

TWENTY-FIRST CENTURY FOX, INC.
Form 10-K
August 14, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

ANNUAL REPORT

PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2014

or

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

For the transition period from to

Commission file number 001-32352

TWENTY-FIRST CENTURY FOX, INC.

(Exact Name of Registrant as Specified in its Charter)

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(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

1211 Avenue of the Americas, New York, New York 10036
(Address of Principal Executive Offices) (Zip Code)

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

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

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

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

None

(Title of class)

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

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

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

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

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

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

As of December 31, 2013, which was the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's Class A Common Stock, par value \$0.01 per share, held by non-affiliates was approximately \$51,307,677,794, based upon the closing price of \$35.17 per share as quoted on the NASDAQ Stock Market on that date, and the aggregate market value of the registrant's Class B Common Stock, par value \$0.01 per share, held by non-affiliates was approximately \$16,732,411,358, based upon the closing price of \$34.60 per share as quoted on the NASDAQ Stock Market on that date.

As of August 8, 2014, 1,391,535,388 shares of Class A Common Stock and 798,520,953 shares of Class B Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required for Part III of this Annual Report on Form 10-K is incorporated by reference to the Twenty-First Century Fox, Inc. definitive Proxy Statement for its 2014 Annual Meeting of Stockholders, which shall be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, within 120 days of Twenty-First Century Fox, Inc.'s fiscal year end.

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PART I

ITEM 1. BUSINESS

Background

Twenty-First Century Fox, Inc. (formerly known as News Corporation), a Delaware corporation, is a diversified global media and entertainment company with operations in the following five industry segments: (i) Cable Network Programming; (ii) Television; (iii) Filmed Entertainment; (iv) Direct Broadcast Satellite Television; and (v) Other, Corporate and Eliminations. The activities of Twenty-First Century Fox, Inc. are conducted principally in the United States, the United Kingdom, Continental Europe, Asia and Latin America. For financial information regarding Twenty-First Century Fox, Inc.'s segments and operations in geographic areas, see "Item 8. Financial Statements and Supplementary Data." Unless otherwise indicated, references in this Annual Report on Form 10-K for the fiscal year ended June 30, 2014 (the "Annual Report") to "we," "us," "our," "21st Century Fox," "Twenty-First Century Fox" or the "Company" means Twenty-First Century Fox, Inc. and its subsidiaries.

On June 28, 2013, the Company completed the separation of its business into two independent publicly traded companies (the "Separation") by distributing to its stockholders shares of the new News Corporation ("News Corp"). The Company retained its interests in a global portfolio of cable, broadcast, film, pay-TV and satellite assets spanning six continents. News Corp holds the Company's former businesses including newspapers, information services and integrated marketing services, digital real estate services, book publishing, digital education and sports programming and pay-TV distribution in Australia. The Company completed the Separation by distributing to its stockholders one share of News Corp Class A common stock for every four shares of the Company's Class A common stock held on June 21, 2013, and one share of News Corp Class B common stock for every four shares of the Company's Class B common stock held on June 21, 2013. The Company's stockholders received cash in lieu of fractional shares. Following the Separation the Company does not beneficially own any shares of News Corp Class A common stock or News Corp Class B common stock. See "Item 1A. Risk Factors" for certain risk factors relating to the Separation.

In July 2011, the Company announced that it would close a publication of a News Corp subsidiary, The News of the World, after allegations of phone hacking and payments to public officials. The Company and News Corp are subject to ongoing investigations by U.K. and U.S. regulators and governmental authorities relating to phone hacking, illegal data access and inappropriate payments to officials at The News of the World and The Sun and related matters (the "U.K. Newspaper Matters"). In connection with the Separation, the Company and News Corp entered into a separation and distribution agreement (the "Separation and Distribution Agreement") that provides that the Company will indemnify News Corp, on an after-tax basis, for payments made after the Separation arising out of civil claims and investigations relating to the U.K. Newspaper Matters, as well as legal and professional fees and expenses paid in connection with the related criminal matters, other than fees, expenses and costs relating to employees who are not (i) directors, officers or certain designated employees or (ii) with respect to civil matters, co-defendants with News Corp.

The Company's fiscal year ends on June 30 of each year. Through its predecessor, the Company was incorporated in 1979 under the Company Act 1961 of South Australia, Australia. At June 30, 2014, the Company had approximately 27,000 full-time employees. The Company's principal executive offices are located at 1211 Avenue of the Americas, New York, New York 10036 and its telephone number is (212) 852-7000. The Company's website is www.21cf.com. The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available, free of charge, through the Company's website as soon as reasonably practicable after the material is electronically filed with or furnished to the U.S. Securities and Exchange

Commission (the "SEC"). Such reports may also be obtained without charge from the Company, and paper copies of any exhibits to such reports are also available for a reasonable fee per page charge to the requesting stockholder. Any materials that the Company filed with the SEC also may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (<http://www.sec.gov>).

