

WELLS FARGO & COMPANY/MN  
Form FWP  
May 31, 2018

**Filed Pursuant to Rule 433**  
**Registration No. 333-221324**

**Wells Fargo & Company**

**Market Linked Securities**

Market Linked Securities Auto-Callable with Contingent Coupon and Contingent Downside

Principal at Risk Securities Linked to the Lowest Performing of the S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the EURO STOXX 50<sup>®</sup> Index due June 29, 2022

Term Sheet to Preliminary Pricing Supplement No. 57 dated May 31, 2018

Summary of Terms

Issuer:	Wells Fargo & Company
Term:	Approximately 4 years (unless earlier called)
Market Measures:	S&P 500 <sup>®</sup> Index, Russell 2000 <sup>®</sup> Index and EURO STOXX 50 <sup>®</sup> Index (each an Index and collectively the Indices )
Pricing Date:	June 28, 2018*
Issue Date:	July 3, 2018*
Original Offering Price:	\$1,000 per security (100% of par)
Contingent Coupon Payments:	See How contingent coupon payments are calculated on page 2
Contingent Coupon Rate:	[7.00% - 8.00%] per annum, to be determined on the pricing date
Automatic Call:	See How to determine if the securities will be automatically called on page 2
Calculation Days:	Quarterly, on the 24th day of each March, June, September and December, commencing September 2018 and ending March 2022, and the final calculation day*
Final Calculation Day:	June 24, 2022*
Maturity Payment Amount:	See How the maturity payment amount is calculated on page 2
Stated Maturity Date:	June 29, 2022*
Lowest Performing Index	See How the lowest performing Index is determined on page 2
Starting Level:	For each Index, its closing level on the pricing date
Ending Level:	For each Index, its closing level on the final calculation day
Threshold Level:	For each Index, 70% of its starting level
Calculation Agent:	Wells Fargo Securities, LLC ( <u>WFS</u> ), an affiliate of the issuer
Denominations:	\$1,000 and any integral multiple of \$1,000
Agent Discount:	1.575%; dealers, including those using the trade name Wells Fargo Advisors ( <u>WFA</u> ), may receive a selling concession of up to 1.50% and WFS will pay 0.075% of the agent's discount to WFA as a distribution

expense fee  
95001B4E1

CUSIP:

\*To the extent that the issuer makes any change to the expected pricing date or expected issue date, the calculation days and stated maturity date may also be changed in the issuer's discretion to ensure that the term of the securities remains the same.

#### Description of Terms

Linked to the **lowest performing** of the S&P 500<sup>®</sup> Index, the Russell 2000<sup>®</sup> Index and the EURO STOXX 50<sup>®</sup> Index

Unlike ordinary debt securities, the securities do not provide for fixed payments of interest, do not repay a fixed amount of principal at stated maturity and are subject to potential automatic call prior to stated maturity upon the terms described below. Whether the securities pay a contingent coupon, whether the securities are automatically called prior to stated maturity and, if they are not automatically called, whether you are repaid the original offering price of your securities at stated maturity will depend in each case on the closing level of the lowest performing Index on the relevant calculation day. The lowest performing Index on any calculation day is the Index that has the lowest closing level on that calculation day as a percentage of its starting level

**Contingent Coupon.** The securities will pay a contingent coupon on a quarterly basis until the earlier of stated maturity or automatic call if, **and only if**, the closing level of the lowest performing Index on the calculation day for that quarter is greater than or equal to its threshold level. However, if the closing level of the lowest performing Index on a calculation day is less than its threshold level, you will not receive any contingent coupon for the relevant quarter. The contingent coupon rate will be determined on the pricing date and will be within the range of 7.00% to 8.00% per annum

**Automatic Call.** If the closing level of the lowest performing Index on any of the quarterly calculation days from December 2018 to March 2022, inclusive, is greater than or equal to its starting level, the securities will be automatically called for the original offering price plus a final contingent coupon payment

**Potential Loss of Principal.** If the securities are not automatically called prior to stated maturity, you will receive the original offering price at stated maturity if, **and only if**, the closing level of the lowest performing Index on the final calculation day is greater than or equal to its threshold level. If the closing level of the lowest performing Index on the final calculation day is less than its threshold level, you will lose more than 30%, and possibly all, of the original offering price of your securities

The threshold level for each Index is equal to 70% of its starting level

If the securities are not automatically called prior to stated maturity, you will have full downside exposure to the lowest performing Index from its starting level if its closing level on the final calculation day is less than its threshold level, but you will not participate in any appreciation of any Index and will not receive any dividends on securities included in any Index

Edgar Filing: WELLS FARGO & COMPANY/MN - Form FWP

Your return on the securities will depend **solely** on the performance of the Index that is the lowest performing Index on each calculation day. You will not benefit in any way from the performance of the better performing Indices. Therefore, you will be adversely affected if **any Index** performs poorly, even if the other Indices perform favorably

All payments on the securities are subject to the credit risk of Wells Fargo & Company, and you will have no ability to pursue any securities included in any Index for payment; if Wells Fargo & Company defaults on its obligations, you could lose some or all of your investment

No exchange listing; designed to be held to maturity

On the date of the accompanying preliminary pricing supplement, the estimated value of the securities is approximately \$956.00 per security. While the estimated value of the securities on the pricing date may differ from the estimated value set forth above, the issuer does not expect it to differ significantly absent a material change in market conditions or other relevant factors. In no event will the estimated value of the securities on the pricing date be less than \$936.00 per security. The estimated value of the securities was determined for the issuer by Wells Fargo Securities, LLC using its proprietary pricing models. It is not an indication of actual profit to the issuer or to Wells Fargo Securities, LLC or any of the issuer's other affiliates, nor is it an indication of the price, if any, at which Wells Fargo Securities, LLC or any other person may be willing to buy the securities from you at any time after issuance. See **Investment Description** in the accompanying preliminary pricing supplement.

**The securities have complex features and investing in the securities involves risks not associated with an investment in conventional debt securities. See **Selected Risk Considerations** in this term sheet and **Risk Factors** in the accompanying preliminary pricing supplement.**

**This introductory term sheet does not provide all of the information that an investor should consider prior to making an investment decision.**

Investors should carefully review the accompanying preliminary pricing supplement, market measure supplement, prospectus supplement and prospectus before making a decision to invest in the securities.

**NOT A BANK DEPOSIT AND NOT INSURED OR GUARANTEED BY THE FDIC OR ANY OTHER GOVERNMENTAL AGENCY**

#### How The Lowest Performing Index Is Determined

The lowest performing Index on any calculation day is the Index with the lowest performance factor on that calculation day.

The performance factor, with respect to an Index on any calculation day, will be its closing level on such calculation day *divided by* its starting level (expressed as a percentage).

#### How Contingent Coupon Payments Are Calculated

On each contingent coupon payment date, you will receive a contingent coupon payment at a per annum rate equal to the contingent coupon rate if, **and only if**, the closing level of the lowest performing Index on the related calculation day is greater than or equal to its threshold level.

If the closing level of the lowest performing Index on any calculation day is less than its threshold level, you will not receive any contingent coupon payment on the related contingent coupon payment date. If the closing level of the lowest performing Index is less than its threshold level on all quarterly calculation days, you will not receive any contingent coupon payments over the term of the securities.

Each quarterly contingent coupon payment, if any, will be calculated per security as follows:

$$\$1,000 \times \text{contingent coupon rate} \times (90 / 360)$$

The contingent coupon rate will be determined on the pricing date and will be within the range of [7.00% to 8.00%] per annum. Any contingent coupon payments will be rounded to the nearest cent, with one-half cent rounded upward.

#### How To Determine If The Securities Will Be Automatically Called

If the closing level of the lowest performing Index on any of the quarterly calculation days from December 2018 to March 2022, inclusive, is greater than or equal to its starting level, the securities will be automatically called, and on the related call settlement date you will be entitled to receive a cash payment per security equal to the original offering price per security plus a final contingent coupon payment. The securities will not be subject to automatic call until the second quarterly calculation day, which is approximately six months after the issue date.

If the securities are automatically called, they will cease to be outstanding on the related call settlement date and you will have no further rights under the securities after such call settlement date.

#### How The Maturity Payment Amount Is Calculated

If the securities are not automatically called prior to the stated maturity date, you will receive on the stated maturity date a cash payment per security equal to the maturity payment amount (in addition to the final contingent coupon payment, if any). The maturity payment amount per security will equal:

If the ending level of the lowest performing Index on the final calculation day is greater than or equal to its threshold level: \$1,000; or

If the ending level of the lowest performing Index on the final calculation day is less than its threshold level:

$\$1,000 \times$  performance factor of the lowest performing Index on the final calculation day

**If the securities are not automatically called prior to stated maturity and the ending level of the lowest performing Index on the final calculation day is less than its threshold level, you will lose more than 30%, and possibly all, of the original offering price of your securities at stated maturity.**

**Any return on the securities will be limited to the sum of your contingent coupon payments, if any. You will not participate in any appreciation of any Index, but you will have full downside exposure to the lowest performing Index on the final calculation day if the ending level of that Index is less than its threshold level.**

### Hypothetical Payout Profile

The profile to the right illustrates the potential maturity payment amount on the securities (excluding the final contingent coupon payment, if any) for a range of hypothetical performances of the lowest performing Index on the final calculation day from its starting level to its ending level, assuming the securities have not been automatically called prior to the stated maturity date.

This graph has been prepared for purposes of illustration only. Your actual return will depend on the actual ending level of the lowest performing Index on the final calculation day and whether you hold your securities to stated maturity. The performance of the better performing Indices is not relevant to your return on the securities.

### Hypothetical Returns

**If the securities are automatically called:** If the securities are automatically called prior to stated maturity, you will receive the original offering price of your securities plus a final contingent coupon payment on the call settlement date. In the event the securities are automatically called, your total return on the securities will equal any contingent coupon payments received prior to the call settlement date and the contingent coupon payment received on the call settlement date.

### **If the securities are not automatically called:**

If the securities are not automatically called prior to stated maturity, the following table illustrates, for a range of hypothetical performance factors of the lowest performing Index on the final calculation day, the hypothetical maturity payment amount payable at stated maturity per security (excluding the final contingent coupon payment, if any). The performance factor of the lowest performing Index on the final calculation day is its ending level expressed as a percentage of its starting level (i.e., its ending level *divided by* its starting level).

