UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

or

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

For the transition period from __________ to __________

Commission file number 001-35769

NEWS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	**46-2950970**
(State or Other Jurisdiction of	**(I.R.S. Employer**
Incorporation or Organization)	**Identification No.)**
1211 Avenue of the Americas, New York, New York	**10036**
(Address of Principal Executive Offices)	**(Zip Code)**

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

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

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

As of April 30, 2015, 383,563,431 shares of Class A Common Stock and 199,630,240 shares of Class B Common Stock were outstanding.

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CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; millions, except per share amounts)

	Notes	For the three months ended March 31, 2015	For the three months ended March 31, 2014	For the nine months ended March 31, 2015	For the nine months ended March 31, 2014
Revenues:					
Advertising		$ 904	$ 952	$ 2,862	$ 2,990
Circulation and Subscription		650	665	1,989	2,005
Consumer		385	342	1,223	1,030
Other		123	119	418	363
Total Revenues		2,062	2,078	6,492	6,388
Operating expenses		(1,216)	(1,259)	(3,796)	(3,828)
Selling, general and administrative		(683)	(644)	(2,035)	(1,917)
Depreciation and amortization		(132)	(142)	(398)	(421)
Impairment and restructuring charges	3	(10)	(10)	(31)	(73)
Equity earnings of affiliates	4	7	23	48	53
Interest, net		12	17	42	50
Other, net	14	12	(1)	70	(673)
Income (loss) before income tax (expense) benefit		52	62	392	(421)
Income tax (expense) benefit	12	(18)	(1)	(107)	686
Net income		34	61	285	265
Less: Net income attributable to noncontrolling interests		(11)	(13)	(54)	(39)
Net income attributable to News Corporation stockholders		$ 23	$ 48	$ 231	$ 226
Net income available to News Corporation stockholders per share:					
Basic and diluted	8	$ 0.04	$ 0.08	$ 0.40	$ 0.39

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

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Unaudited; millions)

	For the three months ended March 31,		For the nine months ended March 31,	
	2015	2014	2015	2014
Net income	$ 34	$ 61	$ 285	$ 265
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(315)	223	(1,245)	184
Unrealized holding gains (losses) on securities, net[a]	10		15	(1)
Benefit plan adjustments, net [b]	13	12	44	21
Share of other comprehensive income from equity affiliates, net [c]	1	(5)	(1)	6
Other comprehensive (loss) income	(291)	230	(1,187)	210
Comprehensive (loss) income	(257)	291	(902)	475
Less: Net income attributable to noncontrolling interests	(11)	(13)	(54)	(39)
Less: Other comprehensive loss (income) attributable to noncontrolling interests	(2)	(5)	23	1
Comprehensive (loss) income attributable to News Corporation stockholders	$ (270)	$ 273	$ (933)	$ 437

(a) Net of income tax expense (benefit) of $4 million and nil for the three months ended March 31, 2015 and 2014, respectively, and income tax expense (benefit) of $10 million and nil for the nine months ended March 31, 2015 and 2014, respectively.

(b) Net of income tax expense (benefit) of $3 million and $11 million for the three months ended March 31, 2015 and 2014, respectively, and income tax expense (benefit) of $11 million and $19 million for the nine months ended March 31, 2015 and 2014, respectively.

(c) Net of income tax (benefit) expense of nil and ($2) million for the three months ended March 31, 2015 and 2014, respectively, and income tax (benefit) expense of ($1) million and $2 million for the nine months ended March 31, 2015 and 2014, respectively.

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 March 31, 2015 (unaudited)	As of June 30, 2014 (audited)
Assets:			
Current assets:			
Cash and cash equivalents		$ 2,027	$ 3,145
Amounts due from 21st Century Fox	9	52	66
Receivables, net	14	1,308	1,388
Other current assets	14	701	671
Total current assets		4,088	5,270
Non-current assets:			
Investments	4	2,382	2,609
Property, plant and equipment, net		2,699	3,009
Intangible assets, net		2,313	2,137
Goodwill		3,510	2,782
Other non-current assets	14	694	682
Total assets		$ 15,686	$ 16,489
Liabilities and Equity:			
Current liabilities:			
Accounts payable		$ 225	$ 276
Accrued expenses		1,121	1,188
Deferred revenue		399	369
Other current liabilities	14	528	431
Total current liabilities		2,273	2,264
Non-current liabilities:			
Retirement benefit obligations	11	266	272
Deferred income taxes		295	224
Other non-current liabilities		306	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		12,450	12,390
Retained earnings		467	237
Accumulated other comprehensive (loss) income		(554)	610
Total News Corporation stockholders equity		12,369	13,243
Noncontrolling interests		157	156
Total equity	6	12,526	13,399
Total liabilities and equity		$ 15,686	$ 16,489

