

NEWS CORP
Form 10-K
August 14, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

ANNUAL REPORT

PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 001-32352

NEWS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

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Delaware
(State or Other Jurisdiction of

26-0075658
(I.R.S. Employer Identification No.)

Incorporation or Organization)

1211 Avenue of the Americas, New York, New York
(Address of Principal Executive Offices)

10036
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Class A Common Stock, par value \$0.01 per share	The NASDAQ Global Select Market
Class B Common Stock, par value \$0.01 per share	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes No

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

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

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of December 30, 2011, which was the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of News Corporation's Class A Common Stock, par value \$0.01 per share, held by non-affiliates was approximately \$29,789,221,367, based upon the closing price of \$17.84 per share as quoted on the NASDAQ Stock Market on that date, and the aggregate market value of News Corporation's Class B Common Stock, par value \$0.01 per share, held by non-affiliates was approximately \$8,745,888,596, based upon the closing price of \$18.18 per share as quoted on the NASDAQ Stock Market on that date.

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As of August 6, 2012, 1,568,816,267 shares of Class A Common Stock and 798,520,953 shares of Class B Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required for Part III of this Annual Report on Form 10-K is incorporated by reference to the News Corporation definitive Proxy Statement for its 2012 Annual Meeting of Stockholders, which shall be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, within 120 days of News Corporation's fiscal year end.

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PART I

ITEM 1. BUSINESS

Background

News Corporation, a Delaware corporation, is a diversified global media company with operations in the following six industry segments: (i) Cable Network Programming; (ii) Filmed Entertainment; (iii) Television; (iv) Direct Broadcast Satellite Television; (v) Publishing; and (vi) Other. The activities of News Corporation are conducted principally in the United States, the United Kingdom, Continental Europe, Australia, Asia and Latin America. For financial information regarding News Corporation's segments and operations in geographic areas, see Item 8. Financial Statements and Supplementary Data. Unless otherwise indicated, references in this Annual Report on Form 10-K for the fiscal year ended June 30, 2012 (the Annual Report) to we, us, our, News Corporation or the Company means News Corporation and its subsidiaries.

In June 2012, the Company announced that it intends to pursue the separation of its publishing and its media and entertainment businesses into two distinct publicly traded companies. The global media and entertainment company would consist of the Company's cable and television assets, filmed entertainment, and direct satellite broadcasting businesses. The global publishing company that would be created through the proposed transaction would consist of the Company's current publishing businesses as well as its education division. Following the separation, each company would maintain two classes of common stock: Class A Common and Class B Common Voting Shares. The separation is expected to be completed in approximately one year. In addition to final approval from the Board of Directors and stockholder approval, the completion of the separation will be subject to receipt of regulatory approvals, opinions from tax counsel and favorable rulings from certain tax jurisdictions regarding the tax-free nature of the transaction to the Company and to its stockholders, further due diligence as appropriate, and the filing and effectiveness of appropriate filings with the U.S. Securities and Exchange Commission (the SEC). See Item 1A. Risk Factors for certain risk factors relating to the proposed separation transaction.

In July 2011, the Company announced that it would close its publication, *The News of the World*, after allegations of phone hacking and payments to public officials. The Company is subject to several ongoing investigations by U.K. and U.S. regulators and governmental authorities, including investigations into whether similar conduct may have occurred at the Company's subsidiaries outside of the U.K. The Company is fully cooperating with these investigations. In addition, the Company has admitted liability in a number of civil cases related to the phone hacking allegations and has settled a number of cases. The Company has taken steps to solve the problems relating to *The News of the World* including the creation of an independently-chaired Management & Standards Committee (the MSC), which operates independently from NI Group Limited (News International) and has full authority to ensure complete cooperation with all relevant investigations and inquiries into *The News of the World* matters and all other related issues across News International. The MSC conducts its own internal investigation where appropriate. The MSC has an independent Chairman, Lord Grabiner QC, and reports directly to Gerson Zweifach, Senior Executive Vice President and Group General Counsel of the Company. Mr. Zweifach reports to the independent members of the Board of Directors (the Board) through their representative Viet Dinh, an independent director and Chairman of the Company's Nominating and Corporate Governance Committee. The independent directors of the Board have retained independent outside counsel and are actively engaged in these matters. The MSC conducted an internal investigation of the three other titles at News International and engaged independent outside counsel to advise it on these investigations and all other matters it handles. News International has instituted governance reforms and issued certain enhanced policies to its employees. The Company has also engaged independent outside counsel to assist it in responding to U.S. governmental inquiries.

In June 2010, the Company announced that it had proposed to the board of directors of British Sky Broadcasting Group plc (BSkyB), in which the Company currently has an approximate 39% interest, to make a

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cash offer of 700 pence per share for the BSKyB shares that the Company does not already own. Following the allegations regarding *The News of the World*, on July 13, 2011, the Company announced that it no longer intended to make an offer for the BSKyB shares that the Company does not already own. As a result of the July 2011 announcement, the Company paid BSKyB a breakup fee of approximately \$63 million in accordance with a cooperation agreement between the parties.