<b>Hypothetical performance factor of lowest performing</b>	<b>Hypothetical maturity payment amount per security</b>
---	--

**Index on final calculation**

<b>day</b>	
175.00%	\$1,000.00
160.00%	\$1,000.00
150.00%	\$1,000.00
140.00%	\$1,000.00
130.00%	\$1,000.00
120.00%	\$1,000.00
110.00%	\$1,000.00
100.00%	\$1,000.00
90.00%	\$1,000.00
80.00%	\$1,000.00
70.00%	\$1,000.00
69.00%	\$690.00
60.00%	\$600.00
50.00%	\$500.00
40.00%	\$400.00
25.00%	\$250.00

The above figures do not take into account contingent coupon payments, if any, received during the term of the securities. As evidenced above, in no event will you have a positive rate of return based solely on the maturity payment amount received at maturity; any positive return will be based solely on the contingent coupon payments, if any, received during the term of the securities. Each security has an original offering price of \$1,000.

The above figures are for purposes of illustration only and may have been rounded for ease of analysis. If the securities are not automatically called prior to stated maturity, the actual amount you will receive at stated maturity will depend on the actual ending level of the lowest performing Index on the final calculation day. The performance of the better performing Indices is not relevant to your return on the securities.

For historical data regarding the closing levels of the Indices, see the historical information set forth under the sections titled The S&P 500 Index, The Russell 2000 Index and The EURO STOXX 50 Index in the accompanying preliminary pricing supplement.



Selected Risk Considerations

The risks set forth below are discussed in detail in the Risk Factors section in the accompanying preliminary pricing supplement. Please review those risk disclosures carefully.

**If The Securities Are Not Automatically Called Prior to Stated Maturity, You May Lose Some Or All Of The Original Offering Price Of Your Securities At Stated Maturity.**

**The Securities Do Not Provide For Fixed Payments Of Interest And You May Receive No Coupon Payments On One Or More Quarterly Contingent Coupon Payment Dates, Or Even Throughout The Entire Term Of The Securities.**

**The Securities Are Subject To The Full Risks Of Each Index And Will Be Negatively Affected If Any Index Performs Poorly, Even If The Other Indices Perform Favorably.**

**Your Return On The Securities Will Depend Solely On The Performance Of The Index That Is The Lowest Performing Index On Each Calculation Day, And You Will Not Benefit In Any Way From The Performance Of The Better Performing Indices.**

**You Will Be Subject To Risks Resulting From The Relationship Between The Indices.**

**You May Be Fully Exposed To The Decline In The Lowest Performing Index On The Final Calculation Day From Its Starting Level, But Will Not Participate In Any Positive Performance Of Any Index.**

**Higher Contingent Coupon Rates Are Associated With Greater Risk.**

**You Will Be Subject To Reinvestment Risk.**

**The Securities Are Subject To The Credit Risk Of Wells Fargo.**

**Holders Of The Securities Have Limited Rights Of Acceleration.**

**Holders Of The Securities Could Be At Greater Risk For Being Structurally Subordinated If We Convey, Transfer Or Lease All Or Substantially All Of Our Assets To One Or More Of Our Subsidiaries.**

**The Estimated Value Of The Securities On The Pricing Date, Based On Wells Fargo Securities, LLC's Proprietary Pricing Models, Will Be Less Than The Original Offering Price.**

**The Estimated Value Of The Securities Is Determined By The Issuer's Affiliate's Pricing Models, Which May Differ From Those Of Other Dealers.**

**The Estimated Value Of The Securities Is Not An Indication Of The Price, If Any, At Which Wells Fargo Securities, LLC Or Any Other Person May Be Willing To Buy The Securities From You In The Secondary Market.**

**The Value Of The Securities Prior To Stated Maturity Will Be Affected By Numerous Factors, Some Of Which Are Related In Complex Ways.**

**The Securities Will Not Be Listed On Any Securities Exchange And The Issuer Does Not Expect A Trading Market For The Securities To Develop.**

**Historical Levels Of The Indices Should Not Be Taken As An Indication Of The Future Performance Of The Indices During The Term Of The Securities.**

**Changes That Affect The Indices May Adversely Affect The Value Of The Securities And The Amount You Will Receive At Stated Maturity.**

**The Issuer Cannot Control Actions By Any Of The Unaffiliated Companies Whose Securities Are Included In The Indices.**

**The Issuer And Its Affiliates Have No Affiliation With Any Index Sponsor And Have Not Independently Verified Their Public Disclosure Of Information.**

**An Investment In The Securities Is Subject To Risks Associated With Investing In Stocks With A Small Market Capitalization.**

**An Investment In The Securities Is Subject To Risks Associated With Foreign Securities Markets.**

**A Contingent Coupon Payment Date, A Call Settlement Date And The Stated Maturity Date May Be Postponed If A Calculation Day Is Postponed.**

**The Issuer's Economic Interests And Those Of Any Dealer Participating In The Offering Are Potentially Adverse To Your Interests.**

*The Calculation Agent Is An Affiliate Of The Issuer And May Be Required To Make Discretionary Judgments That Affect The Return You Receive On The Securities.*

- o *The Estimated Value Of The Securities Was Calculated By An Affiliate Of The Issuer And Is Therefore Not An Independent Third-Party Valuation.*
  
- o *Research Reports By Affiliates Of The Issuer Or Any Participating Dealer Or Its Affiliates May Be Inconsistent With An Investment In The Securities And May Adversely Affect The Levels Of The Indices.*
  
- o *Business Activities Of Affiliates Of The Issuer Or Any Participating Dealer Or Its Affiliates With The Companies Whose Securities Are Included In An Index May Adversely Affect The Level Of Such Index.*

- o *Hedging Activities By Affiliates Of The Issuer Or Any Participating Dealer Or Its Affiliates May Adversely Affect The Levels Of The Indices.*
- o *Trading Activities By Affiliates Of The Issuer Or Any Participating Dealer Or Its Affiliates May Adversely Affect The Levels Of The Indices.*
- o *A Participating Dealer Or Its Affiliates May Realize Hedging Profits Projected By Its Proprietary Pricing Models In Addition To Any Selling Concession And/Or Distribution Expense Fee, Creating A Further Incentive For The Participating Dealer To Sell The Securities To You.*

**The U.S. Federal Tax Consequences Of An Investment In The Securities Are Unclear.**

**Not suitable for all investors**

**Investment suitability must be determined individually for each investor. The securities described herein are not a suitable investment for all investors. In particular, no investor should purchase the securities unless they understand and are able to bear the associated market, liquidity and yield risks. Unless market conditions and other relevant factors change significantly in your favor, a sale of the securities prior to maturity is likely to result in sale proceeds that are substantially less than the original offering price per security. Wells Fargo Securities, LLC and its affiliates are not obligated to purchase the securities from you at any time prior to maturity.**

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling your financial advisor or by calling Wells Fargo Securities at 866-346-7732.

**Not a research report**

This material was prepared by Wells Fargo Securities, LLC, a registered broker-dealer and separate non-bank affiliate of Wells Fargo & Company. This material is not a product of Wells Fargo & Company or Wells Fargo Securities, LLC research departments.

**Consult your tax advisor**

Investors should review carefully the accompanying preliminary pricing supplement, market measure supplement, prospectus supplement and prospectus and consult their tax advisors regarding the application of the U.S. federal tax laws to their particular circumstances, as well as any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction.

The S&P 500 Index is a product of S&P Dow Jones Indices LLC ( SPDJI ), and has been licensed for use by Wells Fargo & Company ( WFC ). Standard & Poor's S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ( S&P ); Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC ( Dow Jones ); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by WFC. The securities are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they

## Edgar Filing: WELLS FARGO & COMPANY/MN - Form FWP

have any liability for any errors, omissions, or interruptions of the S&P 500 Index.

Russell 2000® and FTSE Russell are trademarks of the London Stock Exchange Group companies, and have been licensed for use by us. The securities, based on the performance of the Russell 2000® Index, are not sponsored, endorsed, sold or promoted by FTSE Russell and FTSE Russell makes no representation regarding the advisability of investing in the securities.

The EURO STOXX 50® is the intellectual property (including registered trademarks) of STOXX Limited ( STOXX ), Zurich, Switzerland and/or its licensors ( Licensors ), which is used under license.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

5

> 5,387 3,426 2,812

Net income (loss) attributable to News Corporation stockholders

2,056 1,664 2,539 (3,378) 5,387 3,426 2,314

Basic income (loss) from continuing operations attributable to News Corporation stockholders per share:<sup>(5)</sup>

\$0.78 \$0.64 \$0.97 \$(1.29) \$1.82

Class A

\$1.14 \$0.92

Class B

\$0.95 \$0.77

Diluted income (loss) from continuing operations attributable to News Corporation stockholders per share:<sup>(5)</sup>

\$0.78 \$0.63 \$0.97 \$(1.29) \$1.81

Class A

\$1.14 \$0.92

Class B

\$0.95 \$0.77

Basic income (loss) attributable to News Corporation stockholders per share:<sup>(5)</sup>

\$0.78 \$0.64 \$0.97 \$(1.29) \$1.82

Class A

\$1.14 \$0.76

Edgar Filing: WELLS FARGO & COMPANY/MN - Form FWP

Class B

\$0.95 \$0.63

Diluted income (loss) attributable to News Corporation stockholders per share:<sup>(5)</sup>