(a) **Class A common stock,** $0.01 par value per share (Class A Common Stock), 1,500,000,000 shares authorized, 383,397,851 and 379,392,985 shares issued and outstanding, net of 27,368,413 and 27,333,277 treasury shares at par at March 31, 2015 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 March 31, 2015 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 nine months ended March 31, 2015	2014
Operating activities:			
Net income		$ 285	$ 265
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization		398	421
Equity earnings of affiliates	4	(48)	(53)
Cash distributions received from affiliates		69	47
Impairment charges, net of tax	3		12
Other, net	14	(70)	(48)
Deferred income taxes and taxes payable	12	31	85
Change in operating assets and liabilities, net of acquisitions:			
Receivables and other assets		60	(140)
Inventories, net		(46)	(32)
Accounts payable and other liabilities		41	281
Pension and postretirement benefit plans		(18)	(35)
Net cash provided by operating activities		702	803
Investing activities:			
Capital expenditures		(268)	(244)
Acquisitions, net of cash acquired		(1,188)	(39)
Investments in equity affiliates and other		(257)	(12)
Proceeds from dispositions		134	109
Other		16	
Net cash used in investing activities		(1,563)	(186)
Financing activities:			
Net transfers from 21st Century Fox and affiliates			217
Repayment of borrowings acquired in the Move acquisition		(129)	
Dividends paid		(29)	(23)
Other, net		(2)	(3)
Net cash (used in) provided by financing activities		(160)	191
Net (decrease) increase in cash and cash equivalents		(1,021)	808
Cash and cash equivalents, beginning of period		3,145	2,381

Exchange movement on opening cash balance		(97)		18
Cash and cash equivalents, end of period	$	2,027	$	3,207

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 g 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 investee are designated as available-for-sale if readily determinable fair values are available. If an investment s fair value is not readily determinable, the Company accounts for its investment under the cost method.

The consolidated statements of operations are referred to as the Statements of Operations herein. The consolidated balance sheets are referred to as the Balance Sheets herein. The consolidated statements of cash flows are referred to as the Statements of Cash Flows herein.

The accompanying Financial Statements and notes thereto should be read in conjunction with the audited consolidated and combined financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 2014 as filed with the Securities and Exchange Commission (SEC) on August 14, 2014 (the 2014 Form 10-K).

Certain reclassifications have been made to the prior period financial statements to conform to the current year presentation. In the fourth quarter of fiscal 2014, the Company revised the composition of its reportable segments based on the guidance provided in Accounting Standards Codification (ASC) 280, Segment Reporting. The Company historically reported its business under five reporting segments: News and Information Services, Book Publishing, Cable Network Programming, Digital Real Estate Services and Other. The Company has separated its digital education business from the Other segment and its operations are now presented as six reportable segments (News and Information Services, Book Publishing, Cable Network Programming, Digital Real Estate Services, Digital Education and Other). All prior periods have been reclassified to reflect the Company s revised segment presentation.

The Company s fiscal year ends on the Sunday closest to June 30. Fiscal 2015 and fiscal 2014 each include 52 weeks. All references to the three and nine months ended March 31, 2015 and 2014 relate to the three and nine months ended March 29, 2015 and March 30, 2014, respectively. For convenience purposes, the Company continues to date its financial statements as of March 31.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Recently issued accounting pronouncements

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-04, Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (ASU 2013-04). The objective of ASU 2013-04 is to provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation (within the scope of this guidance) is fixed at the reporting date. Examples of obligations within the scope of ASU 2013-04 include debt arrangements, other contractual obligations, and settled litigation and judicial rulings. ASU 2013-04 became effective for the Company for interim reporting periods beginning July 1, 2014. The adoption of ASU 2013-04 did not have an impact on the Company s Financial Statements.

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

In July 2013, the FASB issued ASU 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (ASU 2013-11). ASU 2013-11 clarifies guidance and eliminates diversity in practice on the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. ASU 2013-11 became effective for the Company for interim reporting periods beginning July 1, 2014. The adoption of ASU 2013-11 did not have an impact on the Company s Financial Statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). ASU 2014-09 removes inconsistencies and differences in existing revenue requirements between GAAP and International Financial Reporting Standards (IFRS) and requires a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASU 2014-09 will require companies to use more judgment and make more estimates, such as identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation, when determining the amount of revenue to recognize. ASU 2014-09 is effective for the Company for annual and interim periods beginning July 1, 2017. Once effective, ASU 2014-09 can be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initial adoption recognized at the date of initial application. The Company is currently evaluating the method of adoption to be utilized as well as the impact ASU 2014-09 will have on its Financial Statements.

In June 2014, the FASB issued ASU 2014-12, Compensation Stock Compensation (Topic 718) (ASU 2014-12). ASU 2014-12 clarifies guidance and eliminates diversity in practice on how to account for share-based payments in which the terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period. That is, the employee would be eligible to vest in the award regardless of whether the employee is rendering service on the date the performance target is achieved. ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for the Company for annual and interim periods beginning 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.