The Company maintains a 52-53 week fiscal year ending on the Sunday nearest to June 30 in each year. Through its predecessor, the Company was incorporated in 1979 under the Company Act 1961 of South Australia, Australia. At June 30, 2012, the Company had approximately 48,000 full-time employees. The Company's principal executive offices are located at 1211 Avenue of the Americas, New York, New York 10036 and its telephone number is (212) 852-7000. The Company's website is www.newscorp.com. The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), are available, free of charge, through the Company's website as soon as reasonably practicable after the material is electronically filed with or furnished to the SEC. Such reports may also be obtained without charge from the Company, and paper copies of any exhibits to such reports are also available for a reasonable fee per page charge to the requesting stockholder. Any materials that the Company filed with the SEC also may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (<http://www.sec.gov>).

Special Note Regarding Forward-Looking Statements

This document and the documents incorporated by reference into this Annual Report, including Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, contain statements that constitute forward-looking statements within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended. The words expect, estimate, anticipate, predict, believe and similar expressions and variations thereof are intended to identify forward-looking statements. These statements appear in a number of places and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things, trends affecting the Company's financial condition or results of operations and the outcome of contingencies such as litigation and investigations. Readers are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties. More information regarding these risks, uncertainties and other factors is set forth under the heading Item 1A. Risk Factors in this Annual Report. The Company does not ordinarily make projections of its future operating results and undertakes no obligation (and expressly disclaims any obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers should carefully review this document and the other documents filed by the Company with the SEC. This section should be read together with the Consolidated Financial Statements of News Corporation and related notes set forth elsewhere in this Annual Report.

BUSINESS OVERVIEW

The Company is a diversified global media company, which manages and reports its businesses in the six segments described below.

Cable Network Programming

The Company produces and licenses news, business news, sports, general entertainment and movie programming for distribution primarily through cable television systems and direct broadcast satellite operators in the United States and internationally.

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FOX News. FOX News owns and operates the FOX News Channel, the top rated 24/7 all news national cable channel currently available to approximately 98 million U.S. households according to Nielsen Media Research, as well as the FOX Business Network which is currently available in over 68 million U.S. households.

FOX News also produces a weekend political commentary show, *FOX News Sunday*, for broadcast on local FOX television stations throughout the United States. FOX News, through its FOX News Edge service, licenses news feeds to FOX Affiliates and other subscribers to use as part of local news broadcasts throughout the United States and abroad. FOX News also produces and runs the websites, FOXNews.com and FOXBusiness.com, and owns and produces the national FOX News Radio Network, which licenses news updates, long form programs and the FOX News Talk Channel to local radio stations and to satellite radio providers.

FSN. Fox Sports Net, Inc. (FSN, Inc.) is the largest regional sports network (RSN) programmer in the United States, focusing on live professional and major collegiate home team sports events. FSN, Inc. 's sports programming business currently consists primarily of ownership interests in 13 RSNs, including numerous sub-regional feeds (the FSN RSNs) and National Sports Programming, which operates FSN (FSN), a national sports programming service. FSN, Inc. also is affiliated with, through FSN, an additional four RSNs that are not owned by FSN, Inc. (the FSN Affiliated RSNs). FSN provides the FSN RSNs and the FSN Affiliated RSNs with national sports programming, featuring original and licensed sports-related programming, as well as live and replay sporting events. The FSN RSNs and the FSN Affiliated RSNs currently have approximately 67 million subscribers and have rights to telecast live games of 51 of 81 U.S. professional sports teams in Major League Baseball (MLB), the National Basketball Association and the National Hockey League; collegiate conferences; and numerous college and high school sports teams.

FX. Currently reaching close to 100 million U.S. households according to Nielsen Media Research, FX is a general entertainment network that telecasts a growing roster of original series, as well as acquired television series and motion pictures. FX 's lineup for the 2012-2013 season includes the critically acclaimed *Sons of Anarchy* (season five), *Justified* (season four) and *American Horror Story* (season two). Also included in the 2012-2013 season line-up are the eighth season of the comedy series *It 's Always Sunny in Philadelphia*, the fourth seasons of *Archer* and *The League*, the third season of *Louie*, the second season of *Wilfred* and the premiere season of *Anger Management*. Current syndicated series include *Two and a Half Men* and *How I Met Your Mother*. During the 2012-2013 season, FX will also showcase the television premieres of theatrical motion pictures, including *Twilight New Moon*, *Twilight Eclipse*, *Iron Man II*, *Karate Kid*, *Grown Ups*, *True Grit*, *How to Train Your Dragon* and *X-Men: First Class*. FX also recently acquired the telecast premiere rights to 2012 's number one movie *The Avengers*, as well as *Prometheus*, *Watchmen*, *Men In Black 3*, *The Lorax*, *Taken 2*, *Madagascar 3*, *Act of Valor* and *Bourne Legacy*, among others. The Company also produces and distributes FX HD, a 24-hour national programming service produced and distributed in high definition. In 2011, FX began airing Saturday college football games as part of the *Fox Sports on FX* package. FX is also airing *The Ultimate Fighter*, the weekly signature reality show of the Ultimate Fighting Championship (UFC), as well as an additional four to six live UFC events annually.