\$0.78 \$0.63 \$0.97 \$(1.29) \$1.81

Class A

\$1.14 \$0.76

Class B

\$0.95 \$0.63

Cash dividend per share:<sup>(5)(6)</sup>

\$0.150 \$0.135 \$0.135 \$0.120

Class A

\$0.120 \$0.120 \$0.130

Class B

\$0.110 \$0.100 \$0.130 **As of**

**March 31,**  
**2011 As of June 30, 2010 2009 2008 2007 2006 (in millions)**

**BALANCE SHEET DATA:**

Cash and cash equivalents

\$11,784 \$8,709 \$6,540 \$4,662 \$7,654 \$5,783

Total assets

60,431 54,384 53,121 62,308 62,343 56,649

Borrowings

15,492 13,320 14,289 13,511 12,502 11,427

**Table of Contents**

- (1) See Notes 2, 3, 4, 6 and 9 to the Audited Consolidated Financial Statements of News Corporation contained in its Current Report on Form 8-K, filed November 3, 2010, for information with respect to significant acquisitions, disposals, changes in accounting, impairment charges, restructuring charges and other transactions during fiscal 2010, 2009 and 2008.
- (2) See Notes 2, 4, 6 and 8 to the Unaudited Consolidated Financial Statements of News Corporation contained in its Quarterly Report on Form 10-Q, for the period ended March 31, 2011, filed May 5, 2011 for information with respect to significant acquisitions, disposals, impairment charges, restructuring charges and other transactions during the nine months ended March 31, 2011 and 2010.
- (3) Fiscal 2007 results included the disposal of the Company's investment in SKY Brasil to The DIRECTV Group, Inc. ( DIRECTV ) resulting in a total pretax gain of \$426 million of which \$261 million was recognized in fiscal 2007. The remaining \$165 million was realized when the Company's interest in DIRECTV was disposed of in fiscal 2008.
- (4) Fiscal 2006 results included the dispositions of TSL Education Ltd. and Sky Radio Limited. The Company recorded gains totaling approximately \$515 million on these transactions, which were included in gain on disposition of discontinued operations in the consolidated statements of operations for the fiscal year ended June 30, 2006. In addition, the Company adopted certain provisions of Accounting Standards Codification ( ASC ) 805 Business Combinations ( ASC 805 ) limiting the use of the residual method when valuing intangible assets other than goodwill during fiscal 2006. As a result of the adoption, the Company recorded a charge of \$1.6 billion (\$1 billion net of tax, or (\$0.33) per diluted share of Class A common stock, \$0.01 par value per share, ( Class A Common Stock ) and (\$0.28) per diluted share of Class B common stock, \$0.01 par value per share, ( Class B Common Stock )) in fiscal 2006, to reduce the intangible balances attributable to its television station licenses.
- (5) Shares of the Class A Common Stock carried rights to a greater dividend than shares of the Class B Common Stock through fiscal 2007. As such, for the periods through fiscal 2007, net income available to the Company's stockholders was allocated between shares of Class A Common Stock and Class B Common Stock. The allocation between these classes of common stock was based upon the two-class method. Subsequent to the final fiscal 2007 dividend payment, shares of Class A Common Stock ceased to carry any rights to a greater dividend than shares of Class B Common Stock.
- (6) The Company's Board of Directors (the Board ) currently declares an interim and final dividend each fiscal year. The final dividend is determined by the Board subsequent to the fiscal year end. The total dividend declared related to fiscal 2010 results was \$0.15 per share of Class A Common Stock and Class B Common Stock. The total dividend declared related to fiscal 2009 results was \$0.12 per share of Class A Common Stock and Class B Common Stock.

---

**Table of Contents**

**DESCRIPTION OF THE NOTES**

The notes were issued as two separate series under an Indenture dated as of August 25, 2009, as amended and restated on February 16, 2011 (the Indenture), among the Company, News Corporation and The Bank of New York Mellon, as trustee (the Trustee), in a transaction that is not subject to the registration requirements of the Securities Act. See Notice to investors. References to the notes include the Exchange Notes (as hereinafter defined) unless the context otherwise requires. Series of debt securities issued under the Indenture, including the notes, or other predecessor senior indentures are referred to herein as Debt Securities. The following summaries of the material provisions of the notes and the Indenture do not purport to be complete and are subject, and are qualified in their entirety by reference, to all the provisions of the notes and the Indenture, including the definitions therein of certain terms. Capitalized terms used in this section and not otherwise defined shall have the meanings set forth in the Indenture.

**General**

The 4.50% notes will be initially limited to \$1,000,000,000 aggregate principal amount and will mature on February 15, 2021.

The 6.15% notes will be initially limited to \$1,500,000,000 aggregate principal amount and will mature on February 15, 2041.

The Company may from time to time, without notice to or consent of holders of the notes, issue additional 4.50% notes and 6.15% notes of the same tenor, coupon and other terms as the 4.50% notes and the 6.15% notes, so that such additional notes and the notes offered hereby of the same series will form a single series. Interest will accrue on the notes from February 16, 2011, or from the most recent Interest Payment Date to which interest has been paid or provided for, payable semi-annually on February 15 and August 15 of each year commencing on August 15, 2011 to the person (or any predecessor) in whose name the notes are registered at the close of business on February 1 or August 1, as the case may be, next preceding such Interest Payment Date. Interest will be computed assuming a 360-day year consisting of twelve 30-day months. The notes are not entitled to any sinking fund.

The notes will be issued only in fully registered form in denominations of \$1,000 and integral multiples thereof. The notes will be represented by global notes (the Global Securities) registered in the name of the nominee of The Depository Trust Company (DTC).

The Indenture does not limit the aggregate principal amount of Debt Securities that may be issued thereunder and provides that Debt Securities, including the 4.50% notes and the 6.15% notes, may be issued thereunder from time to time in one or more series. As of March 31, 2011, there were approximately \$3.5 billion of Debt Securities issued under the Indenture and \$12.0 billion issued under various predecessor senior indentures. While most of the terms of the predecessor senior indentures and the Indenture are the same, there are several significant differences described under Repurchase upon change of control triggering event which could result in different consequences for holders of Debt Securities issued under the predecessor senior indentures and those issued under the Indenture. In addition, other provisions of the Indenture regarding the Limitation on Liens covenant, Events of Default and Guarantees by Subsidiaries have been changed from predecessor senior indentures. For a complete list of predecessor senior indentures, see the exhibit list of News Corporation's Annual Report on Form 10-K for the fiscal year ended June 30, 2010, filed with the Commission on August 6, 2010 and as amended on September 3, 2010.

The Company has appointed The Bank of New York Mellon at its offices at 525 William Penn Place, 38<sup>th</sup> Floor, Pittsburgh, PA 15259, to serve as registrar and paying agent under the Indenture. No service charge will be made for any transfer, exchange or redemption of notes, except in certain circumstances, for any tax or other governmental charge that may be imposed in connection therewith.



## **Table of Contents**

### **Additional interest**

As discussed under Exchange offer; registration rights, pursuant to the Registration Rights Agreement, the Company and the Guarantor will agree to file with the Commission a registration statement (the Exchange Offer Registration Statement) with respect to the 4.50% notes and the 6.15% notes and to offer to the holders of such notes who are able to make certain representations the opportunity to exchange their notes (the Exchange Offer) for notes issued under the Indenture containing terms identical to such holders' notes (except that the transfer restrictions thereon shall be eliminated). The notes to be issued in the Exchange Offer in exchange for the 4.50% notes are referred to herein as the 4.50% Exchange Notes, and the notes to be issued in the Exchange Offer in exchange for the 6.15% notes are referred to herein as the 6.15% Exchange Notes (collectively, the Exchange Notes). In the event that the Company and the Guarantor are not permitted to file the Exchange Offer Registration Statement or to consummate the Exchange Offer because the Exchange Offer is not permitted by applicable law or SEC policy or, in certain other circumstances, including if for any reason the Exchange Offer Registration Statement is not declared effective by the Commission on or prior to the 180<sup>th</sup> day after the date the notes are first issued (the Issue Date), the Company and the Guarantor will file with the Commission a shelf registration statement with respect to resales of the notes by the holders thereof. The interest rate on the notes is subject to increase under certain circumstances during any period in which the Company and the Guarantor are not in compliance with their obligations under the Registration Rights Agreement. See Exchange offer; registration rights.

### **Ranking**

The notes will be direct, unsecured obligations of the Company and will constitute Indebtedness (as defined below) ranking *pari passu* with all other unsecured Indebtedness of the Company which is not by its terms subordinated to the notes. The Guarantee constitutes Indebtedness of the Guarantor and is intended to rank *pari passu* with all other unsecured Indebtedness of such Guarantor which is not by its terms subordinated to the Guarantee.

Indebtedness of any Person is defined as, at any date, and without duplication, any obligation for or in respect of: (i) money borrowed (whether or not for cash consideration and whether or not the recourse of the lender is to the whole of the assets of such Person or only a portion thereof) and premiums (if any) and capitalized interest (if any) in respect thereof; (ii) all obligations (if any) with respect to any debenture, bond (other than performance and similar bonds), note, loan, stock or similar instrument (whether or not issued for cash consideration); (iii) liabilities of such Person in respect of any letter of credit (other than in respect of Trade Payables, Programming Liabilities, or royalties), bankers' acceptance or note purchase facility or any liability with respect to any recourse receivables purchase, factoring or discounting arrangement; (iv) all obligations of such Person with respect to Capitalized Lease Obligations (whether in respect of buildings, machinery, equipment or otherwise); (v) all obligations created or arising under any deferred purchase or conditional sale agreement or arrangement or representing the balance deferred and unpaid of the purchase price of any property that would appear as a liability on a statement of financial positions of such Person prepared in accordance with GAAP (including pursuant to financing leases), except any such balance which represents a Trade Payable, Programming Liability or royalty; (vi) all obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any Redeemable Stock of such Person or any warrants, rights or options to acquire such Redeemable Stock valued, in the case of Redeemable Stock, at the greatest amount payable in respect thereof on a liquidation (whether voluntary or involuntary) plus accrued and unpaid dividends; (vii) direct or indirect guarantees of all Indebtedness of other Persons referred to in clauses (i) to (vi) above or legally binding agreements by any Person (a) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered), or (b) otherwise to assure in a legally binding manner any Person to whom Indebtedness is owed against loss; and (viii) all Indebtedness of the types referred to in clauses (i) to (vii) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any encumbrance on any asset owned by such Person, even though such Person has not assumed or become liable for

---

**Table of Contents**

the payment of such Indebtedness. The amount of Indebtedness of any Person at any date shall be (without duplication) (i) the outstanding balance at such date of all unconditional obligations as described above and the maximum liability of any such contingent obligations at such date and (ii) in the case of Indebtedness of others secured by a Lien to which the property or assets owned or held by such Person is subject, the lesser of the fair market value at such date of any asset subject to a Lien securing the Indebtedness of others and the amount of the Indebtedness secured. Notwithstanding anything stated herein to the contrary, for purposes of the Indenture, any obligation owed solely between or among members of the News Consolidated Group shall not constitute Indebtedness .

**Guarantees**

The notes will be unconditionally guaranteed by News Corporation. See The guarantor of the notes in the Company s offering memorandum relating to the 4.50% original notes and the 6.15% original notes. The Guarantee is intended to rank *pari passu* with News Corporation s obligations under the Revolving Credit Agreement and its obligations under the various senior public debt instruments issued by the Company or News Corporation.

