate of the liability for the claims that have been filed, as well as incurred but unpaid legal and professional fees. Certain liabilities recorded by the Company as of December 31, 2014 related to matters that will be indemnified by 21st Century Fox as described below. Amounts due from 21st Century Fox relating to indemnified costs were approximately $55 million as of December 31, 2014.

The Company is not able to predict the ultimate outcome or cost of the civil claims or criminal matters. It is possible that these proceedings and any adverse resolution thereof, including any fines or other penalties associated with any plea, judgment or similar result for which the Company will not be indemnified, could damage its reputation, impair the Company's ability to conduct its business and adversely affect its results of operations and financial condition. See Part II, "Item 1. Legal Proceedings" and Note 10 to the Financial Statements for additional information.

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

As a result of adverse developments in the Company's industry and challenging economic and market conditions, the Company may recognize impairment charges for write-downs of goodwill and intangible assets, as well as restructuring charges relating to the reorganization of its businesses, which negatively impact the Company's financial results. In accordance with GAAP, the Company performs an annual impairment assessment of its recorded goodwill and indefinite-lived intangible assets, including newspaper mastheads and distribution networks, during the fourth quarter of each fiscal year. The Company also continually evaluates whether current factors or indicators, such as prevailing conditions in the capital markets or the economy generally, require the performance of an interim impairment assessment of those assets, as well as other investments and other long-lived assets, or require the Company to engage in any additional business restructurings to address these conditions. Any significant shortfall, now or in the future, in advertising revenue and/or the expected popularity of the programming for which the Company has acquired rights could lead to a downward revision in the fair value of certain reporting units. Any downward revisions in the fair value of a reporting unit, indefinite-lived intangible assets, investments or long-lived assets could result in additional impairments for which non-cash charges would be required. Any such charge could be material to the Company's reported results of operations. The News and Information Services and Digital Education segments have reporting units with goodwill that is at risk for future impairment. As of June 30, 2014, $1.7 billion of goodwill, including $1.4 billion and $0.3 billion at the News and Information Services and Digital Education segments, respectively, was at risk for future impairment because the fair values of the reporting units exceeded their carrying values by less than 10%. The Company may also incur additional restructuring charges in the future if it is required to further realign its resources in response to significant shortfalls in revenue or other adverse trends.

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

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

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

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

In addition, the Company's newspaper businesses in the U.K. are likely to be subject to greater regulation and oversight as a result of the implementation of recommendations of the Leveson inquiry into the U.K. press, which was established by Prime Minister David Cameron in mid-2011. The inquiry was triggered by allegations of illegal voicemail interception at the Company's former publication, *The News of the World*. Lord Justice Leveson, Chairman of the Inquiry, concluded the first part of the inquiry and published a report in late November 2012 containing various recommendations for greater regulation and oversight of the U.K. press. A majority of the U.K. press has established an alternative regulator, the Independent Press Standards Organisation, or IPSO, which began operating in September 2014. IPSO imposes burdens on the print media in the U.K., including the Company's newspaper businesses in the U.K., which may result in competitive disadvantages versus other forms of media and may increase the costs of compliance.

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

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

Newsprint is one of the largest expenses of the Company's newspaper publishing units. During the three

suppliers, which has led to increases in newsprint prices. Failure to maintain the Company's current consumption levels, further supplier consolidation or the inability to maintain the Company's existing relationships with its newsprint suppliers could adversely impact newsprint prices in the future.

The Company Relies on Network and Information Systems and Other Technology Whose Failure or Misuse

content piracy by making it easier to duplicate and widely distribute pirated material. The Company has taken, and will continue to take, a variety of actions to combat piracy, both individually and, in some instances, together with industry associations. However, protection of the Company's intellectual property rights is dependent on the scope and duration of its rights as defined by applicable laws in the U.S. and abroad and the manner in which those laws are construed. If those laws are drafted or interpreted in ways that limit the extent or duration of the Company's rights, or if existing laws are changed, the Company's ability to generate revenue from its intellectual property may decrease, or the cost of obtaining and maintaining rights may increase. There can be no assurance that the Company's efforts to enforce its rights and protect its products, services and intellectual property will be successful in preventing content piracy.

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

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

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

Move, the Company's digital real estate business in the U.S., licenses the realtor.com® trademark and website address, as well as the REALTOR

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

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

In connection with the Separation, 21st Century Fox received a private letter ruling from the IRS to the effect that, among other things, the distribution of the Company's Class A Common Stock and Class B Common Stock qualified as tax-free under Sections 368 and 355 of the Code except for cash received in lieu of fractional shares. In addition, 21st Century Fox received an opinion from its tax counsel confirming the tax-free status of the Separation for U.S. federal income tax purposes, including the satisfaction of the requirements under Sections 368 and 355 of the Code not specifically addressed in the IRS private letter ruling. The opinion of 21st Century Fox's tax counsel is not binding on the IRS or the courts, and there is no assurance that the IRS or a court will not take a contrary position.

The private letter ruling and the opinion relied on certain facts and assumptions, and certain representations from the Company and 21st Century Fox regarding the past and future conduct of their respective businesses and other matters. Notwithstanding the receipt of the private letter ruling and the opinion, the IRS could determine on audit that the distribution or the related internal reorganization transactions should be treated as taxable transactions if it determines that any of these facts, assumptions, representations or undertakings is not correct or has been violated, or that the distribution or the internal transactions should be taxable for other reasons, including as a result of a significant change in stock or asset ownership after the Separation. If the distribution ultimately is determined to be taxable, the distribution could be treated as a taxable dividend or capital gain for U.S. federal income tax purposes, and U.S. stockholders and certain non-U.S. stockholders could incur significant U.S. federal income tax liabilities. In addition, if the internal reorganization and/or the distribution is ultimately determined to be taxable, 21st Century Fox would recognize gains on the internal reorganization and/or recognize gain in an amount equal to the excess of the fair market value of shares of the Company's common stock distributed to 21st Century Fox's stockholders on the Distribution Date over 21st Century Fox's tax basis in such shares. As described below, the Company may in certain circumstances be required to indemnify 21st Century Fox for liabilities arising out of the foregoing.

