NEWS CORP
Form 11-K
June 24, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

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

For the fiscal year ended December 31, 2012

OR

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

For the transition period from __________ to __________

Commission file number 333-51434

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

FOX INVESTMENT PLAN

2121 Avenue of the Stars

Los Angeles, CA 90067

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

NEWS CORPORATION

1211 Avenue of the Americas

New York, New York 10036

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Fox Investment Plan

Financial Statements and Supplemental Schedule

Year Ended December 31, 2012

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Report of Independent Registered Public Accounting Firm

Fox Retirement Board

Fox Investment Plan

We have audited the accompanying statements of net assets available for benefits of Fox Investment Plan as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Fox Investment Plan at December 31, 2012 and 2011, and the changes in its net assets available for benefits for the year ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2012, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Los Angeles, California

June 24, 2013

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Fox Investment Plan

Statements of Net Assets Available for Benefits

	December 31	
	2012	**2011**
Assets		
Investments, at fair value	**$ 1,272,914,097**	$ 1,075,103,636
Cash	**135,476**	28,123
Receivables:		
Notes receivable from participants	**22,996,532**	21,551,023
Employer contributions		161,727
Participant contributions	**439**	307,880
Interest and other	**151**	13,019
Total receivables	**22,997,122**	22,033,649
Total assets	**1,296,046,695**	1,097,165,408
Liabilities		
Due to broker for securities purchased	**431,664**	235,402
Total liabilities	**431,664**	235,402
Net assets reflecting all investments at fair value	**1,295,615,031**	1,096,930,006
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	**(5,012,035)**	(4,088,866)
Net assets available for benefits	**$ 1,290,602,996**	$ 1,092,841,140

See accompanying notes.

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Fox Investment Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2012

Additions to (deductions from) net assets attributed to:	
Contributions:	
Employer, net of forfeitures	$ 38,012,053
Participant	79,682,517
Rollover	5,866,115
Total contributions	123,560,685
Net investment income:	
Net appreciation in fair value of investments	111,957,917
Interest, dividends and other	39,067,500
Interest earned on notes receivable from participants	985,283
Total net investment income	152,010,700
Transfers from Investment Plan for Former Chris-Craft/UTV Employees	13,806,529
Benefits paid to participants	(91,591,597)
Administrative and other expenses	(24,461)
Net increase	197,761,856
Net assets available for benefits at beginning of year	1,092,841,140
Net assets available for benefits at end of year	$ 1,290,602,996

See accompanying notes.

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Fox Investment Plan

Notes to Financial Statements

December 31, 2012

1. Description of the Plan

The following description of the Fox Investment Plan (the Plan) provides only general information. Participants should refer to the plan document and related amendments for more complete information.

General

The Plan is a defined contribution plan sponsored by Fox Entertainment Group, Inc. (the Plan Sponsor or the Company). Its purpose is to assist employees in establishing a regular savings and investment program to provide additional financial security for their retirement. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan was originally adopted effective June 1, 1984.

Effective February 29, 2012, the Plan was amended and restated in its entirety to incorporate all prior amendments, legislative updates, and the merger of the Investment Plan for Former Chris-Craft/UTV Employees. During the year ended December 31, 2012, assets of $13,806,529 transferred into the Plan as a result of the merger.

Effective August 1, 2012, the Plan was amended to include an additional appendix applicable to persons who are employed and categorized as full-time employees at Twentieth Century Fox Film Corporation pursuant to the collective bargaining agreement between Twentieth Century Fox Film Corporation and International Union, Security, Police and Fire Professionals of America (SPFPA) Amalgamated Local 1 (SPFPA Amalgamated Local 1 Union). Members of the SPFPA Amalgamated Local 1 Union became eligible to participate in the Plan effective August 1, 2012. Members of the SPFPA Amalgamated Local 1 Union are not eligible to receive employer matching contributions and shall only receive employer non-elective contributions in an amount equal to 1% of pay-period compensation for each participant.

Effective October 26, 2012, the Plan was amended to allow participants to withdraw all or a portion of their before-tax contributions for a period from October 26, 2012 through February 1, 2013, for hardships caused by Hurricane Sandy in accordance with Internal Revenue Service (IRS) Announcement 2012-44.