**Redemption by the Company**

Each series of notes are redeemable, as a whole or in part, at the Company s option, at any time or from time to time, upon mailed notice to the registered address of each holder of such series of notes at least 30 days but not more than 60 days prior to the redemption. The redemption price will be equal to the greater of (1) 100% of the principal amount of the series of notes to be redeemed and (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) on such series of notes discounted to the date of redemption, on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), at a rate equal to the sum of the applicable Treasury Rate (as defined below) plus 15 basis points for the 4.50% notes and 25 basis points for the 6.15% notes. Accrued interest will be paid to the date of redemption.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi- annual equivalent yield to maturity (computed as of the third business day immediately preceding that redemption date) of the Comparable Treasury Issue (as defined below), assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Comparable Treasury Issue means the United States Treasury security selected by the Reference Treasury Dealer (as defined below) as having a maturity comparable to the remaining term of the applicable series of notes, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the applicable series of notes.

Comparable Treasury Price means, with respect to any redemption date, the Reference Treasury Dealer Quotations (as defined below) for that redemption date.

Reference Treasury Dealer means J.P. Morgan Securities LLC and its successor. If the Reference Treasury Dealer shall cease to be a primary U.S. Government securities dealer, the Company will substitute another nationally recognized investment banking firm that is a primary U.S. Government securities dealer.

Reference Treasury Dealer Quotations means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by the Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding that redemption date.

## **Table of Contents**

**Remaining Scheduled Payments** means the remaining scheduled payments of principal and interest on each series of notes that would be due after the related redemption date but for that redemption. If that redemption date is not an interest payment date with respect to the series of notes being redeemed, the amount of the next succeeding scheduled interest payment on such series of notes being redeemed will be reduced by the amount of interest accrued on such series of notes to such redemption date.

On and after the redemption date, interest will cease to accrue on the series of notes being redeemed or any portion of the series of notes called for redemption (unless the Company defaults in the payment of the redemption price and accrued interest). On or before the redemption date, the Company will deposit with a paying agent (or the Trustee) money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on that date. If less than all of the notes of any series are to be redeemed, the notes to be redeemed shall be selected by the trustee by a method the Trustee deems to be fair and appropriate.

### **Repurchase upon change of control triggering event**

Within 60 days after the occurrence of a Change of Control Triggering Event (as herein defined), the Company will be required to make an offer to purchase each series of notes at a purchase price in cash equal to 101% of the aggregate principal amount of the notes of such series, plus accrued and unpaid interest, if any, to the date of repurchase. The offer (a **Change of Control Offer** ) shall be made not later than the 60th Business Day after the Change of Control Triggering Event.

The Company shall commence a Change of Control Offer by mailing a notice to each holder of a series of notes stating: (i) that the Change of Control Offer is being made pursuant to a covenant in the Indenture and that all notes validly tendered will be accepted for payment; (ii) the purchase price and the purchase date (which shall be not less than 30 days nor more than 60 days from the date such notice is mailed) (the **Change of Control Payment Date** ); (iii) that any notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date; (iv) that holders electing to have notes purchased pursuant to the Change of Control Offer will be required to surrender the notes to the paying agent at the address specified in the notice prior to the close of business on the Change of Control Payment Date; (v) that holders will be entitled to withdraw their tender of notes on the terms and conditions set forth in such notice which will allow any holder to withdraw notes if they notify the Trustee prior to the Change of Control Payment Date; and (vi) that holders who elect to require that only a portion of the notes held by them be repurchased by the Company will be issued new notes equal in principal amount to the unpurchased portion of the notes surrendered. No notes will be purchased from any holder of notes who does not tender any notes pursuant to the Change of Control Offer.

On the Change of Control Payment Date, the Company shall (i) accept for payment tendered notes or portions thereof pursuant to the Change of Control Offer, (ii) deposit with the paying agent cash in same-day funds sufficient to pay the purchase price of notes or portions thereof so accepted and (iii) deliver, or cause to be delivered, to the Trustee notes so accepted. The paying agent shall promptly make available to the holders of notes so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and make available for delivery to such holders a new security of the same class equal in principal amount to any unpurchased portion of notes surrendered. The Company will publicly announce the results of the Change of Control Offer as soon as practicable after the Change of Control Payment Date. For purposes of this covenant, the Trustee shall act as the paying agent.

This covenant is intended to allow the holders of notes the option of having their notes purchased in the event that someone other than members of the Murdoch Family (as herein defined) acquires a majority of the voting interest of News Corporation and a Rating Decline (as herein defined) occurs shortly thereafter.

News Corporation and its Subsidiaries will comply with the appropriate provisions of the Exchange Act, including Rule 14e-1, in the event of a Change of Control Offer. The Change of Control purchase feature of the

**Table of Contents**

notes may in certain circumstances make more difficult or discourage a takeover of News Corporation and, thus, the removal of incumbent management. The Change of Control purchase feature, however, is not the result of management's knowledge of any specific effort to accumulate Class B Common Stock of News Corporation or to obtain control of News Corporation by means of a merger, tender offer, solicitation or otherwise, or part of a plan by management to adopt a series of anti-takeover provisions. Instead, the Change of Control purchase feature is a standard term contained in other offerings of debt securities of other issuers containing features corresponding to the terms of the notes.

The Company's ability to repurchase the notes upon a Change of Control Triggering Event will depend upon the availability of cash sufficient to pay the purchase price and upon the terms of its and News Corporation's then existing loan agreements and indentures. If a Change of Control were to occur, there can be no assurance that the Company would have funds sufficient to pay the Change of Control purchase price for all of the notes that might be delivered by holders seeking to exercise the purchase right. In addition, the Revolving Credit Agreement, to which News Corporation, the Company and certain of their Affiliates are parties, could restrict the ability of the Company to repurchase the notes upon a Change of Control. The ability of the Company to repurchase the notes upon a Change of Control will depend upon the principal amount of the notes required to be repurchased, the limitations imposed by the covenants (whether contained in the Revolving Credit Agreement or otherwise) then in effect and, if required, the consent by the banks representing a majority of the outstanding indebtedness under the Revolving Credit Agreement.

Change of Control shall mean the occurrence of the following: any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) other than News Corporation, any Subsidiary of News Corporation, any employee benefit plan of either News Corporation or any Subsidiary of News Corporation, or the Murdoch Family, becomes the beneficial owner of 50% or more of the combined voting power of News Corporation's then outstanding common stock entitled to vote generally for the election of directors ("Voting Securities").

Change of Control Triggering Event shall mean a Change of Control and a Rating Decline.

Investment Grade is defined as a rating of BBB- or higher by Standard & Poor's Corporation and its successors ("S&P") or a rating of Baa3 or higher by Moody's Investor Service, Inc. and its successors ("Moody's") or the equivalent of such ratings.

Murdoch Family shall mean K. Rupert Murdoch, his wife, mother, children, or brothers or sisters or children of brothers or sisters, or grandchildren, grand nieces and grand nephews and other members of his immediate family or any trust or any other entity directly or indirectly controlled by one or more of the members of the Murdoch Family described above ("controlled entities"). A trust shall be deemed controlled by the Murdoch Family if the majority of the trustees are members of the Murdoch Family or can be removed or replaced by any one or more members of the Murdoch Family or the controlled entities.

Rating Agencies is defined as (i) S&P and (ii) Moody's or (iii) if S&P or Moody's or both shall not make a rating of the notes publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by News Corporation, which shall be substituted for S&P or Moody's or both, as the case may be, so that there shall always be two nationally recognized securities rating agencies rating the notes.

Rating Category is defined as (i) with respect to S&P, any of the following categories: BB, B, CCC, CC, C and D (or equivalent successor categories); (ii) with respect to Moody's, any of the following categories: Ba, B, Caa, Ca, C and D (or equivalent successor categories); and (iii) the equivalent of any such category of S&P or Moody's used by another Rating Agency. In determining whether the rating of the notes has decreased by one or more gradations, gradations within Rating Categories (+ and - for S&P; 1, 2 and 3 for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from BB+ to BB, as well as from BB to B+, will constitute a decrease of one gradation).

---

**Table of Contents**

**Rating Date** is defined as the date which is 90 days prior to the earlier of, (i) a Change of Control or (ii) public notice of the occurrence of a Change of Control or of the intention by News Corporation to effect a Change of Control.

**Rating Decline** is defined as the occurrence of the following on, or within 90 days after the earlier of, (i) the occurrence of a Change of Control or (ii) public notice of the occurrence of a Change of Control or the intention by News Corporation to effect a Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies), (a) in the event the notes are rated by either Rating Agency on the Rating Date as Investment Grade, the rating of the notes shall be reduced so that the notes are rated below Investment Grade by both Rating Agencies, or (b) in the event the notes are rated below Investment Grade by both Rating Agencies on the Rating Date, the rating of the notes by both Rating Agencies shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

As of March 31, 2011, there were approximately \$12.0 billion of Debt Securities issued under various predecessor senior indentures which contain change of control provisions different than those set forth herein. Under the terms of those predecessor senior indentures, Change of Control is defined as the occurrence of the following: any person (as the term person is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) other than News Corporation, any Subsidiary of News Corporation, any employee benefit plan of either News Corporation or any Subsidiary of News Corporation, or the Murdoch Family, becomes the beneficial owner of the greater of (A) 30% or more of the combined voting power of News Corporation's then outstanding common stock entitled to vote generally for the election of directors ( Voting Securities ); and (B) if the Murdoch Family is the beneficial owner of, or has the right to vote, more than 30% of the Voting Securities, a percentage of Voting Securities greater than the percentage of Voting Securities so owned or voted by the Murdoch Family. Also, under those predecessor senior indentures, Rating Decline was defined as the occurrence of the following on, or within 90 days after the earlier of, (i) the occurrence of a Change of Control or (ii) public notice of the occurrence of a Change of Control or the intention by News Corporation to effect a Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies), (a) in the event the notes are rated by either Rating Agency on the Rating Date as Investment Grade, the rating of the notes shall be reduced so that the notes are rated below Investment Grade by both Rating Agencies, or (b) in the event the notes are rated below Investment Grade by both Rating Agencies on the Rating Date, the rating of the notes by either Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories). Because of the difference in this definition from that in the Indenture pursuant to which the 4.50% notes and the 6.15% notes are being issued, there may be circumstances where the Company is required to offer to repurchase notes issued under predecessor senior indentures and not the 4.50% notes or 6.15% notes.

