

**Chairman's Address**  
**News Corporation**  
**Annual Meeting of Stockholders, 17 October 2008**

For the past several years, it has been my pleasure to begin my annual address to you with a snapshot of our healthy financial picture. Fiscal 2008 was no exception. Today I am pleased to report that we marked our sixth consecutive year of record earnings.

It's tempting, of course, to stand here and boast about our past year's success. I cannot, however. Not while we're in the midst of an unprecedented credit crisis that is exacerbating an economic downturn across the globe ... that has left no sector untouched, ours included ... that has weakened the advertising markets, and beaten down our share price.

But I will tell you that we have prepared ourselves well for this day. That preparation includes maintaining a strong balance sheet and a strategic array of businesses. As a result, we are as well positioned as we can be to face what may well turn into a prolonged economic downturn. Fiscal 2009 will be a year of many – in some cases unprecedented – challenges; we cannot fool ourselves into believing otherwise.

But we intend to stick to the strategy that has brought us success in the past ... and that will sustain us through these troubling times. This is an approach that has three main parts. First, diversified assets at various stages of development.

Second, judicious investment in businesses that represent the next generation of growth. And finally, the flexibility that comes from a strong balance sheet.

We compete in a sector that is undergoing intense transformation – driven by new technology as well as radical shifts in consumer tastes and expectations.

I'm proud to say that – unlike so many others – we have not allowed ourselves to grow complacent. For the past five years or so, we have capitalized on global trends to grow our Company by an average of more than 15 percent a year – a feat unmatched by any of our competitors. And we've done it by constantly looking forward – and determining where the growth drivers will be five years down the road.

We have strengthened our balance sheet at the same time we have strengthened our businesses. The result is that we have a war chest of approximately \$5 billion in cash, and have extended our average debt maturity to more than 22 years.

In uncertain times, this capital reserve gives us stability. It also gives us the flexibility to take advantage of opportunities all around the globe that our competitors might not be in a position to act on right now. We intend to continue to reevaluate our mix of businesses and seek new growth drivers to ensure that we have the right balance geographically ... the right balance across different business sectors ... the right balance between advertising-supported and

subscription-based businesses... and, true to our long-term strategy, the right balance of companies at all stages of development.

This strategy, coupled with more than a half century of experience, will help us weather the economic storm ahead. It will also guide our decisions as we look to increase our subscription-based businesses ... focus on the next generation of digital properties ... and expand our role in places such as India, Eastern Europe, and Asia.

In these emerging economies, we are seeing the creation of a global middle class of more than two billion people. These people are well educated, well remunerated, and increasingly sophisticated in their choices. And in the years ahead, their entry into the global marketplace surely means extraordinary new opportunities for our Company.

My optimism about the future also stems from last year's impressive results. By any measure, 2008 was a standout year: operating income for 2008 was \$5.4 billion, representing 21 percent growth over last year. At the same time, earnings per share increased 68 percent to \$1.81. All our business segments generated year-over-year gains – with record profits at our Direct Broadcast Satellite, Cable Network Programming, Film and Television businesses.

Once again, SKY Italia was a top performer. Since last year, it has doubled its operating income to \$419 million. Today it boasts more than 4.5 million subscribers – more than 20 percent of all Italian households. But we see room for even more growth following the successful formula we established at BSkyB,

Cable Network Programming was also a leader last year, with operating income up 16 percent. That's a remarkable achievement – especially given the huge startup costs for the FOX Business Network and the Big Ten Network.

On the subject of FOX Business Network, we have high aspirations for an enterprise that enjoyed the largest launch of any channel in U.S. cable history. Today FOX Business Network has more than 40 million subscribers, and is well on its way to becoming a formidable challenger to its 18-year-old competitor, CNBC. Though the FOX Business Network ratings are not large, they nonetheless are slightly ahead of where FOX News Channel was at a similar time in its development. We're up 400% in prime time – and up more than 250% in our targeted demographic. And the financial crisis is translating into greater interest for the coverage our FOX Business Network provides.

