

Mr John Thornton
Director
C/o Corporate Secretary's Office
News Corporation
1211 Avenue of Americas
New York, New York 10036

08 August 2011

Cc: Peter Barnes
Viet Dinh
Roderick Eddington
Thomas Perkins

Dear Mr. Thornton,

As long-term institutional investors with approximately \$1.4 trillion combined assets under management, we feel compelled to write to you collectively to express our deep shared concern about recent events surrounding our company.

We view the escalation of the phone hacking scandal into the full-blown corporate crisis which has engulfed News Corporation – and the potential criminal charges facing its key executives and former executives – as a direct result of governance failures at the company. During this time, huge amounts of shareholder value have already been lost via the fall in the share price. However, the full extent of the long-term loss of value to our investments and damage to the company's reputation will surely be far greater.

We believe this situation requires immediate and decisive action to improve News Corporation's governance and provide all investors with the confidence that there is an effective oversight regime in place. Accordingly we call on News Corporation's board of directors to act in the best interests of all shareholders by taking the following steps:

Appoint a genuinely independent chair now

News Corporation must restore its reputation and the trust of its employees and shareholders. This seems impossible under the current governance structure, which has been severely discredited. In addition, investors need clear evidence that the company is addressing succession appropriately. We request that the board take immediate steps to appoint a strong and genuinely independent chair who is not a member of the Murdoch family, affiliated to it, a former executive of any entity related to News Corp, or otherwise compromised, for example by length of tenure or relationships with company management. In accordance with best governance practice this individual should not also hold the role of chief executive. We would support an existing director becoming chair, however we would not consider any of the following individuals to be suitable candidates: José María Aznar, Natalie Bancroft, Chase Carey, Kenneth Cowley, David DeVoe, Joel Klein, Andrew Knight, James Murdoch, Lachlan Murdoch, Rupert Murdoch, or Arthur Siskind.

Replace family members and affiliated directors with credible outside directors

It is clear that the board lacks sufficient independent members with the appropriate skills and experience to exercise effective oversight of management. In light of the reputational damage suffered by the company, a process of meaningful refreshment is needed under the oversight of a new chair. Those who manifestly lack the required attributes to represent shareholders should be replaced by credible outside independent individuals who are capable of holding management to account. This should take place without delay and in consultation with long-term institutional investors.

Appoint an independent outside third party to conduct an investigation

We call on the board to appoint a genuinely independent third party expert to undertake a thorough investigation into recent events and to make public its findings. We believe the investigation being overseen by Joel Klein is fundamentally flawed given his executive position and obviously close links with Rupert Murdoch. Shareholders need to be able to have faith in the objectivity and credibility of





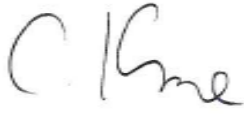



this process. As such a fully independent committee, with no management participation or oversight, should be established to lead the investigation.

The investigation into third-party payments made at News Corp's Australian subsidiary, which will be audited by two respected former Justices of the Supreme Court of Victoria, provides a clear precedent for such action. For this investigation to be considered credible, its independence must be similarly beyond question and its scope must encompass the entire organization. Investors also need reassurance that the newly constituted board will have full and clearly independent oversight of legal and ethical compliance going forward.

It would be both surprising and disappointing if the board were not actively and urgently considering how to repair the damage to our company. However, given the severity of this situation there is a clear need for decisive action to reassure shareholders and the financial markets.

We urge the board to begin the process of restoring the quality and value of News Corporation to its shareholders without delay.

Yours faithfully,

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Frank Pegan
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