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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 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.

In February 2015, the FASB issued ASU 2015-02- Consolidation (Topic 810): Amendments to the Consolidation Analysis (ASU 2015-02). ASU 2015-02 is intended to address stakeholder concerns regarding the usefulness of financial statements where a reporting entity is required to consolidate a legal entity where the reporting entity s contractual rights do not give it the ability to act primarily on its own behalf, the reporting entity does not hold a majority of the legal entity s voting rights, or the reporting entity is not exposed to a majority of the legal entity s economic benefits or obligations. The update amends the accounting guidance around the consolidation of limited partnerships, the consideration surrounding the primary beneficiary determination and the consolidation of certain investment funds. ASU 2015-02 is effective for the Company for fiscal years and interim periods within those fiscal years beginning after December 15, 2015, however, early adoption is permitted. The Company does not expect the adoption of ASU 2015-02 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 division of HarperCollins, and its results are included within the Book Publishing segment. As a result of the acquisition, the Company recorded net tangible assets of approximately $120 million, primarily consisting of accounts receivable, accounts payable, author advances, property, plant and equipment and inventory, at their estimated fair values at the date of acquisition. In addition, the Company recorded approximately $165 million of intangible assets, comprised of approximately $105 million of imprints which have an indefinite life and $60 million related to finite lived intangible assets with a weighted average life of approximately 5 years, and recorded an associated deferred tax liability of approximately $35 million. In accordance with ASC 350, Intangibles Goodwill and Other (ASC 350), the excess of the purchase price over the fair values of the net tangible and intangible assets of approximately $180 million was recorded as goodwill on the transaction. The values assigned to the acquired assets and liabilities 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.

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Move, Inc.

In November 2014, the Company acquired all of the outstanding shares of Move, Inc. (Move), which was a publicly traded company, for $21.00 per share in cash. Move is a leading provider of online real estate services in the U.S that primarily operates realtor.com®, a leading consumer facing real estate website, and also offers a number of professional software and services products (including Top Producer®, TigerLead® and ListHub™), which provide real estate professionals with advertising systems, productivity and lead management tools and reporting. Move s results of operations are included within the Digital Real Estate Services segment, and it will be considered a separate reporting unit for purposes of the Company s annual goodwill impairment review.

The aggregate cash payment at closing to acquire the outstanding shares of Move was approximately $864 million, which was funded with cash on hand. The Company also assumed outstanding Move equity awards with a fair value of $67 million, consisting of vested and unvested stock options, restricted stock units (RSUs) and 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. In addition, following the acquisition, the Company utilized approximately $129 million of cash to settle all of Move s outstanding indebtedness that was assumed as part of the transaction. The total transaction value for the Move acquisition is set forth below (in millions):

Cash paid for Move equity	$ 864
Assumed equity compensation awards - pre-combination services	28
Total consideration transferred	$ 892
Plus: Assumed debt	129
Plus: Assumed equity compensation awards - post-combination services	39
Less: Cash acquired	(108)
Total transaction value	$ 952

REA Group Limited (REA Group), in which the Company holds a 61.6% interest, acquired a 20% interest in Move upon closing of the transaction. In connection with the acquisition, the Company granted REA Group a put option to require the Company to purchase REA Group s interest in Move, which can be exercised at any time beginning two years from the date of acquisition at fair value.

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Under the purchase method of accounting, the total consideration transferred is allocated to net tangible and intangible assets based upon Move s estimated fair value as of the date of completion of the acquisition. The preliminary allocation is as follows (in millions):

Assets acquired:	
Cash	$ 108
Current assets	23
Intangible assets	260
Goodwill	689
Noncurrent assets	35
Total assets acquired	$ 1,115
Liabilities assumed:	
Current liabilities	$ 50
Deferred income taxes	41
Borrowings	129
Other noncurrent liabilities	3
Total liabilities assumed	223
Net assets acquired	$ 892

The acquired intangible assets consist of the license of the realtor.com® trademark and other trademarks and domain names with an aggregate fair value of approximately $160 million, which have indefinite lives, and customer relationships with a fair value of approximately $100 million, which will be amortized over approximately 5 years.

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 2017. 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 March 31, 2015.

The excess of the total consideration transferred 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.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. RESTRUCTURING AND IMPAIRMENT

Fiscal 2015

During the three and nine months ended March 31, 2015, the Company recorded restructuring charges of $10 million and $31 million, respectively, of which $8 million and $26 million, respectively, related to the News and Information Services segment. The restructuring charges recorded in fiscal 2015 were primarily for employee termination benefits.

Fiscal 2014

During the three and nine months ended March 31, 2014, the Company recorded restructuring charges of $10 million and $61 million, respectively, of which $6 million and $50 million, respectively, related to the News and Information Services segment. 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 nine months ended March 31, 2014.