Meanwhile, our \$80 million investment in the Big Ten Network is poised to break even in its first year out. In fact, it even has the potential to show a modest profit, which would put us ahead of our timetable. I'm proud of the tremendous effort my colleagues have put into these two launches. Everyone at the Big Ten Network

is working around the clock to ensure that both our audiences and our advertisers receive the broad range of programming they have come to expect from us.

Over in cable, we owed our success to increased contributions from Fox International Channels, the Regional Sports Networks, and FOX News Channel – which saw its operating income grow 35 percent last year. For example, in primetime last year, FOX News Channel's viewership was a full 59 percent higher than its nearest competitor. Last week, FOX News Channel was the most watched cable channel in America. And our Fox International Channels enjoyed some of the highest margins in the international cable channel industry, garnering almost \$1 billion in revenue. Other media companies may speak of their international offerings. But FIC underscores our unique, global presence – reaching more than 260 million subscribers in 29 languages across Europe, Latin America, Asia, and Africa.

In Filmed Entertainment, we posted our seventh straight year of operating income growth. Again, that represents one of the highest margins in the entertainment industry. We reached \$1.25 billion on the strong performances of our worldwide theatrical and home entertainment products. It's true that we will have a difficult comparison with last year's results. But we have good reason to expect that the year ahead will be another one of solid profitability, driven by future releases that include sequels to *Ice Age* and *Night at the Museum*.

In Television, FOX Broadcasting Company was the number one U.S. network in primetime for the fourth straight season, leading the segment to a 17 percent increase in operating income. And we are off to our best fall season ever.

In Australia and the U.K., our newspapers did very well in challenging environments. In the U.S., we completed the integration of Dow Jones into our family of businesses last year. Their contributions helped boost earnings in the Newspapers and Information Services segment.

We see great promise in Dow Jones and *The Wall Street Journal*, which is defying industry trends. And it gives us an international platform to deliver specialized financial information to premium subscribers. Since becoming part of News Corporation, the number of monthly visitors to wsj.com has surged by almost 90 percent. A few weeks ago, we launched a completely revitalized website that harnesses the power of social networking, real-time information and other premium content. These are precisely the things that the world's burgeoning middle and investor classes are demanding, and we see that in the extraordinary reception that they have given our new site. We continue to believe that a subscription wall for premium content is the surest path to enhanced revenues at wsj.com.

Continuing on the global digital front, Fox Interactive Media saw revenues grow 57 percent and operating income increase five-fold. This growth was on the strength of the increase in advertising and search revenue at MySpace. FIM sites attract 12 percent of all U.S. traffic on the web – an astounding volume. And our recently launched MySpace Music saw more than one billion music streams. And as we expand these opportunities, FIM is moving beyond the desktop and expanding the reach of its core brands with ad-supported mobile sites, signing mobile distribution deals with every major carrier in the world.

In less than three years, FIM has become nearly a billion dollar business. To put that into perspective, it took Google five years to reach that milestone. And each month, we are adding tens of thousands of new users from around the world. Even more important, our profits-per-user are up 53% over last year. Clearly, we're still in the early stages of figuring out the best ways to translate the huge potential of FIM into advertising revenue. But we are encouraged by what we see.

We're also encouraged by hulu. Hulu is our online video joint venture with NBC Universal, which has become a real success in the six months since it launched. Already it is the number eight site on the web for video. Indeed, more people visit hulu to watch their favorite shows than all the network sites combined.

In short, News Corporation is the most global and the most competitive media and entertainment company on earth. Every day, we reach more than a billion people through our television, films, cable, books, newspapers, satellite technology and digital media. And despite turmoil in the markets and revolutionary changes that are transforming our sector, I have tremendous confidence in our future.

Throughout the year ahead, we will most certainly be tested. But we will remain faithful to the core mission that has served us well for more than a half century. And as long as we do, we will do what we do best: connecting people all over the world, creating choice where none exists, informing with a purpose, challenging with a mission, taking on established competitors, and always reinventing ourselves while judiciously investing for the long term.

Thank you, stockholders, for joining us today.

**K.R. Murdoch**