Under the terms of the Tax Sharing and Indemnification Agreement that the Company and 21st Century Fox entered into in connection with the Separation, the Company will, in certain circumstances, be responsible for all taxes, including interest and penalties, and tax-related liabilities incurred by 21st Century Fox as a result of actions taken by the Company or any of its subsidiaries after the Separation. Specifically, in the event that the distribution or the internal transactions intended not to be subject to tax were determined to be subject to tax and such determination was the result of certain actions taken, or omitted to be taken, after the Separation by the Company or any of its subsidiaries and such actions (1) were inconsistent with any representation or covenant made in connection with the private letter ruling or opinion of 21st Century Fox's tax counsel, (2) violated any representation or covenant made in the Tax Sharing and Indemnification Agreement, or (3) the Company or any of its subsidiaries knew or reasonably should have expected, after consultation with its advisors, could result in any such determination, the Company will be responsible for any tax-related liabilities incurred by 21st Century Fox as a result of such determination.

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

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

The Company Might Not Be Able to Engage in Desirable Strategic Transactions and Equity Issuances Following the Separation Because of Certain Restrictions Relating to Requirements for Tax-Free Distributions for U.S. Federal Income Tax Purposes.

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

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

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

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

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

The Federal Communications Commission ("FCC") has promulgated certain rules and regulations that limit the ownership of radio and television broadcast stations, television broadcast networks and newspapers (the "Broadcast Ownership Rules") and place commercial restrictions on a cable network programmer in which a cable television operator holds an ownership interest (the "Program Access Rules"). Under the FCC's rules for determining ownership of the media assets described above, the Murdoch Family Trust's ownership interest in both the Company and 21st Century Fox following the Separation would generally result in each company's businesses and assets being attributable to the Murdoch Family Trust for purposes of determining compliance with the Broadcast Ownership Rules and the Program Access Rules. Consequently, the Company's future conduct, including its acquisition of any newspapers in the same local markets in which 21st Century Fox owns or operates television stations or the Company's acquisition of an ownership interest in a cable operator, may affect 21st Century Fox's ability to own and operate its television stations or otherwise comply with the

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

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

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

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

Risks Related to the Company's Common Stock

The Market Price of the Company's Stock May Fluctuate Significantly

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

Certain Provisions of the Company's Restated Certificate of Incorporation, Amended and Restated By-laws, Tax Sharing and Indemnification Agreement, Separation and Distribution Agreement and Delaware Law, the

the event that a person or group acquires beneficial ownership of 15% or more of the then-outstanding Class B Common Stock without approval of the Company's Board of Directors, subject to exceptions for persons beneficially owning 15% or more of the Company's Class B Common Stock immediately following the Separation. The stockholder rights agreement could make it more difficult for a third-party to acquire the Company's voting common stock without the approval of its Board of Directors. The rights expire on June 18, 2015, except as otherwise provided in the rights agreement.

Further, as a result of his ability to appoint certain members of the board of directors of the corporate trustee of the Murdoch Family Trust, which beneficially owns less than one percent of the Company's outstanding Class A Common Stock and approximately 38.4% of the Company's Class B Common Stock as of January 30, 2015, K. Rupert Murdoch may be deemed to be a beneficial owner of the shares beneficially owned by the Murdoch Family Trust. K. Rupert Murdoch, however, disclaims any beneficial ownership of these shares. Also, K. Rupert Murdoch beneficially owns or may be deemed to beneficially own an additional one percent of the Company's Class B Common Stock and less than one percent of the Company's Class A Common Stock as of January 30, 2015. Thus, K. Rupert Murdoch may be deemed to beneficially own in the aggregate less than one percent of the Company's Class A Common Stock and approximately 39.4% of the Company's Class B Common Stock as of January 30, 2015. This concentration of voting power could discourage third parties from making proposals involving an acquisition of the Company. Additionally, the ownership concentration of Class B Common Stock by the Murdoch Family Trust increases the likelihood that proposals submitted for stockholder approval that are supported by the Murdoch Family Trust will be adopted and proposals that the Murdoch Family

ITEM 6. EXHIBITS

(a) Exhibits.

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

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

32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes Oxley Act of 2002.**

101 The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2014 formatted in eXtensible Business Reporting Language: (i) Consolidated Statements of Operations for the three and six months ended December 31, 2014 and 2013 (unaudited); (ii) Consolidated Statements of Comprehensive (Loss) Income for the three and six months ended December 31, 2014 and 2013 (unaudited); (iii) Consolidated Balance Sheets at December 31, 2014 (unaudited) and June 30, 2014 (audited); (iv) Consolidated Statements of Cash Flows for the six months ended December 31, 2014 and 2013 (unaudited); and (v) Notes to the Unaudited Consolidated Financial Statements.*

* Filed herewith.
** Furnished herewith.

SIGNATURE

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

NEWS CORPORATION
(Registrant)

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

Date: February 6, 2015

Exhibit 31.1

Chief Executive Officer Certification

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

I, Robert J. Thomson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant'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 registrant 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 registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this 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 the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected,t thfected,259(the)-253(figistrant's)-266.1(internal)-260(control)-257(over)-253(financial)-261.1eporting and

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, Bedi Ajay Singh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this 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

Exhibit 32.1