

NEWS CORP
Form 10-Q
November 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2012

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission file number 001-32352

NEWS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

26-0075658

(State or Other Jurisdiction)

(I.R.S. Employer)

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of Incorporation or Organization)

Identification No.)

1211 Avenue of the Americas, New York, New York

10036

(Address of Principal Executive Offices)

(Zip Code)

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

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 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 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 Exchange Act). Yes No

As of October 26, 2012, 1,546,011,394 shares of Class A Common Stock, par value \$0.01 per share, and 798,520,953 shares of Class B Common Stock, par value \$0.01 per share, were outstanding.

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Table of Contents**NEWS CORPORATION****UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS****(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)**

	For the three months ended September 30,	
	2012	2011
Revenues	\$ 8,136	\$ 7,959
Operating expenses	(4,848)	(4,753)
Selling, general and administrative	(1,610)	(1,527)
Depreciation and amortization	(300)	(294)
Impairment and restructuring charges	(152)	(91)
Equity earnings of affiliates	190	121
Interest expense, net	(267)	(258)
Interest income	31	36
Other, net	1,375	(130)
Income before income tax expense	2,555	1,063
Income tax expense	(259)	(277)
Net income	2,296	786
Less: Net income attributable to noncontrolling interests	(63)	(48)
Net income attributable to News Corporation stockholders	\$ 2,233	\$ 738
Weighted average shares:		
Basic	2,366	2,607
Diluted	2,370	2,612
Net income attributable to News Corporation stockholders per share:		
Basic	\$ 0.94	\$ 0.28
Diluted	\$ 0.94	\$ 0.28

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

Table of Contents**NEWS CORPORATION****UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(IN MILLIONS)**

	For the three months ended September 30,	
	2012	2011
Net income	\$ 2,296	\$ 786
Other comprehensive income (loss):		
Foreign currency translation adjustments	279	(1,216)
Unrealized holding losses on securities	(1)	(122)
Benefit plan adjustments	14	14
Other comprehensive income (loss)	292	(1,324)
Comprehensive income (loss)	2,588	(538)
Less: Net income attributable to noncontrolling interests ^(a)	(63)	(48)
Less: Other comprehensive income attributable to noncontrolling interests	(1)	9
Comprehensive income (loss) attributable to News Corporation stockholders	\$ 2,524	\$ (577)

^(a) Net income attributable to noncontrolling interests includes \$22 million and \$7 million relating to redeemable noncontrolling interests for the three months ended September 30, 2012 and 2011, respectively.

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

Table of Contents**NEWS CORPORATION****CONSOLIDATED BALANCE SHEETS****(IN MILLIONS, EXCEPT SHARE AND PER SHARE AMOUNTS)**

	As of September 30, 2012 (unaudited)	As of June 30, 2012 (audited)
Assets:		
Current assets:		
Cash and cash equivalents	\$ 12,007	\$ 9,626
Receivables, net	6,634	6,608
Inventories, net	2,856	2,595
Other	770	619
Total current assets	22,267	19,448
Non-current assets:		
Receivables	464	387
Investments	4,725	4,968
Inventories, net	4,835	4,596
Property, plant and equipment, net	5,830	5,814
Intangible assets, net	7,128	7,133
Goodwill	13,190	13,174
Other non-current assets	1,237	1,143
Total assets	\$ 59,676	\$ 56,663
Liabilities and Equity:		
Current liabilities:		
Borrowings	\$ 273	\$ 273
Accounts payable, accrued expenses and other current liabilities	5,615	5,405
Participations, residuals and royalties payable	1,862	1,691
Program rights payable	1,292	1,368
Deferred revenue	1,003	880
Total current liabilities	10,045	9,617
Non-current liabilities:		
Borrowings	16,184	15,182
Other liabilities	3,693	3,650
Deferred income taxes	2,329	2,388
Redeemable noncontrolling interests	648	641
Commitments and contingencies		
Equity:		
Class A common stock ^(a)	15	15
Class B common stock ^(b)	8	8
Additional paid-in capital	16,016	16,140
Retained earnings and accumulated other comprehensive income	10,225	8,521
Total News Corporation stockholders' equity	26,264	24,684
Noncontrolling interests	513	501

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Total equity		26,777	25,185
Total liabilities and equity	\$	59,676	\$ 56,663

- (a) **Class A common stock**, \$0.01 par value per share, 6,000,000,000 shares authorized, 1,555,194,481 shares and 1,584,519,372 shares issued and outstanding, net of 1,775,950,044 and 1,775,983,637 treasury shares at par at September 30, 2012 and June 30, 2012, respectively.
- (b) **Class B common stock**, \$0.01 par value per share, 3,000,000,000 shares authorized, 798,520,953 shares issued and outstanding, net of 313,721,702 treasury shares at par at September 30, 2012 and June 30, 2012.

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

Table of Contents**NEWS CORPORATION****UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS****(IN MILLIONS)**

	For the three months ended September 30,	
	2012	2011
Operating activities:		
Net income	\$ 2,296	\$ 786
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	300	294
Amortization of cable distribution investments	21	24
Equity earnings of affiliates	(190)	(121)
Cash distributions received from affiliates	18	64
Impairment charges	35	
Other, net	(1,375)	130
Change in operating assets and liabilities, net of acquisitions:		
Receivables and other assets	(164)	(275)
Inventories, net	(465)	(537)
Accounts payable and other liabilities	234	59
Net cash provided by operating activities	710	424
Investing activities:		
Property, plant and equipment, net of acquisitions	(176)	(248)
Acquisitions, net of cash acquired	(227)	(67)
Investments in equity affiliates	69	(34)
Other investments	(30)	(78)
Proceeds from dispositions	1,825	334
Net cash provided by (used in) investing activities	1,461	(93)
Financing activities:		
Borrowings	988	
Repayment of borrowings		(32)
Issuance of shares	111	12
Repurchase of shares	(877)	(1,272)
Dividends paid	(52)	(23)
Other, net	9	
Net cash provided by (used in) financing activities	179	(1,315)