SPEED. Currently reaching more than 81 million households in the United States according to Nielsen Media Research, SPEED brings viewers season-long coverage of the National Association of Stock Car Auto Racing (NASCAR) races, events and original programming (including exclusive coverage of the annual NASCAR Sprint All-Star Race and NASCAR Hall of Fame ceremonies). In addition, SPEED delivers programming from other top racing series, such as Formula One, Grand American Road Racing, The 24 Hours of Le Mans, World of Outlaws, AMA Pro Racing, AMA Supercross, Monster Jam, World Superbike and MotoGP. In the spring of 2012, SPEED premiered the new enthusiast series, *Hard Parts: South Bronx*. SPEED also is distributed by Fox Latin America Channels to subscribers in Mexico, Canada and Latin America and by Premier Media Group in Australia. The Company also produces and distributes SPEED HD, a 24-hour national programming service produced and distributed in high definition. SPEED 's broadband network SPEED2 features live and on-demand streaming of over 200 hours of motorsports events and enthusiast programming online and is expected to reach more than 30 million households in 2012.

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FUEL TV. FUEL TV is a domestic 24-hour programming service dedicated to thrill seeking sports, as well as high energy entertainment programming, and the lifestyle surrounding it. FUEL TV covers both competitive and performance action in the arenas of UFC, surfing, BMX and freestyle motocross. Programming includes U.S. and international action sports events and competitions, as well as original series and specials about top action sports athletes and their music, art and culture from a global perspective.

Fox College Sports. Fox College Sports consists of three regionally-aligned networks, FCS Pacific, FCS Central and FCS Atlantic. Fox College Sports provides live and delayed collegiate events from the nation's top collegiate conferences, coaches' shows and collegiate highlight and magazine-format programming from the FSN RSNs across the country.

Fox Movie Channel. Beginning in January 2012, Fox Movie Channel split its programming into two day parts. From 3AM to 3PM, the network is branded as FMC and airs films from the historic library of Twentieth Century Fox, uncut and commercial free. From 3PM to 3AM, the network is branded as FXM and utilizes FX's roster of box office blockbuster modern day films with revenue generated from advertising. Also featured throughout both day parts are documentaries and original series that explore the moviemaking process from script to screen.

Fox Soccer Channel. Fox Soccer Channel is an English-language programming service offering comprehensive coverage of world-class soccer. Top properties include the UEFA Champions League and European League, England's Barclays Premier League, FA Cup, the CONCACAF Champions League and the CONCACAF Gold Cup, along with daily soccer news programs, magazine shows and in depth coverage on the world's most popular sport. The Company also produces and distributes Fox Soccer Channel HD, a 24-hour national programming service produced and distributed in high definition.

Fox Soccer Plus. Launched in fiscal 2010, Fox Soccer Plus is a premium cable network showcasing nearly 700 exclusive live soccer and rugby competitions. Soccer events include matches from the UEFA Champions League, England's Barclays Premier League, and FA Cup. Rugby coverage includes matches from the Heineken Cup, Aviva Premiership and RaboDirect Pro 12.

Big Ten Network. The Company owns an approximate 51% interest in the Big Ten Network, a 24-hour national programming service dedicated to the Big Ten Conference and Big Ten athletics, academics and related programming, and Big Ten Network HD, a 24-hour national programming service produced and distributed in HD.

National Geographic U.S. The Company holds an approximate 70% interest in NGC Network US LLC ("NGC Network"), which produces and distributes the National Geographic Channel and National Geographic Channel HD, Nat Geo Wild and Nat Geo Wild HD in the United States, with NGHT, LLC, a subsidiary of the National Geographic Society ("NGHT"), holding the remaining interest. National Geographic Channel and National Geographic Channel HD currently reach more than 84 million households in the United States and Nat Geo Wild and Nat Geo Wild HD reach more than 57 million subscribers in the United States according to Nielsen Media Research.

The National Geographic Channels air non-fiction and documentary programming on such topics as natural history, adventure, science, exploration and culture. The Nat Geo Wild channels air non-fiction and documentary programming featuring natural history. In July 2011, NGC Network launched Nat Geo Mundo, a Spanish-language national programming service airing non-fiction and documentary programming on topics similar to those featured on the National Geographic Channels.

Fox International Channels ("FIC"). FIC operates, develops and distributes primarily factual and general entertainment channels in various countries in Europe, Latin America, Africa and Asia, including the Fox Channel, Fox Life, FX, SPEED, Utilisima (which is also distributed in the United States), Fox Crime, NEXT,

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FOX Traveller, the Voyage Channel, FOX Sports, STAR World, STAR Movies (also known as Fox Movies Premium in certain countries) and Chinese language television programming targeted at Chinese-speaking audiences in Asia. These channels are distributed either in HD or in standard definition (SD) or in certain cases, in both HD and SD.

FIC also owns a 52.2% interest in NGC Network International LLC and NGC Network Latin America LLC (collectively NGC International), with NGHT holding a 26.8% interest and a subsidiary of BSKyB holding a 21% interest. NGC International produces and distributes the National Geographic Channel in various international markets. NGC International also produces and distributes the National Geographic Channel HD, the Nat Geo Adventure channel (in both HD and SD), the Nat Geo Wild channel (in both HD and SD) and the Nat Geo Music channel in international markets. The National Geographic Channel is currently shown in 37 languages and in approximately 173 countries internationally, including the United States.