Changes in restructuring program liabilities were as follows:

	For the three months ended March 31,							
	2015				2014			
	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	$ 17	$ 6	$ 6	$ 29	$ 23	$ 8	$ 1	$ 32
Additions	10			10	7	2	1	10
Payments	(11)			(11)	(11)	(1)		(12)
Other						(2)	(1)	(3)
Balance, end of period	$ 16	$ 6	$ 6	$ 28	$ 19	$ 7	$ 1	$ 27

	For the nine months ended March 31,	
	2015	2014

	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	24		7	31	52	7	2	61
Payments	(27)	(1)		(28)	(85)	(4)	(1)	(90)
Other	(2)		(1)	(3)	1	(2)	(2)	(3)
Balance, end of period	$ 16	$ 6	$ 6	$ 28	$ 19	$ 7	$ 1	$ 27

As of March 31, 2015, restructuring liabilities of approximately $18 million were included in the Balance Sheet in Other current liabilities and $10 million were included in Other non-current liabilities.

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS

The Company s investments were comprised of the following:

	Ownership Percentage as of March 31, 2015	As of March 31, 2015	As of June 30, 2014
		(in millions)	
Equity method investments:			
Foxtel[a]	50%	$ 1,538	$ 1,869
Other equity method investments[b]	various	171	24
Loan receivable from Foxtel[c]	N/A	350	425
Available-for-sale securities[d]	various	135	151
Cost method investments[e]	various	188	140
Total Investments		$ 2,382	$ 2,609

(a) The change in the Foxtel investment for the nine months ended March 31, 2015 was primarily due to the impact of foreign currency fluctuations.

(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, Thailand 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 $91 million as of March 31, 2015.

(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 ($350 million and $425 million as of March 31, 2015 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) In March 2015, the Company agreed to increase its 4.8% interest in APN News and Media Limited (APN) to 14.99% for a purchase price of approximately $70 million. APN operates a portfolio of Australian and New

Zealand radio and outdoor media assets and small regional print interests. The acquisition is subject to regulatory approval and is expected to be completed in the fourth quarter of fiscal 2015. If regulatory approval is not obtained, the APN shares will be sold to alternative purchasers with the Company bearing the economic loss if the sales price is lower than the Company s agreed purchase price and benefiting from the gain if the sales price is higher.

(e) 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 were 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.

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The Company measures the fair market values of available-for-sale investments as Level 1 financial instruments under ASC 820, Fair Value Measurement, 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 March 31, 2015	As of June 30, 2014
	(in millions)	
Cost basis of available-for-sale investments	$ 77	$ 113
Accumulated gross unrealized gain	58	38
Accumulated gross unrealized loss		
Fair value of available-for-sale investments	$ 135	$ 151
Net deferred tax liability	$ 22	$ 14

Equity Earnings of Affiliates

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2015	2014	2015	2014
	(in millions)			
Foxtel[(a)]	$ 8	$ 23	$ 48	$ 53
Other equity affiliates, net	(1)			
Total Equity earnings of affiliates	$ 7	$ 23	$ 48	$ 53

(a) In accordance with ASC 350, the Company amortized $14 million and $44 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 nine months ended March 31, 2015, respectively, and $15 million and $46 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 nine months ended March 31,	
	2015	2014
	(in millions)	
Revenues	$ 2,028	$ 2,154
Operating income[a]	343	392
Net income	184	198

(a) Includes Depreciation and amortization of $243 million and $263 million for the nine months ended March 31, 2015 and 2014, respectively. Operating income before depreciation and amortization was $586 million and $655 million for the nine months ended March 31, 2015 and 2014, respectively.

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For the nine months ended March 31, 2015, Foxtel s revenues decreased $126 million, or 6%, as a result of the negative impact of foreign currency fluctuations. Operating income decreased primarily as a result of higher programming costs, increased marketing and other support costs related to the new Foxtel pricing and packaging, increased investment in Presto and the launch of Triple Play and the negative impact of foreign currency fluctuations. Net income decreased as a result of the lower operating income noted above, partially offset by favorable fair value movements on hedged items.

NOTE 5. CREDIT FACILITY

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

The Credit Agreement contains certain customary affirmative and negative covenants and events of default, with customary exceptions, including limitations on the ability of the Company and the Company s subsidiaries to engage in transactions with affiliates, incur liens, merge into or consolidate with any other entity, incur subsidiary debt or dispose of all or substantially all of its assets or all or substantially all of the stock of its subsidiaries taken as a whole. In addition, the Credit Agreement requires the Company to maintain an adjusted operating income leverage ratio of not more than 3.0 to 1.0 and an interest coverage ratio of not less than 3.0 to 1.0. If any of the events of default occur and are not cured within applicable grace periods or waived, any unpaid amounts under the Credit Agreement may be declared immediately due and payable. As of March 31, 2015, 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 March 31, 2015, the Company was 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.

