

**Standard & Poor's Analyses Impact of News Corporation Ltd.'s  
Possible Change of Domicile**

Sydney, June 23, 2004 — Standard & Poor's, the leading provider of equity indices in Australia, announced today a clarification of its eligibility criteria for inclusion in the S&P/ASX indices and based on this clarification, analysed the likely impact on the Standard & Poor's indices of a change of domicile from Australia to the United States by a company such as News Corporation Ltd. Consistent with Standard & Poor's index policies, the Standard & Poor's Australian Index Committee met to discuss this criteria and implications.

Based on the transparent methodology practices that successfully govern all Standard & Poor's indices, the Standard & Poor's Australian Index Committee announced that a company may not simultaneously be a member of the S&P/ASX 50 index and the S&P 500 index due to double counting. In the case where News Corporation Ltd. were to change its domicile from Australia to the United States, the company could not be double counted in two major Standard & Poor's indices (the S&P 500 and the S&P/ASX 50).

Therefore, if News Corporation Ltd. elected to change its domicile from Australia to the United States:

- It would likely become eligible for possible inclusion in the S&P 500 index.
- If it is subsequently included in the S&P 500 it will become ineligible for inclusion in the S&P/ASX 50 index. It will also become ineligible for inclusion in Australia's benchmark institutional index, the S&P/ASX 200, and the whole suite of S&P/ASX indices, recognising that the S&P/ASX 50 is a subset of these indices and that News Corporation Ltd.'s current ASX market capitalisation would give it a disproportionately large weighting within other S&P/ASX indices.
- In such an event, Standard & Poor's would, consistent with its general policies, coordinate index changes to limit unnecessary market volatility and the issue of dislocation.
- Inclusion of the company in the S&P 500 or any other Standard & Poor's US index would depend on whether the company meets the published criteria for inclusion in the S&P 500 and decisions made by the Standard & Poor's US Index Committee concerning the timing and appropriateness of adding the company to the S&P 500 or another S&P US index. Whether the company would in fact become a member of the S&P 500 or other S&P US indices, and the timing of its membership, would depend on the then prevailing market conditions and index developments.
- No index action would be undertaken by Standard & Poor's until the effective date of the change of the company's change of domicile.

Standard & Poor's has decided to clarify its criteria and issue this release now in the interest of promoting market transparency and to inform market participants, including News Corporation Ltd.'s shareholders, asset managers and investors. In no event, however, should this release be construed as a definitive statement by Standard & Poor's of the effect on the US indices of any change of domicile by News Corporation Ltd. or any other company.

More information pertaining to this announcement and a list of Questions & Answers are attached with this Press Release. The S&P Global indices methodology and the S&P/ASX index methodology can be downloaded via [www.standardandpoors.com.au](http://www.standardandpoors.com.au).

Company additions to and deletions from a Standard & Poor's index do not in any way reflect an opinion on the investment merits of the company.

Information about the S&P/ASX index methodology is available at [www.standardandpoors.com.au](http://www.standardandpoors.com.au).

**About Standard & Poor's**

Standard & Poor's, a division of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research, data and valuations. With 5000 employees located in 20 countries, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for more than 140 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit [www.standardandpoors.com.au](http://www.standardandpoors.com.au).

**For more information contact:**

David Blitzer, Index Services  
(61) 2 9255 9870 Tel

Tim Eisenhauer, Index Services  
(61) 2 9255 9870 Tel

Sharon Beach, Media  
(61) 3 9631 2152 Tel

# STANDARD & POOR'S

## News Corporation Ltd. Q&A

**Background:** On April 6, 2004 News Corporation Ltd. announced its plan to change its domicile from Australia to the United States. Market analysts expect that a substantial majority of the shares and trading will move to the US once this process is completed.

- 1. Why is Standard & Poor's making this announcement now when it previously stated that it would not make any decision until shareholder and regulatory approval was obtained?**

Standard & Poor's have made an announcement now in order to bring clarity to the marketplace. Standard & Poor's understand the need of News Corporation Ltd.'s shareholders to be informed about the potential index treatment prior to any shareholder vote.

- 2. How did the Standard & Poor's Australian Index Committee come to this decision?**

Key factors considered by the Standard & Poor's Australian Index Committee in making this decision were:

- Maintaining the integrity of the S&P/ASX indices.
  - Market feedback from a range of market participants including the Standard & Poor's Australian Index Advisory Panel.
  - Having a large company in a selection of S&P/ASX indices that distorts the index series is considered impracticable.
  - Creating a structural work-around to accommodate one company in the indices diminishes the integrity of the S&P/ASX indices.
  - The global framework of the S&P indices, in which Australia plays a very important role, must be preserved.
- 3. Given that the S&P/ASX 50 index, and not the S&P/ASX 200 index is part of the S&P Global 1200 index, why can't News Corporation Ltd. be removed from the S&P/ASX 50 and maintain membership in the S&P/ASX 200?**

Membership in the S&P/ASX 200 but not the S&P/ASX 50 would mean automatic inclusion of News Corporation Ltd. in the S&P/ASX Midcap 50. Given the current size of News Corporation Ltd.'s ASX market capitalisation, having a stock disproportionately weighted in this index would not be considered practicable by the Standard & Poor's Australian Index Committee.

- 4. What are the criteria for including a company in the S&P 500 index?**

- US company.
- Market capitalization of US\$4 billion or more.
- Adequate liquidity.
- Financial viability demonstrated by four consecutive quarters of positive GAAP earnings.
- Public float of at least 50%.
- Sector balance within the index.
- An operating company rather than a closed end fund or partnership.

When a company becomes eligible for the S&P 500 with a large diverse shareholder base and when adequate liquidity can be demonstrated, the process of inclusion can be expedited. When companies in the S&P 500 have multiple classes of stock, all classes are represented and the index reflects the total market capitalization of the company.

**5. If News Corporation Ltd.'s domicile does change, how soon will it be considered eligible for inclusion in S&P 500 index?**

News Corporation Ltd. will be considered for inclusion if it meets eligibility criteria as specified in Question 4. Decisions regarding possible removal of News Corporation Ltd. from the S&P/ASX indices and the possible inclusion of it in the S&P 500 index would be coordinated so as to limit unnecessary market volatility.

**6. If News Corporation Ltd. were to be included in the S&P 500 - How will Standard & Poor's handle its removal from the S&P/ASX indices & its entry into the S&P 500?**

Standard & Poor's deems it critical that any changes to the indices that are made will be announced market wide, and implemented in a timely and efficient fashion so as to cause minimal disruption to the market.

Changes to either index will be made in a coordinated fashion so as to minimise market impact. The market will be given reasonable notice to any pending changes. Given the size of the transaction, the notice period will be at least three weeks.

The transition would be done in multiple steps. In step one News Corporation Ltd. would be added to the S&P 500 at full weight. In recognition of sensitivities in the Australian market, its weight in the S&P/ASX indices would be reduced proportionally over a series of steps. Standard & Poor's will consult with market participants in order to garner feedback as to the most appropriate level and period of phasing.

**7. In making these decisions did Standard & Poor's consult with the financial markets in Australia?**

Yes. Members of Standard & Poor's Sydney index office met with numerous institutional investors and market participants over the past few weeks. Standard & Poor's and the ASX also met with the Standard & Poor's Australian Index Advisory Panel earlier this week. The panel includes a cross section of leading institutional market participants.