Special Note Regarding Forward-Looking Statements

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

Recent Developments

In July 2014, the Company entered into agreements with British Sky Broadcasting Group plc (“BSkyB”), to sell its 100% and 57% (on a fully diluted basis) ownership stakes in Sky Italia and Sky Deutschland AG (“Sky Deutschland”), respectively, for approximately \$9.3 billion (based on foreign currency exchange rates as of the date of the agreements), comprised of approximately \$8.6 billion in cash and the transfer to the Company of BSkyB’s 21% interest in National Geographic Channels International, increasing the Company’s ownership stake to 73%. In connection with this transaction, the Company participated in BSkyB’s equity offering in July 2014 by purchasing additional shares in BSkyB for approximately \$900 million and maintained the Company’s approximate 39% ownership interest. The agreements are subject to regulatory approvals, the approval of BSkyB stockholders and customary closing conditions.

BUSINESS OVERVIEW

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

Cable Network Programming

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

FOX News and Fox Business Network. FOX News owns and operates the FOX News Channel, the top rated 24/7 all news national cable channel currently available in approximately 96 million U.S. households according to Nielsen Media Research, as well as the FOX Business Network which is currently available in nearly 79 million U.S. households.

FOX News also produces a weekend political commentary show, FOX News Sunday, for broadcast on local FOX television stations throughout the United States. FOX News, through its FOX News Edge service, licenses news feeds to FOX Affiliates and other subscribers to use as part of local news broadcasts throughout the United States and

abroad. FOX News also produces and runs the websites, FOXNews.com and FOXBusiness.com, and owns and produces the national FOX News Radio Network, which licenses news updates and long form programs to local radio stations and to satellite radio providers.

FSN. Fox Sports Net, Inc. (“FSN, Inc.”) is the largest regional sports network (“RSN”) programmer in the United States, focusing on live professional and major collegiate home team sports events. FSN, Inc.’s sports

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programming business currently consists primarily of ownership interests in 15 RSNs, including an 80% ownership interest in the Yankees Entertainment and Sports Network as a result of the acquisition of an additional 31% equity interest in February 2014, and numerous sub-regional feeds (the “FSN RSNs”) and National Sports Programming, which operates FSN (“FSN”), a national sports programming service. FSN is affiliated with an additional five RSNs that are not owned by FSN, Inc. (the “FSN Affiliated RSNs”). FSN provides the FSN RSNs and the FSN Affiliated RSNs with national sports programming, featuring original and licensed sports-related programming, as well as live and replay sporting events. In the aggregate, the FSN RSNs and the FSN Affiliated RSNs currently have approximately 91 million subscribers and have rights to telecast live games of 51 of 81 U.S. professional sports teams in Major League Baseball (“MLB”), the National Basketball Association and the National Hockey League; collegiate conferences; and numerous college and high school sports teams.

Fox Sports 1. In August 2013, the Company launched Fox Sports 1, a multi-sport national cable network. During calendar year 2014, Fox Sports 1 will feature over 700 live events, including college football and basketball, UEFA Champions League and other premier soccer, National Association of Stock Car Auto Racing (“NASCAR”), and Ultimate Fighting Championship (“UFC”), as well as regular season and post-season MLB games. Beginning in 2015, Fox Sports 1 will also feature United States Golf Association (“USGA”) events and the International Federation of Football Association (“FIFA”) Women’s World Cup events. In addition to live events, Fox Sports 1 features a nightly multi-hour live national sports news show, Fox Sports Live, an afternoon multi-sport news and highlight show, America’s Pregame Show, original and documentary programming and daily studio programming.

Fox Sports 2. In August 2013, FUEL TV became Fox Sports 2, a multi-sports national cable network featuring live events from the UFC and NASCAR, along with college basketball, rugby, Australian Football League, world-class soccer and motorsports programming. Since its launch, Fox Sports 2 has featured over 350 live events.

SPEED. SPEED is a 24-hour programming service consisting of motorsports programming, including NASCAR races, events and original programming (with exclusive coverage of the annual NASCAR Sprint All-Star Race, NASCAR Hall of Fame ceremonies and NASCAR Camping World Truck Series), The 24 Hours of Le Mans, AMA Supercross, Monster Jam and MotoGP. SPEED was distributed in the United States until August 2013, and continues to be distributed to subscribers in Canada and the Caribbean. SPEED is also distributed by Foxtel in Australia.