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NOTE 6. EQUITY

The following table summarizes changes in equity:

	For the nine months ended March 31,					
	2015			2014		
	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	231	54	285	226	39	265
Other comprehensive (loss) income	(1,164)	(23)	(1,187)	211	(1)	210
Dividends	(1)	(28)	(29)	(1)	(22)	(23)
Other	60	(2)	58	40		40
Balance, end of period	$ 12,369	$ 157	$ 12,526	$ 13,034	$ 134	$ 13,168

NOTE 7. EQUITY BASED COMPENSATION

Employees of the Company participate in the News Corporation 2013 Long-Term Incentive Plan (the 2013 LTIP) under which equity-based compensation, including stock options, performance stock units (PSUs), restricted stock awards, RSUs and other types of awards can be granted. The Company has the ability to award up to 30 million shares under the terms of the 2013 LTIP.

In connection with the acquisition of Move, the Company assumed Move s equity incentive plans and substantially all of the awards outstanding under such plans. The stock options, RSUs and restricted stock awards that were assumed continue to have the same terms and conditions that applied to those awards immediately prior to the acquisition, except that such assumed awards were converted into awards with the right to be settled in, or by reference to, the Company s Class A Common Stock in accordance with the acquisition agreement, using a formula designed to preserve the value of the awards based on the price per share paid in the acquisition. The Company assumed and converted approximately 4.3 million stock options and approximately 2.5 million RSUs and restricted stock awards in connection with the transaction. During the three and nine months ended March 31, 2015, approximately 1.8 million and 2.2 million of the assumed options were exercised, respectively, and approximately 0.8 million of the assumed RSUs and restricted stock awards vested.

The Company recognized $23 million and $44 million of equity-based compensation expense for the three and nine months ended March 31, 2015, respectively, and $3 million and $23 million for the corresponding periods of fiscal 2014, respectively.

Performance Stock Units

Fiscal 2015

During the three and nine months ended March 31, 2015, the Company granted 0.2 million and 3.3 million PSUs at target, respectively, of which 0.2 and 2.2 million, respectively, will be settled in Class A Common Stock with the remaining, having been granted to executive directors and to employees in certain foreign locations, being settled in cash. Cash settled awards are marked-to-market each reporting period.

During the nine months ended March 31, 2015, approximately 2.0 million PSUs vested, of which approximately 1.5 million were settled in shares of Class A Common Stock before statutory tax withholdings. The remaining 0.5 million PSUs that settled during the nine months ended March 31, 2015 were settled in cash for approximately $8.2 million before statutory tax withholdings.

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Fiscal 2014

During the nine months ended March 31, 2014, the Company granted 4.3 million PSUs at target, of which 2.7 million will be settled in Class A Common Stock with the remaining, having been granted to executive directors and to employees in certain foreign locations, being settled in cash. Cash settled awards are marked to market each reporting period.

Restricted Stock Units

Fiscal 2015

During the three and nine months ended March 31, 2015, the Company granted 0.5 million RSUs, all of which will be settled in Class A Common Stock.

During the three and nine months ended March 31, 2015, approximately 0.8 million and 1.2 million RSUs vested, respectively, of which approximately 0.8 million and 1.1 million, respectively, were settled in shares of Class A Common Stock before statutory tax withholdings. The remaining 0.1 million RSUs that settled during the nine months ended March 31, 2015 were settled in cash for approximately $0.9 million before statutory tax withholdings.

Fiscal 2014

During the nine months ended March 31, 2014, the Company granted 0.1 million RSUs, all of which will be settled in Class A Common Stock.

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 March 31,		For the nine months ended March 31,	
	2015	2014	2015	2014
	(in millions, except per share amounts)			
Net income attributable to News Corporation stockholders	$ 23	$ 48	$ 231	$ 226
Redeemable preferred stock dividends [(a)]			(1)	(1)

Net income available to News Corporation stockholders - basic and diluted	$ 23	$ 48	$ 230	$ 225
Weighted-average number of shares of common stock outstanding - basic	581.8	579.0	580.5	578.9
Dilutive effect of equity awards	1.4	0.8	1.4	0.7
Weighted-average number of shares of common stock outstanding - diluted	583.2	579.8	581.9	579.6
Net income per share available to News Corporation stockholders - basic	$ 0.04	$ 0.08	$ 0.40	$ 0.39
Net income per share available to News Corporation stockholders - diluted	$ 0.04	$ 0.08	$ 0.40	$ 0.39

(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.

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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 Depositary 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 equivalents of $2.4 billion. The remaining $0.2 billion was received from 21st Century Fox during the first quarter of fiscal 2014 as part of a cash true-up mechanism in accordance with the aforementioned agreement.