FIC owns a 77.5% equity interest in LAPT, a partnership that distributes nine premium pay television channels (Moviecity Premieres HD, Moviecity Premieres, Moviecity Action HD, Moviecity Action, Moviecity Family, Moviecity Hollywood HD, Moviecity Hollywood, Moviecity Classics and Moviecity Mundo and their multiplexes) and four basic television channels (The Film Zone HD, The Film Zone, Cinecanal and Cinecanal HD) in Latin America (excluding Brazil). Such channels primarily feature theatrical motion pictures of Twentieth Century Fox and three other studio partners in the English language with Spanish subtitles.

FIC also owns a majority equity interest in Elite Sports Limited, a company that owns and distributes BabyTV, a 24-hour channel dedicated to infants and toddlers under three years old to over 100 countries, including the United States.

In December 2011, the Company acquired the 67% equity interest in Fox Pan American Sports LLC (FPAS) that it did not already own for approximately \$400 million. FPAS is an international sports programming and production entity, which owns and operates Fox Sports Latin America network, a Spanish and Portuguese-language sports network distributed to subscribers in certain Caribbean and Central and South American nations. Also as a result of this transaction, the Company now owns 100% of Fox Deportes, a Spanish-language sports programming service distributed in the United States. Fox Deportes (formerly known as Fox Sports en Español), has more than 2,100 hours of live and exclusive programming, including exclusive coverage of premiere soccer matches (such as Copa Santander Libertadores and Copa Bridgestone Sudamericana) and MLB, including All-Star, NLCS and World Series games. Fox Deportes reaches more than 20 million cable and satellite households in the United States, of which almost 6 million are U.S. Latino.

FIC owns a 50% interest in Mundofox Broadcasting, LLC, a joint venture with RCN MF Holdings, Inc., a Latin American television network and production company. In August 2012, the joint venture launched Mundofox, a new Spanish-language broadcast television network targeted at the U.S. Hispanic market. Mundofox will feature original news and entertainment content as well as access to sporting events and programming.

FIC also manages Channel [V] Thailand in which the Company owns a 49% interest. Channel [V] Thailand owns a Thai language music channel. FIC licenses its Channel [V] brand to a third party in Australia to operate a music channel.

In addition, FIC has a joint venture with CJ E&M (formerly CJ Media), a Korean media conglomerate for the distribution of the tvN channel, a 24-hour general entertainment channel featuring Korean content, such as original dramas, variety shows, reality and lifestyle programs.

STAR India. STAR India develops, produces and broadcasts 34 channels in eight languages, which are distributed primarily via satellite to local cable, internet protocol television (IPTV) and direct-to-home (DTH) operators for distribution throughout Asia, the United Kingdom, Continental Europe, North America and parts of Africa to their subscribers. STAR India's primary sources of programming for its channels include

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original programming produced, commissioned or acquired by STAR India. STAR India also owns a Hindi film library comprised of approximately 1,286 titles, a South Indian languages film library comprised of approximately 2,544 titles, a Bengali film library comprised of approximately 41 titles, a Marathi film library comprised of approximately 129 titles, a Hindi television program library comprised of approximately 727 titles, a South Indian languages program library comprised of approximately 3,939 titles, a Bengali program library comprised of approximately 128 titles and a Marathi program library comprised of approximately 67 titles. STAR India's channels include the flagship Hindi general entertainment channels STAR Plus and Life OK, the Hindi movie channels Star Gold and Movies OK, the English general entertainment channel Star World, the English movie channel Star Movies, the Bengali general entertainment channel STAR Jalsha, the Marathi general entertainment channel STAR Pravah and the South Indian languages general entertainment channels Asianet and Vijay TV.

In April 2012, STAR India acquired media rights to the BCCI Domestic and International Cricket Series in India for the period from 2012 to 2018.

In January 2009, the Company expanded into South India regional programming by forming Asianet Communications Limited, a joint venture with Asianet TV Holdings Private Limited to provide television services for South Indian audiences. The joint venture consists of the Company's approximate 81% interest in the Tamil language channel Vijay and the Company's approximate 75% interest in the Malayalam language channels Asianet and Asianet Plus, the Kannada language channel Suvarna and the Telugu language channel Sitara.

The Company also owns an approximate 26% stake in Balaji Telefilms Limited (Balaji), which is one of the largest television content production companies in India, the shares of which are listed on The Stock Exchange, Mumbai and the National Stock Exchange of India. Balaji currently produces serials broadcast on general entertainment channels in India.

The Company also holds an approximate 30% interest in Tata Sky Limited which owns and operates a DTH platform in India. The Company has a 50/50 joint venture, Star Den, with Den Networks Limited to perform channel placement services in India. In May 2011, Star Den entered into a 50/50 joint venture with Zee Turner Limited and Zee Entertainment Enterprises Limited (ZEEL) to distribute and market all channels owned by the Company and ZEEL, their respective affiliated channels and other third party channels in India, Nepal and Bhutan. The joint venture company, Media Pro Enterprises India Private Limited, commenced operations July 1, 2011.