**Successor corporation**

Neither News Corporation nor the Company shall consolidate with or merge with or into or sell, assign or lease all or substantially all of its properties and assets as an entirety to any person (other than its Subsidiary), or permit any person (other than its Subsidiary) to merge with or into News Corporation or the Company unless: (i) News Corporation or the Company shall be the continuing person, or the person (if other than News Corporation or the Company) formed by such consolidation or into which News Corporation (or the Company) is merged or to which the properties and assets of News Corporation (or the Company), substantially as an entirety, are transferred shall (a) be a corporation organized and existing under the laws of the United States or any state thereof or the District of Columbia and shall (b) expressly assume, by supplemental indentures executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of News Corporation (or the Company) under the notes and the Indenture, and the Indenture shall remain in full force and effect; and (ii) immediately before and immediately after giving effect to such transaction, no Event of Default and no Default shall have occurred and be continuing.

## **Table of Contents**

In connection with any consolidation, merger or transfer contemplated hereby, News Corporation shall deliver, or cause to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers Certificate and an opinion of counsel, each stating that such consolidation, merger or transfer and the supplemental indenture, if any, in respect thereto comply with these Successor Corporation provisions and that all conditions precedent herein provided for relating to such transactions have been complied with.

Upon any consolidation or merger or any transfer of all or substantially all of the assets of News Corporation or the Company in accordance with the foregoing, the successor corporation formed by such consolidation or into which News Corporation or the Company is merged or to which such transfer is made, shall succeed to, and be substituted for, and may exercise every right and power of News Corporation or the Company under the Indenture with the same effect as if such successor corporation had been named as News Corporation or the Company therein; and thereafter, except in the case of a lease transaction of substantially all of its property and assets, News Corporation or the Company shall be discharged from its obligations under the debt securities and the Indenture.

### **Waiver, modification and amendment**

The holders of a majority in principal amount of the notes may waive certain past Defaults with respect to the notes. The holders of a majority in aggregate principal amount of the Outstanding Debt Securities of each series affected may waive the Company's and the Guarantor's compliance with certain restrictive provisions.

Modification and amendment of the Indenture may be made by the Company, the Guarantor and the Trustee with the written consent (i) of the holders of not less than a majority in aggregate principal amount of the Outstanding Debt Securities, or (ii) in case less than all of the several series of Debt Securities then Outstanding are affected by the modification or amendment, the holders of not less than a majority in aggregate principal amount of the Outstanding Debt Securities of each series so affected, voting as a single class, provided that no such modification or amendment may, without the consent of the holders of each Debt Security affected thereby: (a) change the Stated Maturity of the principal of, or any installment of principal of, or interest on, any Debt Security; (b) reduce the principal amount of, or the rate of interest, if any, on, or any premium payable upon the redemption of, any Debt Security; (c) change the place or currency of payment of principal of, or premium or interest on, any Debt Security; (d) impair the right to institute suit for the enforcement of any payments on, or with respect to, any Debt Security; or (e) reduce the percentage in aggregate principal amount of the Outstanding Debt Securities of any particular series specified in this or the preceding paragraph. Any modification or amendment which changes or eliminates any covenant or other provision of the Indenture which has expressly been included solely for the benefit of one or more particular series of Debt Securities, or which modifies the rights of the holders of Debt Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under the applicable indenture of the holders of Debt Securities of any other series.

### **Events of default**

The following events are Defaults under the Indenture: (a) failure to pay the principal of (or premium, if any, on) the applicable series of notes when due; (b) failure to pay any interest installment on the applicable series of notes when due, continued for 30 days; (c) failure to pay the deposit of any sinking fund payment, when and as due by the terms of the applicable series of notes; (d) failure of the Company, News Corporation or any Guarantor to perform any other covenant under the Indenture (other than a covenant included in the Indenture solely for the benefit of a series of Debt Securities other than the 4.50% notes and 6.15% notes), continued for 90 days after written notice and (e) certain events of bankruptcy, insolvency or reorganization of News Corporation, the Company or any Significant Subsidiary of News Corporation.

If an Event of Default, other than an Event of Default as a result of certain events of bankruptcy, insolvency or reorganization, with respect to Outstanding Securities of any series shall occur and be continuing, then and, in

## **Table of Contents**

every such case, the holders of not less than 25% in aggregate principal amount of the Outstanding Securities of that series may declare the principal amount of all of the Securities of that series and accrued interest immediately due and payable by a notice in writing to the Company and to the Trustee. If an event of default occurs and is continuing as a result of certain events of bankruptcy, insolvency or reorganization, the principal amount and interest, if any, of all the debt securities of that series automatically will become immediately due and payable without any declaration or other act on the part of the Trustee or any holder of such securities. At any time after a declaration of acceleration has been made, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may, in certain circumstances, rescind and annul such declaration (except an acceleration due to a default in payment of the interest on any security).

The Trustee will give notice to holders of the notes of any continuing default known to the Trustee within 90 days after it becomes so known unless such default shall have been cured or waived; however, the Trustee may withhold such notice of default, other than a payment default, if it determines in good faith that withholding the notice is in the interests of the holders.

No holder of any notes shall have any right to institute any proceeding with respect to the Indenture or the notes or for any remedy thereunder, unless such holder previously shall have given to the Trustee written notice of a default with respect to such holder's notes and unless also the holders of not less than 25% of the principal amount of Outstanding Securities of the applicable series of notes shall have made written request upon the Trustee, and have offered to the Trustee indemnity satisfactory to it, to institute such proceeding as Trustee, and the Trustee shall not have received direction inconsistent with such request in writing by the holders of a majority in principal amount of Outstanding Securities and shall have neglected or refused to institute such proceeding within 60 days. However, the right of any holder of any note to enforce the payment of principal and interest, if any, due on such note on or after the dates expressed in such note, may not be impaired or affected.

The Indenture includes a covenant requiring certain officers of the Company to furnish to the Trustee annually a statement as to whether, to their knowledge, the Company is in default under the Indenture and, if so, specifying all such known Defaults.

As discussed above, as of March 31, 2011, there were approximately \$12.0 billion of Debt Securities issued under various predecessor senior indentures which contain event of default provisions different than those set forth herein. Under the terms of those predecessor senior indentures events of default included (a) an event of default on any other Indebtedness for borrowed money of News Corporation or any of its Subsidiaries having an aggregate amount outstanding in excess of \$100 million which has caused the holders thereof to declare such Indebtedness due and payable in advance of its scheduled maturity; (b) failure to pay at stated maturity (and the expiration of any grace period) any other Indebtedness for borrowed money of News Corporation or any of its Subsidiaries in excess of \$100 million; and (c) final judgments for the payment of money which in the aggregate exceed \$250 million rendered against News Corporation or any Restricted Subsidiary by a court and that remain unstayed or undischarged for a period of 60 days. It is important to note that the Indenture defining the 4.50% notes and the 6.15% notes does not include these event of default provisions.

## **Discharge and defeasance**

The Indenture provides that the Company may satisfy and discharge obligations thereunder with respect to the notes of any series by delivering to the Trustee for cancellation all notes of the series or depositing with the Trustee, after the notes have become due and payable, or will become due and payable within one year or will be called for redemption within one year, cash sufficient to pay at stated maturity or redemption all of the notes of the series and all other sums payable under the Indenture with respect to the series.

The Indenture provides with respect to any series of notes that the Company may elect either (A) to defease and be discharged from any and all obligations with respect to any series of the notes (except as otherwise

## **Table of Contents**

provided in the Indenture) ( defeasance ) or (B) to be released from certain of its obligations with respect to such series of the notes described under Certain Covenants, and Repurchase Upon Change of Control Triggering Event ( covenant defeasance ), in each case upon the irrevocable deposit with the Trustee, in trust for such purpose, of money, and/or U.S. Government Obligations or Foreign Government Securities (each as defined in the Indenture) which through the payment of principal and interest in accordance with their terms will provide money, in an amount sufficient to pay the principal of (and premium, if any), and interest on, such series of the notes on the scheduled due dates therefor and the satisfaction of certain other conditions.

### **Regarding the trustee**

The Indenture provides that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in such Indenture. The Trustee is The Bank of New York Mellon, 525 William Penn Place, 38<sup>th</sup> Floor, Pittsburgh, PA 15259.

The Indenture and provisions of the Trust Indenture Act of 1939, as amended, contain limitations on the rights of the Trustee, should it become a creditor of the Company or a Guarantor, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions; provided, however, that if it acquires any conflicting interest it must eliminate such conflict upon the occurrence of a Default or must resign. The Bank of New York Mellon is a lender under the Revolving Credit Agreement.

The Trustee will perform only those duties that are specifically set forth in the Indenture, unless an event of default occurs and is continuing. In case an event of default occurs and is continuing, the Trustee will exercise the same degree of care and skill as a prudent individual would exercise in the conduct of his or her own affairs. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the holders pursuant to the Indenture, unless such holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

### **Certain covenants**

*Guarantees by Subsidiaries.* To the extent that after the date of the Indenture any Subsidiary issues any guarantee of any Public Debt in excess of \$100 million and such Subsidiary is not thereafter released from such guarantee within ten Business Days, the Indenture requires that such Subsidiary guarantee the notes on a *pari passu* basis if such Public Debt is senior indebtedness and on a senior basis if such Public Debt is subordinated indebtedness.

*Limitation on Liens.* Neither News Corporation nor any Subsidiary will create, assume, incur or suffer to exist any Lien on or with respect to any of its properties to secure Indebtedness unless contemporaneously therewith or prior thereto the Securities are equally and ratably secured for so long as such other Indebtedness shall be so secured, except for Permitted Encumbrances.

### **Governing Law**

The Indenture and the notes will be governed by and construed in accordance with the laws of the State of New York.

### **Certain definitions**

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms.



## Table of Contents

**Affiliate** of any specified Person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person; provided that any Person that would be an Affiliate solely by reason of the fact that a director or officer of such Person is also a director or officer of a member of News Corporation or its Subsidiaries shall be deemed not to be an Affiliate for purposes of this definition. For the purposes of this definition, **control** when used with respect to any specified Person means the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise; and the terms **controlling** and **controlled** have meanings correlative to the foregoing.

**Capital Stock** of any Person is defined as any and all shares, interests, participations or other equivalents (however designated) of capital stock and any rights (other than loan stock or debt securities convertible into capital stock), warrants or options to acquire such capital stock.

**Content** means all print, audio, visual and other content and information available for publication, distribution, broadcast, transmission or any other form of delivery for exploitation on any form of media or medium of communication, whether now known or hereafter discovered or created.

**Default** is defined as any event, act or condition which is, or after notice or passage of time or both would be, an Event of Default.

**Film Special Purpose Vehicle** means any Special Purpose Vehicle established for the sole purpose of financing, producing, distributing, acquiring, marketing, licensing, syndicating, publishing, transmitting or other exploitation of Content.