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

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

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

FX. Currently reaching close to 100 million U.S. households according to Nielsen Media Research, FX Networks, LLC (“FX”) is a general entertainment network that telecasts a growing roster of original series, as well as acquired television series and motion pictures. FX’s lineup for the 2014-2015 season includes the critically acclaimed Sons of Anarchy, Justified, American Horror Story, The Americans and The Bridge, as well as the first seasons of The Strain and Tyrant. Also included in the 2014-2015 season line-up are the comedies Archer, Louie, Wilfred and the premiere seasons of Married and You’re the Worst. FX televises acquired series including Two and a Half Men, Anger

Management and, later in 2014, Mike and Molly, and showcases the television premieres of theatrical motion pictures, which in the 2014-2015 season will include The Avengers, The Amazing Spider-Man, The Bourne Legacy, Ice Age: Continental Drift, Zero Dark Thirty, Fast & Furious 6, Life of Pi and Identity Thief, among

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others. The Company also produces and distributes FX HD, FXX HD and FXM HD, 24-hour national programming services produced and distributed in high definition (“HD”).

FXX. In September 2013, the Company launched FXX, a general entertainment channel aimed primarily at young adults. FXX’s line-up includes the comedy series *It’s Always Sunny in Philadelphia*, *The League* and *Ali G: Rezurection*. In addition, FXX will showcase the television premieres of an extensive slate of theatrical motion pictures including *Ted*, *Madagascar 3: Europe’s Most Wanted*, *Hotel Transylvania*, *The Lorax* and *Snow White & the Huntsman*. In November 2013, FXX acquired the exclusive cable rights to air all 552 episodes of *The Simpsons*.

FXM. FXM splits its programming into two day parts. From 3AM to 3PM, the network airs films from the historic library of Twentieth Century Fox, uncut and commercial free. From 3PM to 3AM, the network utilizes FX’s roster of box office blockbuster modern day films. Also featured throughout both day parts are documentaries and original series that explore the moviemaking process from script to screen. During the 2014-2015 season, FXM will showcase the television premieres of theatrical motion pictures, including *Les Misérables*, among others.

National Geographic U.S. The National Geographic Channels air non-fiction and documentary programming on such topics as natural history, adventure, science, exploration and culture. The Company holds an approximate 70% interest in NGC Network US LLC, which produces and distributes the National Geographic Channel, National Geographic Channel HD, Nat Geo Wild, Nat Geo Wild HD and Nat Geo Mundo in the United States, with NGT, LLC, a subsidiary of the National Geographic Society, holding the remaining interest. National Geographic Channel and National Geographic Channel HD currently reach more than 85 million households in the United States and Nat Geo Wild and Nat Geo Wild HD reach more than 56 million subscribers in the United States according to Nielsen Media Research.

Internet Distribution. The Company also distributes programming through its network-branded websites and applications and licenses programming for distribution through the websites and applications of cable television systems, direct broadcast satellite operators, telecommunications companies and online video distributors. The Company’s applications provide live and on-demand streaming of network-related programming, and currently include Fox Sports Go, which launched in October 2013, Big Ten Network’s application, BTN2Go and FX’s application, FX Now, which will offer all existing episodes of *The Simpsons* in an immersive interactive area of the application called “Simpsons World.”

Fox International Channels (“FIC”). FIC operates, develops and distributes primarily factual, sports, lifestyle and general entertainment channels in various countries in Europe, Latin America, Africa and Asia, including, but not limited to, the Fox Channel, Fox Life (which is also distributed in the United States), FX, Fox Crime, FOX Traveller, the Voyage Channel, Fox Sports, STAR World, STAR Movies (also known as Fox Movies Premium in certain countries) and Chinese language television programming targeted at Chinese-speaking audiences in Asia. These channels are distributed either in HD or in standard definition (“SD”) or in certain cases, in both HD and SD.

FIC owns a 52.2% interest in NGC Network International LLC and NGC Network Latin America LLC (collectively “NGC International”), with NGT, LLC holding a 26.8% interest and a subsidiary of BSkyB holding a 21% interest. In July 2014, the Company entered into an agreement with BSkyB, where the Company will receive the 21% interest in NGC International held by a subsidiary of BSkyB as part of the consideration for the transfer of the Company’s interests in Sky Italia. Upon completion of this transaction, FIC’s ownership stake in NGC International will increase to 73%. NGC International produces the National Geographic Channel, the National Geographic Channel HD, the Nat Geo Adventure channel (in both HD and SD), the Nat Geo Wild channel (in both HD and SD) and the Nat Geo Music channel, and these channels are also distributed in various international markets. The National Geographic Channel is currently shown in 48 languages and in approximately 171 countries internationally, including the United States.