Eligibility

The Plan is a defined contribution plan available to certain nonunion employees of the Company to whom the Plan has been extended. Currently, union employees under certain collective bargaining agreements are also eligible to participate. An eligible employee can enroll in the Plan on the first day of the payroll cycle immediately following commencement of employment or the first day of any payroll cycle thereafter.

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Fox Investment Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Contributions

Employees eligible to participate in the Plan are automatically enrolled in the Plan at a 3% deferral rate unless they affirmatively opt out of participation. The following types of contributions are allowable under the terms of the plan document:

Participant Contributions   Participants can voluntarily contribute on a before-tax and/or after-tax basis, as defined in the plan document, subject to certain limitations under the Internal Revenue Code (the Code). Participants who have reached age 50 before the end of the plan year are eligible to make catch-up contributions, which are also subject to certain limitations of the Code. After-tax contributions are subject to a limitation of $5,000 per year.

Employer Matching Contributions   The Company contributes for each participant, each pay period, an amount equal to 100% of the first 1% plus 50% of the next 5% of eligible compensation contributed. The annual Company matching contribution may not exceed 3 $^{1}/_{2}$% of a participant s annual compensation. Certain union employees do not receive these matching contributions.

Employer Non-elective Contributions   The Company contributes for each participant each pay period a non-elective Company contribution in an amount equal to 2% of eligible pay-period compensation for each participant who (1) is ineligible to participate in a Company pension plan and is a non-collective bargaining unit eligible employee; or (2) is covered by a collective bargaining agreement requiring said contribution, as applicable. Additionally, union employees who are eligible to participate in the Plan and not eligible to participate in the Company pension plan either receive a 1% or 2% non-elective Company contribution based on the terms of their union s collective bargaining agreement.

Rollover Contributions   Amounts distributed to participants from other tax-qualified plans and/or individual retirement accounts may be contributed to the Plan.

The total amount contributed to a participant s account (excluding rollover contributions) for the year ended December 31, 2012, may not exceed the lesser of (a) $50,000; or (b) 100% of the participant s includable compensation, as defined by the plan document and the Code.

Vesting

Participants are immediately 100% vested in their before-tax and after-tax contributions and rollover contributions.

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Fox Investment Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

A participant becomes 100% vested in the Employer Matching Contribution account at the earliest of the following dates:

- Completion of two years of vesting service
- Death
- Termination of employment due to total and permanent disability
- Retirement at age 65
- Termination of the Plan

A participant becomes 100% vested in the Employer Non-elective Contribution account at the earliest of the following dates:

- Completion of three years of vesting service, as defined
- Death
- Termination of employment due to total and permanent disability
- Retirement at age 65
- Termination of the Plan

Forfeitures

If a participant elects a distribution of their vested account balance upon termination of employment, the nonvested portion of their employer contribution account is forfeited. If a participant defers distribution of their account balance, the participant s employer contribution account is forfeited after a consecutive 60-month period has elapsed after an employee s termination date. In accordance with the plan document, such forfeitures are used to reduce future Employer Matching or Non-elective Contributions. For the year ended December 31, 2012, forfeitures of $3,095,149 were used to reduce the Employer Matching or Non-elective Contributions.

Forfeited balances of $202,961 and $421,528 were available to reduce future contributions as of December 31, 2012 and 2011, respectively.

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Fox Investment Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Investment Options

The plan administrator intends for the Plan to constitute a Plan described in Section 404(c) of ERISA. Upon enrollment in the Plan, a participant may direct employee and employer contributions in 1% increments among various investment options. Additionally, participants may redirect their investment balances among these various investment options. Effective as of the market close on December 17, 2012, the News Corporation Class B Stock was closed to new investments.

Participant Accounts

Each participant s account is credited with the participant s contribution and allocation of the Company s contributions, and debited for any distributions. Investment fund gains, losses, and expenses are allocated based on the participant s account balances in each fund.