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

Amounts due from 21st Century Fox as of March 31, 2015 and June 30, 2014 included $52 million and $66 million, respectively, for amounts to be received relating to the indemnification of the U.K. Newspaper Matters. (See Note 10 Commitments and Contingencies for further information).

Under the TSA, the Company and 21st Century Fox provide each other with certain specified services on a transitional basis, including, among others, payroll, employee benefits and pension administration, information systems, insurance, legal and other corporate services, as well as procurement and sourcing support. The charges for the transition services are generally intended to allow the providing company to fully recover the allocated direct costs of providing the services, plus all out-of-pocket costs and expenses, generally without profit. The Company anticipates that it will generally be in a position to complete the transition of most services (excluding certain insurance, sourcing and other services) on or before 24 months following the Distribution Date. Services under the TSA began on July 1, 2013. Costs associated with these services were not material in the nine months ended March 31, 2015.

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

NOTE 10. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements (firm commitments) to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The Company s commitments as of March 31, 2015 have not changed significantly from the disclosures included in the 2014 Form 10-K.

Contingencies

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

The Company establishes an accrued liability for legal claims when it determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Legal fees associated with litigation and similar proceedings are expensed as incurred. Except as otherwise provided below, for the contingencies disclosed for which there is at least a reasonable possibility that a loss may be incurred, the Company was unable to estimate the amount of loss or range of loss.

U.K. Newspaper Matters and Related Investigations and Litigation

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

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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 as News Corp UK & Ireland Limited), and Les Hinton, and expanded the class period to comprise February 15, 2011 to July 18, 2011. Defendants filed motions to dismiss the litigation, which were granted by the court on March 31, 2014. Plaintiffs were allowed to amend their complaint, and on April 30, 2014, plaintiffs filed a second amended consolidated complaint, which generally repeats the allegations of the amended consolidated complaint and also expands the class period to comprise July 8, 2009 to July 18, 2011. Defendants moved to dismiss the second amended consolidated complaint, and plaintiffs opposed those motions. On November 21, 2014, defendants filed their replies to plaintiffs opposition, and the motions were fully submitted to the court. The Company s management believes these claims are entirely without merit and intends to vigorously defend this action. As described below, the Company will be indemnified by 21st Century Fox for certain payments made by the Company that relate to, or arise from, the U.K. Newspaper Matters, including all payments in connection with the Wilder Litigation.

In addition, 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 these investigations. The Company and 21st Century Fox were also previously subject to an investigation by the U.S. Department of Justice (the DOJ) relating to the U.K. Newspaper Matters. On January 28, 2015, the Company was notified by the DOJ that it has completed its investigation and is declining to prosecute the Company or 21st Century Fox.

Civil claims have also been brought against the Company with respect to the U.K. Newspaper Matters. The Company has admitted liability in many civil cases and has settled a number of cases. The Company has also settled a number of claims through a private compensation scheme established by the Company under which parties could pursue claims against it. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

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

The Company incurred gross legal and professional fees related to the U.K. Newspaper Matters and costs for civil settlements totaling approximately $24 million and $46 million for the three months ended March 31, 2015 and 2014, respectively, and approximately $75 million and $137 million for the nine months ended March 31, 2015 and 2014, 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 March 31, 2015 and 2014, the Company has been or will be indemnified by 21st Century Fox for $9 million, net of tax, and $26 million, net of tax, respectively, pursuant to the indemnification arrangements described above. With respect to the fees and costs incurred during the nine months ended March 31, 2015 and 2014, the Company has been or will be indemnified by 21st Century Fox for $33 million, net of tax, and $81 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 $9 million and $26 million for the three months ended March 31, 2015 and 2014, respectively, and $33 million and $81 million for the nine months ended March 31, 2015 and 2014, respectively, and recorded a corresponding receivable from 21st Century Fox. Therefore, the net impact on Selling, general and administrative expenses was $15 million and $20 million for the three months ended March 31, 2015 and 2014, respectively, and $42 million and $56 million for the nine months ended March 31, 2015 and 2014, respectively.

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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 March 31,		For the nine months ended March 31,	
	2015	2014	2015	2014
	(in millions)			
Gross legal and professional fees related to the U.K. Newspaper Matters	$ 24	$ 46	$ 75	$ 137
Indemnification from 21st Century Fox	(9)	(26)	(33)	(81)
Net impact on Selling, general and administrative expenses	$ 15	$ 20	$ 42	$ 56

As of March 31, 2015, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred, including liabilities associated with employment taxes, and has accrued approximately $111 million, of which approximately $52 million will be indemnified by 21st Century Fox, and a corresponding receivable was recorded in Amounts due from 21st Century Fox on the Balance Sheet as of March 31, 2015. It is not possible to estimate the liability or corresponding receivable for any additional claims that may be filed given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision and corresponding receivable for such matters.