Middle East. The Company has an approximate 19% interest in Rotana Holding FZ-LLC (Rotana), which operates a diversified film, television, audio, advertising and entertainment business across the Middle East and North Africa. The Company also has an approximate 33% interest in Moby Group Holdings Limited (MGH). MGH operates television, radio, production and other media businesses in Afghanistan and also broadcasts Farsi language general entertainment programming across the Middle East under the Farsi1 and Zemzemeh brands.

ESPN STAR Sports. The Company owns a 50% interest in ESPN STAR Sports, with ESPN, Inc. owning the remainder. ESPN STAR Sports is the leading sports broadcaster in Asia and operates 25 channels in different languages. In June 2012, the Company entered into an agreement to acquire the remaining 50% interest in ESPN STAR Sports it did not already own. The acquisition is subject to regulatory clearances and other customary closing conditions.

Phoenix. The Company owns an approximate 18% interest in Phoenix, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Phoenix owns and operates Chinese language general entertainment, movie and current affairs channels, all of which are targeted at Chinese audiences around the world and are primarily distributed on a free or an encrypted basis via pay television platforms in Asia and Europe and in the United States. Phoenix also operates a new media business which is listed on the New York Stock Exchange and an outdoor advertising business.

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PT Visi Media Asia. The Company owns an approximate 6.7% interest in PT Visi Media Asia, a company which listed on the Indonesia Stock Exchange in November 2011. PT Visi Media Asia owns and operates television channels and an online news portal, all of which are targeted at audiences in Indonesia.

Competition

General. Cable network programming is a highly competitive business. Cable networks compete for distribution and, when distribution is obtained, for viewers and advertisers with free-to-air broadcast television, radio, print media, motion picture theaters, DVDs, Blu-ray high definition format discs (Blu-rays), Internet, wireless and portable viewing devices and other sources of information and entertainment. Important competitive factors include the prices charged for programming, the quantity, quality and variety of programming offered and the effectiveness of marketing efforts.

FOX News. FOX News Channel's primary competition comes from the cable networks CNN, HLN (CNN's Headline News), and MSNBC. Fox Business Network's primary competition comes from the cable networks CNBC and Bloomberg Television. FOX News Channel and FOX Business Network also compete for viewers and advertisers within a broad spectrum of television networks, including other non-news cable networks and free-to-air broadcast television networks.

Sports programming operations. A number of basic and pay television programming services, such as ESPN and NBC Sports Network, as well as free-to-air stations and broadcast networks, provide programming that also targets the FSN RSNs' audience. FSN is the leading programming service distributing a full range of sports programming on both a national and regional level. On a national level, FSN's primary competitor is ESPN and, to a lesser extent, ESPN2, NBC Sports Network and CBS Sports Net. In regional markets, the FSN RSNs compete with other regional sports networks, including those operated by team owners, cable television systems, local broadcast television stations and other sports programming providers and distributors.

In addition, the FSN RSNs and FSN compete, to varying degrees, for sports programming rights. The FSN RSNs compete for local and regional rights with local broadcast television stations, other local and regional sports networks, including sports networks launched by team owners, and distribution outlets, such as cable television systems. FSN competes for national rights principally with a number of national cable services that specialize in or carry sports programming, including sports networks launched by the leagues and conferences, and television superstations that distribute sports. Independent syndicators also compete by acquiring and reselling such rights nationally, regionally and locally. Distribution outlets, such as cable television systems, sometimes contract directly with the sports teams in their service area for the right to distribute a number of those teams' games on their systems. In certain markets, the owners of distribution outlets, such as cable television systems, also own one or more of the professional teams in the region, increasing their ability to launch competing networks and also limiting the professional sports rights available for acquisition by FSN RSNs.

FX. FX faces competition from a number of basic cable and pay television programming services, such as USA, TNT, Spike TV, Home Box Office, Inc. (HBO) and Showtime Networks Inc. (Showtime), as well as free-to-air broadcast networks that provide programming that targets the same viewing audience as FX. FX also faces competition from these programming services in the acquisition of distribution rights to movie and series programming.

National Geographic U.S. National Geographic Channel and Nat Geo Wild face competition for viewers and advertising from a number of basic cable and broadcast television channels, such as Discovery Channel, History Channel, Animal Planet, Travel Channel, Science Channel, History International, Military Channel, Biography and Tru TV, as well as free-to-air broadcast networks and sports, news and general entertainment networks which have acquired or produced competing programming.

International. Internationally, the Company's cable businesses compete with various local and foreign television services providers and distribution networks for audiences, content acquisition and distribution platforms.

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STAR India. In India, the pay television broadcasting industry has several participants, and STAR India's entertainment channels compete with both pay and free-to-air channels since they are delivered by common cable. STAR India also competes in India to acquire Hindi and other Indian languages film and programming rights, and internationally for English film and programming rights.

Filmed Entertainment

The Company is engaged in the production and acquisition of live-action and animated motion pictures for distribution and licensing in all formats in all entertainment media worldwide, and the production and licensing of television programming worldwide.