Notes Receivable from Participants

Participants may borrow from the Plan, subject to a minimum loan amount of $1,000 and a maximum loan amount of $50,000 or 50% of the participant s vested account balance. The loans are payable over a period of one to five years, or if the proceeds are used for the purchase of a participant s principal residence, the loans are payable over a period not to exceed 15 years. The loans bear interest at the prime rate plus 1%. The loans are secured by the pledge of the participant s vested interest in the Plan on the date the loan is initiated. Participants may either pay off outstanding loan balances when they leave the Company or continue to make loan repayments after termination. The Trustee, Fidelity Management Trust Company, has established a loan fund for recording loan activities. Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest.

Payment of Benefits

Benefits to participants or beneficiaries are payable in lump sums equal to the value of the participants vested accounts as of the date of distribution.

Hardship withdrawals are allowed for participants incurring an immediate and heavy financial need, as defined by the plan document. Hardship withdrawals are strictly regulated by the IRS, and a participant must exhaust all available loan options and available distributions prior to requesting a hardship withdrawal.

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Fox Investment Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Administrative Expenses

The Company may, at its discretion, elect to pay administrative expenses of the Plan. Administrative expenses not paid by the Company are paid from the assets of the Plan. Certain expenses incurred by the Plan are processing fees charged to participants for requesting a distribution or loan check to be sent via overnight mail. During the year ended December 31, 2012, $24,461 of administrative expenses were paid from the accounts of the affected participants.

2. Summary of Accounting Policies

Basis of Accounting

The accompanying financial statements of the Plan have been prepared under the accrual basis of accounting.

Use of Estimates

The preparation of the Plan s financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Payment of Benefits

Benefits are recorded when paid.

Risks and Uncertainties

The Plan s exposure to credit loss in the event of nonperformance of investments is limited to the carrying value of such instruments. The Plan s concentration of credit risk and market risk is dictated by the Plan s provisions as well as those of ERISA and the participants investment preference.

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Fox Investment Plan

Notes to Financial Statements (continued)

2. Summary of Accounting Policies (continued)

The Plan s investment in News Corporation s (the Plan Sponsor s parent company) Class A Common Stock amounted to $10,006,123 as of December 31, 2012. Such investment represented approximately 1% of the Plan s total net assets as of December 31, 2012. The News Corporation Class A Common Stock transferred into the Plan during the year ended December 31, 2012, as the result of the merger of the Investment Plan for Former Chris-Craft/UTV Employees. The News Corporation Class A Common Stock has been closed to new investments since it transferred into the Plan. The Plan s investment in News Corporation s Class B Common Stock amounted to $55,188,505 and $37,661,433 as of December 31, 2012 and 2011, respectively. Such investments represented approximately 4% and 3% of the Plan s total net assets as of December 31, 2012 and 2011, respectively. For risks and uncertainties regarding News Corporation, participants should refer to the News Corporation Annual Report on Form 10-K for the fiscal year ended June 30, 2012, filed with the Securities and Exchange Commission on August 14, 2012.

Investments in News Corporation s Class A and B Common Stock, mutual funds, money market funds, common collective funds, synthetic Guaranteed Investment Contracts (GICs), and wrapper contracts are exposed to various risks such as the financial condition of News Corporation, interest rate, market and credit. Due to the level of risk associated with certain securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect participants account balances and the amounts reported in the financial statements.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, *Fair Value Measurement Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRS)* (ASU 2011-04). ASU 2011-04 amended Accounting Standards Codification (ASC) 820, *Fair Value Measurement* (ASC 820), to converge the fair value measurement guidance in GAAP and IFRS. Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures, although certain of these new disclosures are not required for nonpublic entities, as defined in ASC 820. The amendments are to be applied prospectively and are effective for annual periods beginning after December 31, 2011. Adoption of ASU 2011-04 did not have an effect on the Plan s net assets available for benefits or its changes in net assets available for benefits.

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Fox Investment Plan

Notes to Financial Statements (continued)

2. Summary of Accounting Policies (continued)

Investment Valuation and Income Recognition

The Plan s investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The fair value measurement authoritative literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. See Note 4 for further discussion of fair value measurements.

Assets and liabilities measured at fair value are categorized into the following fair value hierarchy:

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2	Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recognized when earned. Dividends are recorded on the ex-dividend date.

Net Appreciation (Depreciation) in Fair Value of Investments

All realized and unrealized appreciation (depreciation) in the fair value of investments is shown in the accompanying statement of changes in net assets available for benefits as net appreciation in fair value of investments.