In September 2013, FIC acquired an additional interest of approximately 22% in LAPT_V, increasing FIC's interest from approximately 78% to 100%. LAPT_V distributes 10 premium pay television channels (Moviestar Premieres HD, Moviestar Premieres, Moviestar Action HD, Moviestar Action, Moviestar Family HD, Moviestar Family, Moviestar Hollywood HD, Moviestar Hollywood, Moviestar Classics and Moviestar Mundo) and four basic television channels (Film Zone HD, Film Zone, Cinecanal and Cinecanal HD) in Latin America (excluding

Brazil). Such channels primarily feature theatrical motion pictures of Twentieth Century Fox and three other studios dubbed in Spanish and/or in the English language with Spanish subtitles.

FIC owns a 50.1% equity interest in Elite Sports Limited, a company that owns and distributes Baby TV, a 24-hour channel dedicated to infants and toddlers under three years old. The Baby TV channel is currently shown in more than 100 countries, including the United States.

In November 2012, FIC acquired a controlling 51% ownership stake in Eredivisie Media & Marketing CV (“EMM”), a media company that holds the collective media and sponsorship rights of the Dutch Premier League. The remaining 49% of EMM is owned by the Dutch Premier League and the global TV production company Endemol.

FIC operates Fox Pan American Sports LLC, doing business as Fox Sports Latin America (“FSLA”), an international sports programming and production entity. FSLA owns and operates the Fox Sports networks in Latin America which are comprised of Spanish-language sports networks that are distributed to subscribers in Mexico and certain Caribbean and Central and South American countries, as well as Fox Sports Brazil, a Portuguese-language sports network specifically geared to the Brazilian audience. The Company also owns 100% of Fox Deportes, a Spanish-language sports programming service distributed in the United States. Fox Deportes (formerly known as Fox Sports en Español), has more than 2,100 hours of live and exclusive programming, including exclusive coverage of premiere soccer matches (such as Copa Libertadores and Copa Sudamericana) and MLB, including All-Star, NLCS and World Series games. Fox Deportes reaches more than 21 million cable and satellite households in the United States, of which more than 6.5 million are Hispanic.

FIC owns a 50% interest in MundoFox Broadcasting LLC, a joint venture with RCN MF Holdings, Inc., a Latin American television network and production company. In August 2012, the joint venture launched MundoFox, a Spanish-language broadcast television network targeted at the U.S. Hispanic market. MundoFox features original news and original and syndicated entertainment programming.

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

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

In July 2012, FIC entered into a joint venture with TV Bank Corporation for the operation of the Japanese language pay-TV sports channel, Fox Sports. FIC owns a 60% interest in the joint venture.

STAR India. STAR India develops, produces and broadcasts 49 channels in seven languages, which are distributed primarily via satellite to local cable, internet protocol television (“IPTV”) and direct-to-home (“DTH”) operators for distribution throughout Asia, the United Kingdom, Continental Europe, North America and parts of Africa to their subscribers. STAR India’s channels include the flagship Hindi general entertainment channels STAR Plus and Life OK, the Hindi movie channels Star Gold and Movies OK, the English general entertainment channels Star World, Star World Premier HD, FX and Fox Crime, the English movie channels Star Movies and Star Movies Action, the Bengali general entertainment channel STAR Jalsha, the Bengali movie channel Jalsha Movies, the Marathi general entertainment channel STAR Pravah, the South Indian languages general entertainment channels Asianet, Suvarna, Suvarna Plus and Vijay TV, and six STAR Sports channels. STAR India’s primary sources of programming for its channels include original programming produced, commissioned or acquired by STAR India. STAR India also owns a Hindi film library comprised of approximately 1,182 titles, a South Indian languages film library comprised of approximately 2,599 titles, a Bengali film library comprised of approximately 264 titles, a Marathi film library

comprised of approximately 151 titles, a Hindi television program library comprised of approximately 868 titles, a South Indian languages program library comprised of approximately 4,363 titles, a Bengali program library comprised of approximately 187 titles, a Marathi program library comprised of approximately 115 titles, an English program library comprised of approximately 307 titles and an English movie library comprised of approximately 609 titles.

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In November 2013, STAR India launched six STAR Sports networks, which broadcast in India, among other sports, the BCCI Domestic and International Cricket Series matches in India, for which Star India has acquired media rights through 2018, the International Cricket Council matches, for which Star India has acquired media rights through 2015, the England and Wales Cricket Board matches, for which Star India has acquired media rights through 2017, and Cricket Australia matches, for which Star India has acquired media rights through 2017.