Feature Film Production and Distribution

One of the world's largest producers and distributors of motion pictures, Fox Filmed Entertainment (FFE) produces, acquires and distributes motion pictures throughout the world under a variety of arrangements. During fiscal 2012, FFE placed 25 motion pictures in general release in the United States. The motion pictures of FFE are produced and/or distributed by the following units of FFE: Twentieth Century Fox and Fox 2000, which produce and acquire motion pictures for mainstream audiences; Fox Searchlight Pictures, which produces and acquires specialized motion pictures; and Twentieth Century Fox Animation, which produces feature length animated motion pictures. In addition, Fox International Productions, Inc. co-produces, co-finances and acquires local-language motion pictures for distribution outside the United States. The motion pictures produced and/or distributed by FFE in the United States and international territories in fiscal 2012 included *Rise of the Planet of the Apes*, *Alvin and the Chipmunks: Chipwrecked!*, *Chronicle*, *Titanic 3D*, *Prometheus*, *The Descendants* and *The Best Exotic Marigold Hotel*. FFE has already released or currently plans to release approximately 25 motion pictures in the United States in fiscal 2013, including *Ice Age: Continental Drift*, *The Watch*, *Taken 2*, *Life of Pi*, *Parental Guidance*, *A Good Day to Die Hard*, *Epic*, *Hitchcock* and *Trance*.

Pursuant to an agreement with Monarchy Enterprises Holdings B.V. (MEH), the parent company of New Regency in which the Company has a 20% interest, and certain of MEH's subsidiaries, FFE distributes certain New Regency films and all films co-financed by FFE and New Regency in all media worldwide, excluding a number of international territories with respect to television rights. Among its fiscal 2013 releases, FFE currently expects to distribute two New Regency films.

Motion picture companies, such as FFE, typically seek to generate revenues from various distribution channels. FFE derives its worldwide motion picture revenues primarily from four basic sources (set forth in general chronology of exploitation): (i) distribution of motion pictures for theatrical exhibition in the United States and Canada and markets outside of the United States and Canada (international markets); (ii) distribution of motion pictures in various home media formats, including electronic distribution; (iii) distribution of motion pictures for exhibition on premium pay, subscription video-on-demand, pay-per-view and video-on-demand programming services; and (iv) distribution of motion pictures for exhibition on free television networks, other broadcast program services, independent television stations and basic cable programming services, including certain services which are affiliates of the Company. The Company does not always have rights in all media of exhibition to all motion pictures that it releases, and does not necessarily distribute a given motion picture in all of the foregoing media in all markets.

The Company believes that the pre-release marketing of a feature film is an integral part of its motion picture distribution strategy and generally begins marketing efforts three to six months in advance of a film's release date in any given territory. The Company markets and distributes its films worldwide principally through its own distribution and marketing companies.

Through Twentieth Century Fox Home Entertainment LLC, the Company distributes motion pictures and other programming produced by units of FFE, its affiliates and other producers in the United States, Canada and international markets in all home media formats, including the sale and rental of DVDs and Blu-rays. In fiscal

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2012, the domestic home entertainment division released or re-released approximately 1,162 produced and acquired titles, including 31 new FFE film releases, approximately 820 catalog titles and approximately 311 television and non-theatrical titles. In international markets, the Company distributed, produced and acquired titles both directly and through foreign distribution channels, with approximately 926 releases in fiscal 2012, including approximately 33 new FFE film releases, approximately 684 catalog titles and approximately 209 television and non-theatrical releases. In fiscal 2012, the Company continued its worldwide home video distribution arrangement with Metro-Goldwyn-Mayer (MGM), releasing approximately 995 MGM home entertainment theatrical, catalog and television programs domestically and 664 internationally. The Company also continued its domestic home video distribution arrangements with Lions Gate (U.S. only) and Anchor Bay Entertainment, LLC (Anchor Bay) (U.S. and Canada), releasing approximately 1,520 Lions Gate home entertainment theatrical, catalog and television programs and approximately 566 Anchor Bay home entertainment theatrical, catalog and television programs. During fiscal 2012, the domestic home entertainment division released 323 Blu-ray titles, including 24 new FFE film releases, 246 catalog titles and 53 television and non-theatrical releases. In international markets, the Company released 264 Blu-ray titles, including 27 new FFE film releases and 237 catalog titles. The Company also distributed 161 Blu-ray titles from MGM domestically and 102 titles internationally, 253 Blu-ray titles from Lions Gate domestically, and 149 Blu-ray titles from Anchor Bay domestically.

Units of FFE license motion pictures and other programs in the United States and international markets to various third party and certain affiliated subscription pay television, subscription video-on-demand, pay-per-view, video-on-demand and electronic sell-through services as well as to free television networks and basic cable programming services for distribution by means of various media, which may include direct broadcast satellite (DBS), cable television systems and the Internet. The license agreements reflecting the subscription pay television arrangements generally provide for a specified number of exhibitions of the program during a fixed term in exchange for a license fee that is based on a variety of factors, including the box office performance of each program and the number of subscribers to the service or system. Among third party license arrangements that units of FFE have in place in the United States for subscription pay television exhibition of motion pictures is an exclusive license agreement with HBO, providing for the licensing of films initially released for theatrical exhibition. Units of FFE also license programming to subscription video-on-demand services in the United States. Such licenses enable the consumer to view individual programming selected by the viewer for a subscription fee, typically on a monthly basis. The license agreements reflecting the pay-per-view and video-on-demand services generally provide for a license fee based on a percentage of the licensee's gross receipts from the exhibition of the program, and in some cases, a guaranteed minimum fee. In addition, these agreements generally provide for a minimum number of scheduled pay-per-view exhibitions per program and for continuous video-on-demand availability of each program to consumers during a fixed period. Units of FFE license motion pictures and other programs to third parties for distribution for electronic sell-through which enables consumers to acquire the right to retain such programs on a permanent basis. In international markets, units of FFE license motion pictures and other programming to subscription pay television, subscription video-on-demand, pay-per-view, video-on-demand and electronic sell-through services operated by leading third parties, as well as to such services operated by various affiliated entities. In addition, units of FFE license motion pictures in international markets for exhibition on free television networks, including basic cable programming services, both to independent third party broadcasters as well as to services operated by affiliated entities of the Company.