**Foreign Government Securities** is defined as, with respect to securities and coupons, if any, of any series that are denominated in a foreign currency, securities that are (i) direct obligations of the government that issued such currency for the payment of which obligations its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of such government (the timely payment of which is unconditionally guaranteed as a full faith and credit obligation of such government) which, in either case under clauses (i) or (ii), are not callable or redeemable at the option of the issuer thereof.

**GAAP** is defined as generally accepted accounting principles as applied in the United States set forth in Accounting Standards Codification of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which are applicable as of the date of determination, provided that the definitions contained in the Indenture and all ratios and calculations under the covenants described therein shall be determined in accordance with GAAP as in effect on the date of the applicable indenture.

**Lien** is defined as any lien, security interest, or other charge or encumbrance of any kind, including without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

**News Consolidated Group** is defined as News Corporation and its Subsidiaries which are consolidated under GAAP.

**Original Issue Discount Debt Security** is defined as any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof.

**Outstanding** is defined as, as of the date of determination, all Debt Securities theretofore authenticated and delivered under the Indenture, except: (i) Debt Securities for whose payment or redemption (a) money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent)

**Table of Contents**

for the holders of such Debt Securities or (b) U.S. Government Obligations or Foreign Government Securities as contemplated by the section of the Indenture governing satisfaction, discharge and defeasance of Debt Securities in the necessary amount have been theretofore deposited with the Trustee in trust for the holders of such Debt Securities in accordance with such section; provided that, if such Debt Securities are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made; and (ii) Debt Securities which have been paid pursuant to the section of the Indenture governing mutilated, destroyed, lost and stolen securities or in exchange for or in lieu of which other Debt Securities have been authenticated and delivered pursuant to the Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Debt Securities are held by a bona fide purchaser in whose hands such Debt Securities are valid obligations of the Company; provided, however, that in determining whether the holders of the requisite principal amount of the Outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of any Original Issue Discount Securities that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof pursuant to the section of the Indenture governing acceleration, the principal amount of a Debt Security denominated in a foreign currency or currencies shall be deemed to be that amount of dollars that could be obtained for such principal amount on the basis of the spot rate of exchange for such foreign currency or such currency unit as determined by the Company or by an authorized exchange rate agent, and Debt Securities owned by the Company or any other obligor upon the Debt Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Debt Securities which the Trustee knows to be so owned shall be so disregarded. Debt Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Debt Securities and that the pledgee is not the Company or any other obligor upon the Debt Securities or any Affiliate of the Company or of such other obligor.

Permitted Encumbrance means any of the following: (i) any Lien which arises in favor of an unpaid seller in respect of goods, plant or equipment sold and delivered to any member of the News Consolidated Group in the ordinary course of its business until payment of the purchase price for such goods or plant or equipment or any other goods, plant or equipment previously sold and delivered by that seller (except to the extent that such Lien secures Indebtedness or arises otherwise than due to deferment of payment of purchase price); (ii) Liens arising by operation of law, including Liens for taxes, assessments and governmental charges or levies that are either (a) not yet overdue or (b) being contested in good faith and by appropriate proceedings and as to which appropriate reserves are being maintained; (iii) any Lien or pledge created or subsisting in the ordinary course of business over documents of title, insurance policies or sale contracts in relation to commercial goods to secure the purchase price thereof; (iv) any Lien with respect to a cash deposit which secures the payment or reimbursement obligation in favor of any financial institution or government in connection with any letter of credit, guarantee or bond, issued by or, as the case may be, granted to any financial institution, or government, in respect of any amount payable by any member of the News Consolidated Group pursuant to any agreement or arrangement (other than in respect of Indebtedness for borrowed money) entered into by any member of the News Consolidated Group; (v) any Lien with respect to a cash deposit which is deposited in an account with any financial institution or firm of lawyers or title company to be held in escrow in such account pursuant to any agreement or arrangement (other than in respect of Indebtedness for borrowed money); (vi) Liens on property purchased after the date of the Indenture provided that (A) any such Lien (x) is created solely for the purpose of securing Indebtedness incurred to finance the cost (including the cost of construction) of the item of property subject thereto and such Lien is created prior to, at the time of, or within 270 days after the later of, the acquisition, the completion of construction or the commencement of the full operation of such property, or for the purpose of securing Indebtedness incurred to refinance any Indebtedness previously so secured or (y) existed on such property at the time of its acquisition (other than Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property), (B) the principal amount of Indebtedness secured by any Lien described in clause (A)(x) does not exceed 100% of such cost, and (C) such Lien does not extend to

**Table of Contents**

or cover any other property other than such item or property and any improvements on such item; (vii) any Lien with respect to any asset (including, without limitation, securities, documents of title and source codes), to the extent arising from the delivery of such asset to any financial institution, firm of lawyers, title company or other entity which holds assets in escrow or custody, to be held in escrow pursuant to any agreement or arrangement granted in the ordinary course of business; (viii) statutory Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other like Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings, if a reserve or other appropriate provision has been made; (ix) easements, rights of way and other encumbrances on title to real property that do not materially adversely affect the use of such property for its present purposes; (x) pledges or deposits in connection with worker's compensation, unemployment insurance and other social security legislation; (xi) Liens existing on the date of the Indenture; (xii) Liens permitted to finance receivables (including pursuant to a receivables sales agreement) arising in the ordinary course of business; (xiii) Liens on assets of Film Special Purpose Vehicles securing Indebtedness incurred for the purpose of effecting Permitted Film Financings; (xiv) Liens created in favor of (x) a producer or supplier of Content or (y) any other Person in connection with the financing of the production, distribution, acquisition, marketing, licensing, syndication, publication, transmission and/or other exploitation of Content, in each case above on or with respect to distribution revenues and/or distribution rights which arise from or are attributable to such Content; (xv) Liens under construction, performance and similar bonding arrangements entered into in the ordinary course of business; (xvi) in the case of a Person becoming a member of the News Consolidated Group after the date of the Indenture, any Lien with respect to the assets of such Person at the time it became a member of the News Consolidated Group, *provided* that such Lien is not created in contemplation of, or in connection with, such Person becoming a member of the News Consolidated Group; (xvii) Liens created by members of the News Consolidated Group in favor of other members of the News Consolidated Group; (xviii) Liens not otherwise permitted herein which do not, in the aggregate, exceed 15% of the Tangible Assets of the News Consolidated Group; *provided* that any such Lien is not otherwise prohibited under the Indenture; and (xix) any extension, renewal or replacements of any of the Liens referred to in clauses (i) through (xviii) above, *provided* that the renewal, extension or replacements is limited to all or part of the property securing the original Lien or any replacement of such property and *further provided* that in the case of sub-clauses (i) and (iii) of this definition, there is no default in the underlying obligation secured by such encumbrance or such obligation is being contested in good faith and by appropriate proceedings.

**Permitted Film Financing** means debt and equity financing arrangements with third parties for the financing, production, distribution, acquisition, marketing, licensing, syndication, publishing, transmission or other exploitation of Content by any Person in which any interest held by a member of the News Consolidated Group is held through a Film Special Purpose Vehicle and as to which neither News Corporation nor its Subsidiaries has incurred any Indebtedness other than through such Film Special Purpose Vehicle.

**Person** means any individual, partnership, corporation, joint venture, limited liability company, trust or other entity, or government or any agency or political subdivision thereof.

**Programming Liabilities** means all obligations incurred in the ordinary course of business to finance, produce, distribute, acquire, market, license, syndicate, publish, transmit or otherwise exploit Content, other than any such obligations for Indebtedness described in clause (i) of the definition of Indebtedness and guaranties of such Indebtedness.

**Public Debt** means any Indebtedness of News America and News Corporation (other than the Securities) that is registered pursuant to a registration statement filed with the SEC or any comparable national or state regulatory or governmental body in any jurisdiction of the United States or otherwise, plus any Indebtedness that any member of the News Consolidated Group has issued and provided registration rights to the holders of such privately placed securities in connection with such issuance other than the Securities.

**Redeemable Stock** is defined as any equity security that by its terms or otherwise is required to be redeemed prior to the maturity of the Securities or is redeemable at the option of the holder thereof at any time prior to maturity of the Securities.

---

## **Table of Contents**

Securities means any debt securities authenticated and delivered under the Indenture.

Special Purpose Vehicle means a Person that is, or was, established: (a) with a separate legal identity and limited liability; (b) as a member of the News Consolidated Group; and (c) for the sole purpose of a single transaction, or series of related transactions, and that has no assets and liabilities other than those directly acquired or incurred in connection with such transaction(s).

Subsidiary is defined as, with respect to any Person, (i) a corporation a majority of whose issued and outstanding capital stock, voting shares or ordinary shares having ordinary voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation) in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof has at least a majority ownership interest and the power to direct the policies, management and affairs thereof. For purposes of this definition, any director's qualifying shares or investments by foreign nationals mandated by applicable law shall be disregarded in determining the ownership of a Subsidiary.

Tangible Assets of any Person is defined as, as of any date, the amount of total assets of such Person and its subsidiaries on a consolidated basis at such date minus goodwill, trade names, patents, unamortized debt discount expense and other like intangibles, all determined in accordance with GAAP.

The summary herein of certain provisions of the Indenture, including the defined terms therein, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture, a copy of which will be made available to prospective purchasers of the notes upon request to the Company.

### **Tax Consequences of the Exchange Offer**

The following is a general discussion of certain U.S. federal income and estate tax consequences of the acquisition, ownership and disposition of notes by U.S. Holders and Non-U.S. Holders, each as defined below. This discussion is based upon the U.S. federal tax law now in effect, which is subject to change, possibly retroactively. For purposes of this discussion, a U.S. Holder is a beneficial owner of a note that is, for U.S. federal income tax purposes, a citizen or resident of the United States, a corporation or any entity taxable as a corporation for U.S. federal income tax purposes created or organized in the United States or under the laws of the United States or of any political subdivision thereof, an estate whose income is includable in gross income for U.S. federal income tax purposes regardless of its source or a trust whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust, or if a valid election is made to treat the trust as a U.S. person. A Non-U.S. Holder is a beneficial owner of a note that is neither a U.S. Holder nor a partnership (or an entity that is treated as a partnership for U.S. federal income tax purposes).