In May 2014, the Company acquired additional interests in Asianet Communications Limited (“Asianet Communications”), increasing the Company’s interest from 87% to approximately 100%. Asianet Communications broadcasts and operates the Malayalam language channels Asianet and Asianet Plus and the Kannada language channel Suvarna. The Company also owns 100% of Vijay Television Private Limited, which broadcasts and operates the Tamil language channel Vijay.

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

In May 2011, Star Den, a 50/50 joint venture with Den Networks Limited, entered into a 50/50 joint venture, Media Pro Enterprise India Private Limited (“Media Pro”), with Zee Turner Limited and Zee Entertainment Enterprises Limited (“ZEEL”) to distribute and market all channels owned by the Company and ZEEL, their respective affiliated channels and other third party channels in India, Nepal and Bhutan. In February 2014, the Telecom Regulatory Authority of India (the “TRAI”) issued regulations prohibiting content aggregators from bundling channels of third party broadcasters. As a result, Media Pro ceased operations in August 2014.

Middle East. The Company has an approximate 19% interest in Rotana Holding FZ-LLC (“Rotana”), a diversified media company in the Middle East and North Africa. The Company also has an approximate 36.8% interest in Moby Group Holdings Limited (“MGH”). MGH operates television, radio, production and other media businesses in Afghanistan and elsewhere in Central and South Asia.

Fox Sports Asia. In November 2012, the Company acquired the remaining 50% interest in ESPN STAR Sports, now operating as Fox Sports Asia and STAR Sports, that it did not already own for approximately \$220 million, net of cash acquired, and the Company now, through its wholly owned subsidiaries, owns 100% of Fox Sports Asia. Fox Sports Asia is a leading sports broadcaster in Asia and operates 27 channels in different languages.

Phoenix. In November 2013, the Company sold its remaining 12% interest in Phoenix Satellite Television Holdings Limited (“Phoenix”), which owns and operates Chinese language general entertainment, movie and current affairs channels, as well as a new media business, for approximately \$210 million.

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

Competition

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

marketing efforts.

FOX News. FOX News Channel's primary competition comes from the cable networks CNN, HLN (CNN's Headline News), and MSNBC. Fox Business Network's primary competition comes from the cable networks CNBC and Bloomberg Television. FOX News Channel and FOX Business Network also compete for viewers and

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advertisers within a broad spectrum of television networks, including other non-news cable networks and free-to-air broadcast television networks.

Sports programming operations. A number of basic and pay television programming services, such as ESPN and NBC Sports Network, as well as free-to-air stations and broadcast networks, provide programming that also targets Fox Sports 1, Fox Sports 2 and the FSN RSNs' respective audience. On a national level, the primary competitors to Fox Sports 1, Fox Sports 2 and FSN are ESPN, ESPN2, NBC Sports Network and CBS Sports Net. In regional markets, the FSN RSNs compete with other regional sports networks, including those operated by team owners, cable television systems, local broadcast television stations and other sports programming providers and distributors. Fox Sports 1, Fox Sports 2 and FSN also face competition online from Major League Baseball Advanced Media, Yahoo Sports, ESPN.com, NBCSports.com and CBSSports.com, among others.

In addition, Fox Sports 1, Fox Sports 2, the FSN RSNs and FSN compete, to varying degrees, for sports programming rights. The FSN RSNs compete for local and regional rights with local broadcast television stations, other local and regional sports networks, including sports networks launched by team owners, and distribution outlets, such as cable television systems. Fox Sports 1, Fox Sports 2 and FSN compete for national rights principally with a number of national cable and broadcast services that specialize in or carry sports programming, including sports networks launched by the leagues and conferences, and television "superstations" that distribute sports. Independent syndicators also compete by acquiring and reselling such rights nationally, regionally and locally. Distribution outlets, such as cable television systems, sometimes contract directly with the sports teams in their service area for the right to distribute a number of those teams' games on their systems. In certain markets, the owners of distribution outlets, such as cable television systems, also own one or more of the professional teams in the region, increasing their ability to launch competing networks and also limiting the professional sports rights available for acquisition by FSN RSNs.

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

National Geographic U.S. National Geographic Channel and Nat Geo Wild face competition for viewers and advertising from a number of basic cable and broadcast television channels, such as Discovery Channel, History Channel, Animal Planet, Travel Channel, Science Channel, H2, Military Channel, Biography and Tru TV, as well as free-to-air broadcast networks and sports, news and general entertainment networks which have acquired or produced competing programming.

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

STAR India. In India, the pay television broadcasting industry has several participants, and STAR India's entertainment channels compete with both pay and free-to-a