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

Stockholder Rights Agreement Litigation

On July 7, 2014, Miramar Police Officers Retirement Plan, a purported stockholder of the Company, filed a 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. On April 7, 2015, the Court granted defendants motion to dismiss in its entirety on the grounds that the Company is not bound by the settlement agreement.

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.

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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 of New York in which The Dial Corporation, Henkel Consumer Goods, Inc., H.J. Heinz Company, H.J. Heinz Company, L.P., Foster Poultry Farms, Smithfield Foods, Inc., HP Hood LLC, BEF Foods, Inc., and Spectrum Brands, Inc. (Spectrum) allege various claims under federal and state antitrust law against News Corporation, News America Incorporated (NAI), News America Marketing FSI L.L.C. (NAM FSI), and News America Marketing In-Store Services L.L.C. (NAM In-Store Services and, together with News Corporation, NAI and NAM FSI, the NAM Group), plaintiffs filed a fourth amended complaint on consent of the parties. The fourth amended complaint asserts federal and state antitrust claims both individually and on behalf of two putative classes in connection with plaintiffs purchase of in-store marketing services and free-standing insert coupons. The complaint seeks treble damages, injunctive relief and attorneys fees. The NAM Group answered the fourth amended complaint and asserted counterclaims against The Dial Corporation, H.J. Heinz Company, H.J. Heinz Company, L.P., and Foster Poultry Farms on April 21, 2014, and discovery is proceeding. The District Court subsequently permitted Spectrum to voluntarily dismiss its claims without prejudice, subject to certain conditions.

On August 11, 2014, plaintiffs filed a motion seeking certification of a class of all persons residing in the United States who purchased in-store marketing services on or after April 5, 2008, and have not purchased those services pursuant to contracts with mandatory arbitration clauses. Plaintiffs did not, however, move to certify a class of purchasers of free-standing insert coupons. The NAM Group filed its opposition to plaintiffs motion on October 10, 2014, and the District Court heard oral argument on the motion on December 12, 2014.

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

Valassis Communications, Inc.

On November 8, 2013, Valassis Communications, Inc. (Valassis) initiated legal proceedings against certain of the Company s subsidiaries alleging violations of various antitrust laws. These proceedings are described in further detail below.

Valassis previously initiated an action against NAI, NAM FSI and NAM In-Store Services (collectively, the NAM Parties), captioned Valassis Communications, Inc. v. News America Incorporated, et al., No. 2:06-cv-10240 (E.D. Mich.), alleging violations of federal antitrust laws, which was settled in February 2010. On November 8, 2013, Valassis filed a motion for expedited discovery in the previously settled case based on its belief that defendants had engaged in activities prohibited under an order issued by the District Court in connection with the parties settlement.

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On February 4, 2014, the magistrate judge granted Valassis s motion for expedited discovery. The NAM Parties objected to the magistrate judge s ruling before the District Court and filed a motion to enforce the parties settlement agreement that sought an order that certain of Valassis s claims, if they are allowed to proceed, must be considered by a panel of antitrust experts. On May 20, 2014, the District Court overruled the NAM Parties objections to the magistrate judge s ruling and terminated the motion to enforce the parties settlement agreement as the issues raised in the motion would be addressed in connection with the NAM Group s motion to dismiss Valassis s newly filed complaint, described below.

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 panel of antitrust experts for resolution pursuant to the parties settlement. 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 opposed those objections. On January 20, 2015, the NAM Parties filed a motion for expedited discovery in the previously settled case, which was granted by the magistrate judge on April 14, 2015.

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 the new complaint, described below, and seeks treble damages, injunctive relief and attorneys fees. The Notice also re-asserts claims of unlawful bundling and tying which the magistrate judge had previously recommended be dismissed from the action described below on the grounds that such claims could only be brought before the panel of antitrust experts. On March 2, 2015, the NAM Group filed a motion to refer the Notice to the panel of antitrust experts or, in the alternative, strike the Notice, which Valassis has opposed.

On November 8, 2013, Valassis also filed a new complaint in the District Court for the Eastern District of Michigan against the NAM Group alleging violations of federal and state antitrust laws and common law business torts. The complaint seeks treble damages, injunctive relief and attorneys fees and costs. On December 19, 2013, the NAM Group filed a motion to dismiss the newly filed complaint.

The District Court referred the NAM Group s motion to dismiss to the magistrate judge for determination, and 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 has objected to the magistrate judge s recommendation that the action be stayed.

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 in both actions.

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.