This summary does not discuss all aspects of U.S. federal income taxation which may be important to particular holders in light of their individual investment circumstances, such as notes held by investors subject to special tax rules (e.g., banks or other financial institutions, insurance companies, broker-dealers, U.S. expatriates and tax-exempt organizations) or to persons that will hold the notes as a part of a straddle, hedge, or synthetic security transaction for U.S. federal income tax purposes or that have a functional currency other than the U.S. dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. If a partnership (or any entity that is treated as a partnership for U.S. federal income tax purposes) holds the notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. In addition, this summary does not discuss any foreign, state or local tax considerations. This summary assumes that investors will hold their notes as capital assets (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended (the Code). The issuer will

## **Table of Contents**

treat the notes as debt, and the following discussion assumes that the notes are properly characterized as debt for U.S. federal income tax purposes. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL TAX CONSEQUENCES OF ACQUIRING, HOLDING AND DISPOSING OF NOTES, AS WELL AS ANY TAX CONSEQUENCES THAT MAY ARISE UNDER THE LAWS OF ANY NON-U.S., STATE, LOCAL OR OTHER TAXING JURISDICTION.

### **Tax Considerations Applicable to U.S. Holders and Non-U.S. Holders**

#### ***Exchange of the Original Notes for Exchange Notes***

The exchange of an original note for an Exchange Note pursuant to the Exchange Offer will not constitute a taxable exchange for U.S. federal income tax purposes because the Exchange Note will not be considered to differ materially in kind or extent from the original note. Accordingly, the Exchange Note will be treated for U.S. federal tax purposes as a continuation of the original note in the hands of a U.S. Holder or a Non-U.S. Holder. As a result, (1) a holder will not recognize any gain or loss on the exchange, (2) the holder's holding period for an Exchange Note will include the holding period for the original note, and (3) the holder's adjusted tax basis of the Exchange Note will be the same as the holder's adjusted basis of the original note. The Exchange Offer will not have any U.S. federal income tax consequences for a nonexchanging holder of an original note.

#### **Taxation of U.S. Holders**

##### ***Interest***

A U.S. Holder generally will be required to include in gross income as ordinary interest income the stated interest on a note at the time the interest accrues or is received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

##### ***Optional Redemption and Change of Control***

We intend to take the position that the likelihood of an optional redemption, as described under Description of the Notes Redemption by the Company, or of a Change of Control Offer, as described under Description of the Notes Repurchase upon change of control triggering event, is remote within the meaning of the applicable U.S. Treasury regulations and, in accordance with such treatment, a U.S. Holder would not be required to take into account any such payment until such payment is made by the Company. However, the Internal Revenue Service ( IRS ) may take a contrary position, which could affect both the timing of a U.S. Holder's recognition of income from the notes and our deduction with respect to such payment.

##### ***Sale, Exchange or Disposition of the Notes***

Upon the sale, exchange, redemption or other taxable disposition of an exchange note, a U.S. Holder will generally recognize capital gain or loss equal to the difference between (i) the amount realized on the disposition (not including the amount allocable to accrued and unpaid interest not previously included in gross income, which will be treated as ordinary interest income), and (ii) the U.S. Holder's adjusted tax basis in the note. The amount realized will equal the sum of the amount of cash and the fair market value of any property received on the disposition of the note. A U.S. Holder's adjusted tax basis in the note will generally equal such U.S. Holder's purchase price for the note reduced by any principal payments on the note received by such U.S. Holder. The capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the note exceeds one year at the time of the disposition.

##### ***Market Discount***

A U.S. Holder that purchases a note for an amount that is less than its principal amount will have market discount with respect to the note in the amount of such excess. Such U.S. Holder is required (unless the market

## **Table of Contents**

discount is less than a *de minimis* amount) to treat any principal payments on, or any gain realized on the disposition or retirement of such note, as interest income to the extent of the market discount that accrued while such U.S. Holder held the note, unless the U.S. Holder elects to include the market discount in income on a current basis (see *Accrual Method Election* below). Accrued market discount is determined on a straight-line basis or, at the U.S. Holder's election, on a constant-yield basis. Market discount is considered to be a *de minimis* amount if it is less than one-quarter of one percent of the note's principal amount multiplied by the number of complete years to maturity after the U.S. Holder acquired the note. If a U.S. Holder disposes of a note with more than a *de minimis* amount of market discount in a nontaxable transaction in exchange for property whose adjusted basis is determined by reference to the adjusted basis of the note, such U.S. Holder must include all market discount in income as if such U.S. Holder had sold the note at its then fair market value.

If a U.S. Holder acquires a note at a market discount and does not make the accrual method election described below, such U.S. Holder may be required to defer the deduction of a portion of the interest expense on any indebtedness incurred or continued to purchase or carry the note until the deferred income is realized.

### ***Accrual Method Election***

A U.S. Holder that purchases a note with market discount may elect to include in gross income such U.S. Holder's entire return on the note (i.e., the excess of all remaining payments to be received on the note over the amount such U.S. Holder paid for the note) based on the compounding of interest at a constant rate. Such an election will apply to all debt instruments with market discount acquired by such U.S. Holder after the first day of the first taxable year to which such election applies. The election may be revoked only with the consent of the IRS.

### ***Bond Premium***

A U.S. Holder that purchases a note for an amount in excess of its principal amount will have premium with respect to the note in the amount of such excess. Such U.S. Holder may elect to treat the premium as amortizable bond premium. If such an election is made, the amount of interest such U.S. Holder must include in income for each accrual period is reduced by the portion of the premium allocable to such period based on the note's yield to maturity. If the amortizable bond premium exceeds the interest allocable to the accrual period, the electing U.S. Holder must treat the excess as a bond premium deduction for the accrual period. However, the amount treated as a bond premium deduction is limited to the amount by which such U.S. Holder's total interest income on the note in prior accrual periods exceeds the total amount treated by such U.S. Holder as bond premium on the note in prior accrual periods. A U.S. Holder generally may not assume that a note will be redeemed or converted prior to maturity for this purpose. If the note is in fact redeemed, such U.S. Holder may deduct any unamortized premium in the year of redemption. If a U.S. Holder makes the election described in this paragraph, the election will apply to all debt instruments the interest on which is not excludible from gross income (fully taxable bonds) that such U.S. Holder holds at the beginning of the first taxable year to which the election applies and to all fully taxable bonds such U.S. Holder later acquires. The election may be revoked only with the consent of the IRS.

If a U.S. Holder does not make this election, such U.S. Holder must include the full amount of each interest payment in income as described in *Interest* above. The U.S. Holder will receive a tax benefit from the premium only in computing gain or loss upon the sale or other disposition or retirement of the note.

### ***Medicare Tax***

For taxable years beginning after December 31, 2012, a United States person that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) such person's net investment income for the relevant taxable year and (2) the excess of such person's modified gross income for the taxable year over a certain threshold (which in the case of individuals

---

## **Table of Contents**

will be between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include its interest income and its net gains from the disposition of notes, unless such interest payments or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a United States person that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the notes.

### ***Backup Withholding and Information Reporting***

Certain non-corporate U.S. Holders may be subject to backup withholding, currently at a rate of 28%, on payments of principal and interest on, and the proceeds of the disposition of, the notes, if the U.S. Holder (1) fails to provide a correct taxpayer identification number ( "TIN" ), which, for an individual, would generally be his or her Social Security Number, (2) provides an incorrect TIN, (3) is notified by the IRS that it has failed to report payments of interest or dividends, or (4) under certain circumstances, fails to certify that it is exempt from withholding. In addition, such payments of principal, interest and disposition proceeds to U.S. Holders will generally be subject to information reporting.

Backup withholding is not an additional tax. Any amount withheld from payment to a U.S. Holder under the backup withholding rules will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such an exemption, if available.

### **Taxation of Non-U.S. Holders**

#### ***Interest***

Provided the beneficial owner of the notes fulfills certain certification requirements of section 871(h) or 881(c) of the Code as described below under the heading "Owner Statement Requirement," interest paid by the Company to a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax unless (A) the Non-U.S. Holder (i) actually or constructively owns 10% or more of the total voting power of all voting stock of the Company or (ii) is a controlled foreign corporation with respect to which the Company is a "related person" within the meaning of the Code or (B) such Non-U.S. Holder held the notes in connection with a U.S. trade or business carried on by such Non-U.S. Holder. Interest that does not qualify for exemption under these rules and is not effectively connected with the conduct of a U.S. trade or business generally will be subject to a U.S. withholding tax at a rate of 30% unless such tax is reduced or eliminated by an applicable treaty. A Non-U.S. Holder that is engaged in the conduct of a U.S. trade or business will be subject to (i) U.S. federal income tax on interest that is effectively connected with the conduct of such trade or business (or, attributable to a permanent establishment in the United States of such Non-U.S. Holder pursuant to an applicable tax treaty) and (ii) if the Non-U.S. Holder is a corporation, a U.S. branch profits tax equal to 30% of its "effectively connected earnings and profits" as adjusted for the taxable year, unless the Non-U.S. Holder qualifies for an exemption from such tax or a lower tax rate under an applicable treaty. Any such interest that is effectively connected with the conduct of a U.S. trade or business or attributable to a U.S. permanent establishment of a Non-U.S. Holder will be subject to U.S. federal income tax on a net income basis in the same manner as if such Non-U.S. Holder were a U.S. person.

#### ***Gain on Disposition***

A Non-U.S. Holder will generally not be subject to U.S. federal income tax on gain recognized on a sale, redemption or other disposition of notes unless (i) the gain is effectively connected with the conduct of a trade or business within the United States by the Non-U.S. Holder (or, if a treaty applies, attributable to a permanent establishment in the United States of such Non-U.S. Holder) or (ii) in the case of a Non-U.S. Holder who is an

## **Table of Contents**

individual, such Non-U.S. Holder is present in the United States for 183 or more days in the taxable year and certain other requirements are met. Any such gain that is effectively connected with the conduct of a U.S. trade or business or attributable to a U.S. permanent establishment of a Non-U.S. Holder will be subject to U.S. federal income tax on a net income basis in the same manner as if such Non-U.S. Holder were a U.S. Holder and, if such Non-U.S. Holder is a corporation, such gain may also be subject to the 30% U.S. branch profits tax described above.

### ***Federal Estate Taxes***

If interest on the notes is exempt from withholding of U.S. federal income tax under the rules described above (without regard to the requirements described below under the heading *Owner Statement Requirement* ), the notes held by an individual who at the time of death is a Non-U.S. Holder and is not engaged in a U.S. trade or business generally will not be subject to U.S. federal estate tax as a result of such individual's death.