Fox Investment Plan

Notes to Financial Statements (continued)

3. Investments

The following table presents investments that represent 5% or more of the Plan s net assets:

	December 31	
	2012	**2011**
Investments at fair value:		
American Funds AMCAP R6 Fund	**$ 136,371,310**	$ 118,479,727
Morgan Stanley Institutional Mid Cap Growth Fund	**86,357,480**	84,321,252
Artio International Equity Fund II		71,256,968
Fidelity Spartan 500 Index Institutional Class Fund	**145,546,850**	125,979,996
PIMCO Total Return Fund Institutional Class	**120,565,913**	102,116,477
First Eagle Overseas Fund Class I	**80,917,348**	

The Plan s investments (including gains and losses on investments bought and sold, as well as held, during the year ended December 31, 2012) appreciated in fair value as follows:

Mutual funds	$ 92,417,218
News Corporation Class A Common Stock	2,268,544
News Corporation Class B Common Stock	17,272,155
	$ 111,957,917

4. Fair Value Measurement

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Shares of registered investment company funds (or mutual funds) are valued at the net asset value (NAV) of shares held by the Plan and are valued at the closing price reported on the active market on which the individual securities are traded.

Common stock is valued at the closing price reported on the active markets on which the individual securities are traded.

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Fox Investment Plan

Notes to Financial Statements (continued)

4. Fair Value Measurement (continued)

Government and corporate securities are valued using pricing models maximizing the use of observable inputs for similar securities, which include basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Collective funds are valued based on their unadjusted NAV as determined by the fund sponsor based on the fair value of the underlying investments held in the collective fund at the measurement date. There are no redemption restrictions on the collective funds.

Separate account GICs are valued based on the fair value of the underlying portfolios of these contracts as determined by the external investment managers.

The money market fund and short-term investment fund are valued at cost plus interest earned, which approximates fair value.

Investments in fully benefit-responsive investment contracts are recognized at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The fair value of traditional GICs was calculated using the present value of the contracts future cash flow values discounted by comparable duration Wall Street Journal GIC index rates. Fair values for fixed maturity synthetic GICs and constant duration synthetic GICs are calculated using the sum of all underlying assets fair values provided by an external pricing source. See Note 5 for further discussion of investment contracts with insurance companies.

Fair value of the synthetic GIC wrapper contracts is calculated based on a combination of cost and income approaches. The methodology uses the cost approach to determine a replacement value of each contract based on an internal pricing matrix developed by the portfolio manager and trading team of Bank of New York/Mellon. Matrix pricing is used to provide a more objective replacement cost than a mark from the existing wrapper of the contract. The methodology then uses the income approach to determine the present value of the fee payments related to the contract, using both the current contractual fees as well as the replacement fees generated by the matrix pricing. The fee payments over the duration of the contract are discounted by using comparable duration swap rates. The carrying value of the contract is the present value of the wrapper cost applying replacement fees less the present value of wrapper cost applying current contractual fees.

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Fox Investment Plan

Notes to Financial Statements (continued)

4. Fair Value Measurement (continued)

The following table sets forth by level, within the fair value hierarchy, the Plan s assets at fair value as of December 31, 2012:

	Assets at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income funds	$ 139,524,962	$	$	$ 139,524,962
International equity funds	88,789,299			88,789,299
Lifecycle funds	387,889,665			387,889,665
U.S. equity funds	448,271,124			448,271,124
News Corporation Class A Common Stock	10,006,123			10,006,123
News Corporation Class B Common Stock	55,188,505			55,188,505
Short-term investment fund	11,765,233			11,765,233
Money market fund	941,935			941,935
Separate account GIC		10,690,096		10,690,096
Traditional GICs		11,199,179		11,199,179
Fixed maturity synthetic GICs:				
Asset-backed securities		1,769,554		1,769,554
Commercial mortgage-backed securities		1,038,299		1,038,299
Constant duration synthetic GICs:				
Asset-backed security index funds		15,059,873		15,059,873
Collective fund		30,471,295		30,471,295
Commercial mortgage-backed security funds		2,284,469		2,284,469
Government bond funds		41,510,130		