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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 nil and $1 million related to settlements, curtailments and other during the three and nine months ended March 31, 2014 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					
	Domestic		Foreign		Postretirement benefits	
	For the three months ended March 31,					
	2015	2014	2015	2014	2015	2014
	(in millions)					
Service cost benefits earned during the period	$ 1	$	$ 3	$ 3	$	$ 1
Interest costs on projected benefit obligations	4	4	11	13	2	1
Expected return on plan assets	(5)	(5)	(17)	(19)		
Amortization of deferred losses	.	1	3	3		
Amortization of prior service (credits)					(4)	(3)
Settlements, curtailments and other						
Net periodic benefits costs	$	$	$	$	$ (2)	$ (1)

	Pension benefits					
	Domestic		Foreign		Postretirement benefits	
	For the nine months ended March 31,					
	2015	2014	2015	2014	2015	2014
	(in millions)					
Service cost benefits earned during the period	$ 1	$ 4	$ 9	$ 9	$	$ 1
Interest costs on projected benefit obligations	12	12	37	38	5	5
Expected return on plan assets	(16)	(13)	(54)	(56)		
Amortization of deferred losses	2	4	9	9		
Amortization of prior service (credits)					(10)	(10)

Settlements, curtailments and other		4				
Net periodic benefits costs	$ (1)	$ 11	$ 1	$	$ (5)	$ (4)

During the nine months ended March 31, 2015 and 2014, the Company contributed approximately $13 million and $41 million, respectively, to its various pension and postretirement plans, of which $4 million and $13 million, respectively, were contributed in the third fiscal quarter. The contributions for the nine months ended March 31, 2014 included approximately $8 million paid to participants in connection with the termination of the LMG non-qualified pension plans. In addition, during the first quarter of fiscal 2014 approximately $37 million of contributions were made by a third party in connection with the sale of a business in a prior period on behalf of former employees who retained certain pension benefits. This resulted in a gain being recognized in Other, net in the Statement of Operations during the nine months ended March 31, 2014.

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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 nine months ended March 31, 2015 was lower than the U.S. statutory tax rate primarily due to the impact of foreign operations which are subject to lower tax rates, partially offset by the impact of nondeductible items and changes in our accrued liability for uncertain tax positions.

The Company s effective income tax rate for the three months ended March 31, 2014 was lower than the U.S. statutory rate primarily due to foreign tax refunds that were accrued in the quarter, resolution of uncertain state tax positions in the quarter and the impact of foreign operations which are subject to lower tax rates. The effective tax rate for the nine months ended March 31, 2014 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.

For the nine months ended March 31, 2014, the Company recorded a receivable related to a refund of taxes plus interest in a foreign jurisdiction of $794 million and recorded a tax benefit, net of applicable taxes on interest, of $721 million 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 nine months ended March 31, 2014, the Company recorded an expense to Other, net of $721 million 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 nine months ended March 31, 2014
Other, net	$	(721)
Income tax benefit		721
Net impact to the Statement of Operations	$	

As of March 31, 2014, the Company received $794 million from the foreign tax authority. As of March 31, 2014, the Company paid 21st Century Fox $721 million. Amounts paid to 21st Century Fox are net of the estimated tax associated with interest related to the refund. The Company accounts for interest on taxes as a component of Income tax (expense) benefit.

The Company s tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment of items reported in our tax returns, and therefore the outcome of tax reviews and examinations can be unpredictable. The Company is currently undergoing tax examinations in several States and foreign jurisdictions. A foreign tax authority has issued notices asserting additional taxes. The Company believes it has appropriately accrued for the expected outcome of uncertain tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid, however, our liability may need to be adjusted as new information becomes known and as tax examinations continue to progress.

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During the nine months ended March 31, 2015 and 2014, the Company paid gross income taxes of $81 million and $69 million, respectively, and received income tax refunds of $5 million and $840 million, respectively. The income tax refunds for the nine months ended March 31, 2014 included the $794 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, a leading provider of free-standing inserts, in-store marketing products and services and digital marketing solutions. News America Marketing 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 65 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 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.

Move, acquired in November 2014, primarily operates realtor.com®, a leading consumer facing real estate website, and also offers a number of professional software and services products (including Top Producer®, TigerLead® and ListHub™), which provide real estate professionals with advertising systems, productivity and lead management tools and reporting. The Company owns an 80% interest in Move, with the remaining 20% being held by REA Group.

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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 future results (as operating performance is highly contingent on many factors, including customer tastes and preferences). The following table reconciles Total Segment EBITDA to Net income attributable to News Corporation stockholders.

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	For the three months ended March 31,		For the nine months ended March 31,	
	2015	2014	2015	2014
	(in millions)			
Revenues:				
News and Information Services	$ 1,353	$ 1,488	$ 4,327	$ 4,595
Book Publishing	402	354	1,277	1,073
Cable Network Programming	116	113	367	355
Digital Real Estate Services	170	102	436	295
Digital Education	21	21	85	70
Other				
Total Revenues	2,062	2,078	6,492	6,388
Segment EBITDA:				
News and Information Services	$ 113	$ 146	$ 434	$ 534
Book Publishing	56	53	188	164
Cable Network Programming	27	27	113	109
Digital Real Estate Services	42	53	156	152
Digital Education	(21)			