### ***Owner Statement Requirement***

Sections 871(h) and 881(c) of the Code require that either the beneficial owner of a note or a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a *Financial Institution* ) and that holds notes on behalf of such owner file a statement (IRS Form W-8BEN or W-8IMY, as applicable, or any successor form) with the Company or its agent to the effect that the beneficial owner is not a U.S. person in order to avoid withholding of U.S. federal income tax (an *Owner's Statement* ).

### ***Backup Withholding and Information Reporting***

Current U.S. federal income tax law provides that in the case of payments of interest to Non-U.S. Holders, backup withholding generally will not apply to payments made outside the United States by the Company or a paying agent on a note if an *Owner's Statement* is received or an exemption has otherwise been established; provided in each case that the Company or a paying agent, as the case may be, does not have actual knowledge that the payee is a U.S. person.

Non-U.S. Holders should consult their tax advisors regarding the application of the information reporting and backup withholding in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption, if available. Any amounts withheld from a payment to a Non-U.S. Holder under the backup withholding rules will be allowed as a credit against such Non-U.S. Holder's U.S. federal income tax liability and may entitle such Non-U.S. Holder to a refund, provided that the required information is furnished to the IRS.



---

**Table of Contents**

**BOOK-ENTRY; DELIVERY AND FORM**

The Company will initially issue the Exchange Notes in the form of one or more global notes. Each global note will be deposited with, or on behalf of, DTC and registered in the name of DTC or its nominee. Except as described below, a global note may be transferred, in whole and not in part, only to DTC or another nominee of DTC. You may hold your beneficial interests in any global note directly through DTC if you have an account with DTC or indirectly through organizations which have accounts with DTC.

DTC has advised the Company as follows:

it is a limited-purpose trust company organized under the laws of the State of New York,

it is a member of the Federal Reserve System,

is a clearing corporation within the meaning of the New York Uniform Commercial Code, and

it is a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities of institutions that have accounts with it ( participants ) and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, which may include the initial purchasers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC and FINRA. Access to DTC's book-entry system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, whether directly or indirectly.

The rules applicable to DTC and its participants are on file with the Commission.

The Company expects that, pursuant to procedures established by DTC, upon the deposit of a global note with DTC, DTC will credit, on its book-entry registration and transfer system, the principal amount of notes represented by the global note to the accounts of participants. The accounts to be credited will be designated by the initial purchasers. Ownership of beneficial interests in the global note will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in the global note will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by DTC, with respect to participants' interests, or by DTC's direct and indirect participants, with respect to the owners of beneficial interests in the global note other than participants. The laws of some jurisdictions may require that purchasers of securities take physical delivery of securities in definitive form. These limits and laws may impair the ability to transfer or pledge beneficial interests in the global note.

So long as DTC, or its nominee, is the registered holder and owner of the global note, DTC or its nominee, as the case may be, will be considered the sole legal owner and holder of any notes evidenced by the global note for all purposes of the notes and the Indenture. DTC has no knowledge of the actual beneficial owners of the notes; DTC's records reflect only the identity of the participants to whose accounts such notes are credited, which may or may not be the beneficial owners. The participants and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers. Except as set forth below, as an owner of a beneficial interest in the global note, you will not be entitled to have the notes represented by the global note registered in your name, will not receive or be entitled to receive physical delivery of certificated notes and will not be considered to be the owner or holder of any notes under the global note. The Company understands that under existing industry practice, in the event an owner of a beneficial interest in the global note desires to take any action that DTC, as the holder of the global note, is entitled to take, DTC would authorize the participants to take the action, and the participants would authorize beneficial owners owning through the participants to take the action or would otherwise act upon the instructions of beneficial owners owning through those participants and indirect participants.

**Table of Contents**

Conveyance of notices and other communications by DTC to participants, by participants to indirect participants, and by participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of the notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the notes, such as redemptions, tenders, defaults and proposed amendments to the security documents. Beneficial owners of the notes may wish to ascertain that the nominee holding the notes for their benefit has agreed to obtain and transmit notices to beneficial owners, or in the alternative, beneficial owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each participant in such issue to be redeemed.

The Company will make payments of principal of, premium, if any, and interest on notes represented by the global note registered in the name of and held by DTC or its nominee to DTC or its nominee, as the case may be, as the registered owner and holder of the global note.

The Company expects that DTC or its nominee, upon receipt of any payment of principal of, premium, if any, or interest on the global note will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global note as shown on the records of DTC or its nominee. The Company also expects that payments by participants or indirect participants to owners of beneficial interests in the global note held through direct and indirect participants will be governed by standing instructions and customary practices and will be the responsibility of the participants. The Company will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the global note for any note or for maintaining, supervising or reviewing any records relating to beneficial ownership interests or for any other aspect of the relationship between DTC and its direct or indirect participants or the relationship between those participants and the owners of beneficial interests in the global note owning through those participants.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the global note among participants in DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Under such circumstances, in the event that a successor securities depository is not obtained, note certificates are required to be printed and delivered as described under Description of Exchange Notes. Neither the Trustee nor the Company will have any responsibility or liability for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company believes to be reliable, but the Company takes no responsibility for the accuracy thereof.

**Table of Contents**

**PLAN OF DISTRIBUTION**

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with the resale of the Exchange Notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date and ending on the close of business on the first anniversary of the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until October 10, 2011 (90 days after the date of delivery of this prospectus), all broker-dealers effecting transactions in the Exchange Notes may be required to deliver a prospectus.

We will not receive any proceeds from any sale of Exchange Notes by broker-dealers. Exchange Notes received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Notes or a combination of such methods of resale. These resales may be made at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any of the Exchange Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of the Exchange Notes may be deemed to be an underwriter within the meaning of the Securities Act, and any profit on any such resale of Exchange Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

For a period of 90 days after the expiration date, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests these documents in the letter of transmittal. We have agreed to pay all expenses incident to the performance of our obligations in connection with the Exchange Offer. We will indemnify the holders of the notes (including any broker-dealer) against certain liabilities, including liabilities under the Securities Act.

**Table of Contents**

**WHERE YOU CAN FIND MORE INFORMATION**

News Corporation is subject to the informational requirements of the Exchange Act and files reports and other information with the Commission.

You may read and copy this information at the Public Reference Room of the Commission, 100 F Street N.E., Washington, D.C. 20549. For more information about the operation of the Public Reference Room, call the Commission at 1-800-SEC-0330. The Commission also maintains a website that contains reports and other information about issuers who file electronically with the Commission. The Internet address of the site is <http://www.sec.gov>. Some, but not all, of News Corporation's publicly filed information is available through the Commission's web site. You may also obtain certain of these documents at News Corporation's website at [www.newscorp.com](http://www.newscorp.com). We are not incorporating the contents of the websites of the Commission, News Corporation or any other person into this document. We are only providing information about how you may obtain certain documents that are incorporated into this document by reference at these websites.

This prospectus forms part of the registration statement filed by News America and News Corporation with the Commission under the Securities Act. This prospectus omits certain of the information contained in the registration statement in accordance with the rules and regulations of the Commission.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The Commission allows News Corporation to incorporate by reference information into this prospectus, which means important information may be disclosed to you by referring you to another document filed separately with the Commission. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus. This prospectus incorporates by reference the documents set forth below that News Corporation has previously filed with the Commission. These documents contain important information about News Corporation and its consolidated subsidiaries and their finances.

News Corporation has filed with the Commission, pursuant to the Exchange Act, its Annual Report on Form 10-K for the fiscal year ended June 30, 2010, filed August 6, 2010, as amended, Quarterly Reports on Form 10-Q for the quarters ended September 30, 2010, December 31, 2010 and March 31, 2011, filed November 4, 2010, February 3, 2011 and May 5, 2011, respectively, Current Reports on Form 8-K, filed August 2, 2010, August 3, 2010, October 19, 2010, November 3, 2010, November 12, 2010, as amended on January 4, 2011, November 23, 2010, January 25, 2011, February 9, 2011, February 15, 2011, February 17, 2011, February 22, 2011, February 23, 2011, February 24, 2011, April 1, 2011, April 5, 2011, April 15, 2011, June 10, 2011, June 20, 2011 and July 7, 2011 and a Definitive Proxy Statement on Schedule 14A filed August 31, 2010.

Reports and other information filed by News Corporation with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this registration statement and prior to the effectiveness of the registration statement shall be deemed to be incorporated by reference into the prospectus. In addition, all reports, amendments to previously filed reports and other information filed by News Corporation with the Commission following the date hereof and prior to the termination of the exchange offer, including News Corporation's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Proxy Statement filed on Schedule 14A, shall be deemed to be incorporated by reference herein. Statements contained in this document as to the contents of any contract or other document referred to in such document are not necessarily complete and, in each instance, reference is made to the copy of such contract or other document filed with the Commission, each such statement being qualified in all respects by such reference.

We will provide to you upon written or oral request, without charge, a copy of any and all of the information incorporated by reference in this prospectus; however, a reasonable fee per page will be charged for any paper

**Table of Contents**

copies of any exhibits to such information. Requests for copies of such information relating to News Corporation should be directed to: News America Incorporated, 1211 Avenue of the Americas, New York, NY 10036, Attention: Investor Relations (telephone number (212) 852-7059).

**LEGAL MATTERS**

Certain legal matters in connection with the notes and the Guarantee have been passed upon for the Company and the Guarantor by Hogan Lovells US LLP, 875 Third Avenue, New York, New York 10022.

**EXPERTS**

The consolidated financial statements of News Corporation appearing in the News Corporation's Current Report (Form 8-K) filed on November 3, 2010, and the effectiveness of News Corporation's internal control over financial reporting as of June 30, 2010 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included in the Current Report (Form 8-K) filed on November 3, 2010 and the Company's Annual Report (Form 10-K) for the fiscal year ended June 30, 2010, respectively, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

**Table of Contents**

We have not authorized any dealer or salesperson or other person to give any information or represent anything not contained in this prospectus. You must not rely on any unauthorized information. This prospectus does not constitute an offer to sell or buy any securities in any jurisdiction where it is unlawful. The information in this prospectus is current only as of the date of this prospectus unless the information specifically indicates that another date applies.

Until October 10, 2011, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

**US\$2,500,000,000**

**News America Incorporated**

**Exchange Offer of**

**US\$1,000,000,000 of our 4.50% Senior Notes due 2021**

**and**

**US\$1,500,000,000 of our 6.15% Senior Notes due 2041**

**Unconditionally Guaranteed by**

**News Corporation**

July 12, 2011