Competition. Motion picture production and distribution are highly competitive businesses. The Company competes with other film studios, independent production companies and others for the acquisition of artistic properties, the services of creative and technical personnel, exhibition outlets and the public's interest in its products. The number of motion pictures released by the Company's competitors, particularly the other major film studios, in any given period may create an oversupply of product in the market, which may reduce the Company's shares of gross box office admissions and may make it more difficult for the Company's motion pictures to succeed. The commercial success of the motion pictures produced and/or distributed by the Company is affected substantially by the public's unpredictable response to them. The competitive risks affecting the

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Company's home entertainment business include the number of home entertainment titles released by the Company's competitors that may create an oversupply of product in the market, competition among home media formats, such as DVDs and Blu-rays, and other methods of distribution, such as electronic sell-through and video-on-demand services.

The Company faces ongoing risks associated with controlling unauthorized copying and distribution of the Company's programs. For a further discussion of issues relating to unauthorized copying and distribution of the Company's programs, see Intellectual Property.

Television Programming, Production and Distribution

Twentieth Century Fox Television (TCFTV). During fiscal 2012, TCFTV produced television programs for the FOX Broadcasting Company (FOX), FX Networks, LLC (FX), ABC Television Network (ABC), CBS Broadcasting, Inc. (CBS), NBC Television Network (NBC), Comedy Partners (Comedy Central), Showtime and A&E Network. TCFTV currently produces, or has orders to produce, episodes of the following television series: *American Dad*, *Ben and Kate*, *Bob's Burgers*, *Bones*, *The Cleveland Show*, *Family Guy*, *Glee*, *The Goodwin Games*, *New Girl*, *Raising Hope*, *The Simpsons* and *Touch* for FOX; *Sons of Anarchy* and *American Horror Story* for FX; *Don't Trust the B in Apartment 23*, *How to Live With Your Parents for the Rest of Your Life*, *Last Man Standing* and *Modern Family* for ABC; *1600 Penn* and *The New Normal* for NBC; *How I Met Your Mother* for CBS; *Brickleberry* and *Futurama* for Comedy Central; *Arrested Development* for Netflix; *Homeland* for Showtime and *Out There* for Independent Film Channel. Generally, a television network or cable network will license a specified number of episodes for exhibition during the license period. All other distribution rights, including international and off-network syndication rights, are typically retained by TCFTV, utilized by other units of the Company or sold to third parties.

Television programs generally are produced under contracts that provide for license fees that may cover only a portion of the anticipated production costs. As these costs have increased in recent years, the resulting deficit between production costs and license fees for domestic first-run programming also has increased. Therefore, additional licensing is often critical to the financial success of a series. Successful U.S. network television series are typically (i) licensed for first-run exhibition in international markets, (ii) released in DVD and Blu-ray box sets, (iii) licensed for subscription video-on-demand, video-on-demand and pay-per-view services, (iv) licensed for off-network exhibition in the United States (including in syndication and to cable programmers), (v) licensed for further television exhibition in international markets and (vi) made available for electronic sell-through and streaming, including individual episodes and full series. Typically, a series must be broadcast for at least three to four television seasons for there to be a sufficient number of episodes to offer the series in syndication or to cable and DBS programmers in the United States. The decision of a television network to continue a series through an entire television season or to renew a series for another television season depends largely on the series' audience ratings.

Twentieth Television. Twentieth Television licenses both television programming and feature films for domestic syndication to television stations and basic cable services in the United States. Twentieth Television distributes a program portfolio that includes the Company's library of television and film assets, and first-run programming produced by its production companies for sales to local stations, including stations owned and operated by the Company, as well as to basic cable networks. First-run programs distributed by Twentieth Television include: the court shows *Divorce Court* and *Judge Alex* and, premiering in September 2012, *The Ricki Lake Show* and *Dish Nation*.

Twentieth Television derives revenue from off-network, theatrical and first-run program sales in the form of cash license fees paid by both broadcast and cable licensees, and from the sales of national advertising units retained by Twentieth Television in its programs. Twentieth Television licenses such shows as *Modern Family*, *It's Always Sunny in Philadelphia*, *Burn Notice*, *Family Guy*, *The Simpsons*, *Bones*, *How I Met Your Mother*, *The Cleveland Show*, and *Glee* to cable and broadcast networks. Twentieth Television also manages and distributes the long running series *COPS* and sells national advertising on behalf of other third party syndicators.

