NEWS CORPORATION

RESOLVED: The shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require the Chair of the Board of Directors to be an independent member of the Board.

Supporting Statement:

Events leading to the closure of News Corporation's *News of the World* operations in July have raised investor concerns about the cost—in jobs, reputation, market position, and billions of dollars in enterprise value—of inadequate oversight and maintenance of corporate culture within the company.

The allegations of phone hacking, bribery and more have led to an erosion of public confidence, helped to scuttle a critical business acquisition, and threatened the journalistic reputation and viability of publications critical to News Corporation's success.

The fact that these revelations took years to uncover and address appear to point to a lax ethical culture within News Corporation and a severe lack of effective review and Board oversight.

By establishing a separate, independent Chair, the Company can begin to rebuild the public confidence and trust that is so critical to a major news organization. It can also help ensure shareholders that the Board of News Corporation takes seriously the events that have undermined the company's success and value will be remedied and monitored well into the future.

Failure to identify and manage these emerging risks and the clear need to improve the organization's capabilities in this regard must be addressed immediately and forcefully in order to protect News Corporation shareholders from further erosion of their investment.

To begin to address these concerns, shareholders call for an independent Chair to improve the board's oversight of management and risk and strengthen accountability to shareowners.

We believe:

- The role of the Chief Executive Officer (CEO) and management is to run the company.
- The role of the Board of Directors is to provide independent oversight of management and the CEO.
- There is a potential conflict of interest for a CEO to be her/his own overseer while managing the business.

Companies are recognizing increasingly that separating the Chair and CEO is a sound corporate governance practice. Support for shareholder proposals across the S&P 500 Index averaged 29% in 2010. As of 2009, 21% of S&P 500 companies have an independent board chair, compared with 11% in 2001.

Numerous institutional investors recommend separation. For example, California's Public Employees' Retirement System (CalPERS) Global Principles of Accountable Corporate Governance encourage separation, even with a lead director in place. In the U.K. and other international markets, an independent Chair is the prevailing practice.

Board members have also demonstrated a preference for separation. According to a 2010 corporate governance survey of 400 board members by Sullivan & Cromwell LLP, approximately 70% of respondents believe the head of management should not concurrently be the head of the board.

Yale University's Millstein Center for Corporate Governance and Performance Policy Briefing paper *"Chairing the Board (2009),"* argued that overseeing the Board is time intensive whereas a separate Chair allows the CEO to manage the company and build effective business strategies.

While separating the positions of Chair and CEO is not a guarantee against future scandals, it does provide another layer of checks and balances and could improve the board's ability to oversee the activities of the company. By naming an independent chair, News Corporation can create greater independence and objectivity on the board and promote a coherent, long-term response to the challenge of restoring the company's reputation.