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Fox Television Studios (FtvS). FtvS is a program supplier to the major U.S. and international broadcast and cable networks. FtvS is currently producing the series *Burn Notice* and *White Collar* for USA Network, *The Glades* for A&E, *The Killing* for AMC, and *The Great Escape* for TNT, as well as the television movies *Home Alone: The Holiday Heist* for ABC Family and *Prosecuting Casey Anthony* for Lifetime.

Shine Limited (Shine). Shine is an international television production and distribution group with 28 production companies across 12 countries creating and exploiting scripted and non-scripted content in the global marketplace. Shine companies include award-winning genre specialists such as U.K.-based Kudos (drama), Dragonfly (factual), Princess Productions (entertainment and multi-genre) and Shine TV (factual and factual entertainment); U.S. producer Shine America (formerly Reveille); and Metronome Film & Television, the Nordic region’s largest production group. Shine International, the international distribution arm, was responsible for distributing a catalogue of more than 3,500 hours of broadcast content in fiscal 2012. Shine has also established businesses in Germany, France, Australia, Spain and Portugal. Shine has recently enhanced its digital and direct to consumer business with the additions of the social gaming producer Bossa Studios and the online original content producers, ChannelFlip Media, as well as expanded into the children’s genre. Internationally renowned shows from the Shine group include *MasterChef*, *The Biggest Loser*, *One Born Every Minute*, *Minute to Win It* and fantasy drama *Merlin*.

Competition. Similar to motion picture production and distribution, production and distribution of television programming is extremely competitive. The Company competes with other film studios, independent production companies and others for the acquisition of artistic properties, the services of creative and technical personnel, exhibition outlets and the public’s interest in its products. In addition, television networks have affiliated production companies from which they are increasingly obtaining their programming, which has reduced the demand for programming from other non-affiliated parties.

Motion Picture and Television Library

The Company’s motion picture and television library (the Fox Library) consists of varying rights to several thousand previously released motion pictures and many well-known television programs. Motion pictures in the Fox Library include many successful and well-known titles, such as *The Sound of Music*, *Mrs. Doubtfire*, *Dr. Dolittle*, *Home Alone*, the *Star Wars* series, the *X-Men* series, *Independence Day*, *The Day After Tomorrow*, the *Ice Age* series, *Sideways*, *Walk the Line*, *The Devil Wears Prada*, *Little Miss Sunshine*, the *Night at the Museum* series, the *Alvin and the Chipmunks* series, *Slumdog Millionaire* and *Taken*, as well as five of the top 20 domestic box office grossing films of all time, which are *Avatar*, *Titanic* (together with Paramount Pictures Corporation), *Star Wars Episode IV: A New Hope*, *Star Wars Episode I: The Phantom Menace* and *Star Wars Episode III: Revenge of the Sith*.

The Fox Library contains varying rights to many television series and made-for-television motion pictures. The television programming in the Fox Library consists of such classic series as *24*, *King of the Hill*, *Prison Break*, *Boston Legal*, *My Name is Earl*, *The Mary Tyler Moore Show*, *M*A*S*H*, *Hill Street Blues*, *Doogie Howser, M.D.*, *L.A. Law*, *The Wonder Years*, *The Practice*, *Ally McBeal*, *Angel*, *Dharma & Greg*, *In Living Color*, *The X-Files*, *Buffy the Vampire Slayer* and *NYPD Blue*, as well as prior seasons of such current series as *The Simpsons*, *Bones*, *Family Guy*, *The Cleveland Show*, *Glee*, *Modern Family*, *Futurama*, *How I Met Your Mother*, *Sons of Anarchy*, *American Dad* and *Arrested Development*.

Television

The Company is engaged in the operation of broadcast television stations and the broadcasting of network programming in the United States.

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Fox Television Stations, Inc. (Fox Television Stations) owns and operates 27 full power stations, including stations located in nine of the top ten largest designated market areas (DMAs). Fox Television Stations owns and operates duopolies in nine DMAs, including the three largest DMAs, New York, Los Angeles and Chicago.

Of the 27 full power stations, 17 stations are affiliates of FOX (FOX Affiliates). For a description of the programming offered to FOX Affiliates, see FOX Broadcasting Company. In addition, Fox Television Stations owns and operates 10 stations affiliated with Master Distribution Service, Inc. (MyNetworkTV).

The following table lists certain information about each of the television stations owned and operated by Fox Television Stations. Unless otherwise noted, all stations are FOX Affiliates.

Fox Television Stations

	DMA/Rank	Station	Digital Channel	Type	Percentage of U.S. Television Households Reached ⁽¹⁾
New York, NY	1	WNYW	44 (5)	UHF	6.4%
		WWOR ⁽²⁾	38 (9)	UHF	
Los Angeles, CA	2	KTTV	11 (11)	VHF	4.9%
		KCOP ⁽²⁾	13 (13)	VHF	
Chicago, IL	3	WFLD	31 (32)	UHF	3.0%
		WPWR ⁽²⁾	51 (50)	UHF	
Philadelphia, PA	4	WTFX	42 (29)	UHF	2.6%
Dallas, TX	5	KDFW	35 (4)	UHF	2.2%
		KDFI ⁽²⁾	36 (27)	UHF	
Boston, MA	7	WFXT	31 (25)	UHF	2.1%
Washington, DC	8				