

**Description of the Transaction**

New DMIC, Inc., the licensee that is the subject of this application (the "Licensee"), is wholly-owned by Fox Television Holdings, Inc. ("FTH"), a Delaware corporation.<sup>1</sup> K. Rupert Murdoch, a United States citizen, holds 100 percent of FTH's issued and outstanding Preferred Stock (7,600 shares); Fox Entertainment Group, Inc. ("FEG"), a Delaware corporation, holds 100 percent of FTH's issued and outstanding Common Stock (2,400 shares). Currently, each share of FTH Preferred Stock and each share of FTH Common Stock is entitled to 1 vote for all purposes. Thus, Mr. Murdoch controls FTH personally through his 76 percent voting interest, while FEG maintains a 24 percent voting interest.<sup>2</sup>

The Commission determined in 1995 that the ownership of FTH by Mr. Murdoch and FEG complied with the alien ownership limitations of Section 310(b)(4) of the Communications Act (*see In Re Fox Television Stations, Inc.*, 11 FCC Rcd 5714,

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<sup>1</sup> FTH also is the parent company of 14 other Commission licensees, which together with the Licensee hold 35 full-power Commission broadcast licenses (and two satellite broadcast licenses). Each of these licensees is contemporaneously herewith filing an application on FCC Form 315 that is substantively identical to the instant application. A chart depicting the corporate ownership structure of these Commission licensees is included at the end of this Exhibit No. 5.

<sup>2</sup> FEG's ownership of all of the Common Stock in FTH entitles FEG to all of the equity in FTH less only a fixed-return equity interest held by Mr. Murdoch. Mr. Murdoch's fixed-return equity entitles him to a fixed return at the rate of 12 percent per annum on his paid-in capital of \$760,000 (*i.e.*, \$91,200 per year) and, in the event of dissolution, an ultimate redemption of his shares for a fixed sum of \$760,000.

paras. 22-28 (1995)).<sup>3</sup> In particular, the Commission found that ample public interest justification existed to permit FEG to own more than 25 percent of the equity in FTH – even though FEG was a wholly-owned subsidiary of The News Corporation Limited (an Australian company). *Id.* As the result of a corporate reorganization, however, The News Corporation Limited was re-incorporated in the United States on November 12, 2004 as a new entity – News Corporation – which is a Delaware corporation. Given that FEG's corporate parent is now a United States domiciled corporation, Mr. Murdoch and FEG desire to reorganize their holdings in FTH. The proposed transaction would reduce corporate complexity and yield financial savings for News Corporation, thereby benefiting its shareholders.

Moreover, there no longer is any need to maintain Mr. Murdoch's and FEG's present ownership structure in FTH, since News Corporation is now a domestic company with an overwhelming majority of U.S. shareholders. Specifically, News Corporation conducted an ownership survey of both its total shares outstanding and its Class B voting shares, which revealed that more than 87 percent of News Corporation's voting shares are held by U.S. citizens, and more than 89 percent of its total shares outstanding are held by U.S. citizens.

Accordingly, pursuant to the instant application, FTH proposes to effect a recapitalization of its stock. If the Commission grants consent to this application, FTH will amend and restate its certificate of incorporation to reflect that: (i) each share of Preferred Stock shall be entitled to .055 vote for all purposes; and (ii) each share of

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<sup>3</sup> The 1995 decision referred to FTH and FEG by the names of their corporate predecessors-in-interest, Twentieth Holdings Corp. and Fox, Inc., respectively. For ease of reference, however, this Exhibit refers to FTH and FEG by their current legal names.

Common Stock shall be entitled to 1 vote for all purposes. The net effect of this recapitalization would be to reduce Mr. Murdoch's voting interest in FTH from 76 percent to 14.8 percent while increasing FEG's voting interest in FTH from 24 percent to 85.2 percent.

Although the proposed reorganization would give News Corporation and its shareholders control of FTH and its broadcast licensee subsidiaries, the instant application does not propose any changes with respect to the equity held in FTH, nor does it propose any changes to the officers or directors of FTH. Mr. Murdoch, who is the Chairman, Chief Executive Officer and a director of both FEG and News Corporation, will continue to serve as Chairman and director of FTH. Therefore, no changes in the day-to-day operations of FTH and its license-holding subsidiaries would occur as a result of this proposal.

Attached as part of this Exhibit No. 5 are copies of: (i) the unanimous written consents of both of FTH's shareholders and of its preferred shareholder, approving of the reorganization plan; (ii) a resolution of FTH's Board of Directors authorizing implementation of the reorganization plan, contingent upon Commission consent; and (iii) a copy of FTH's proposed Amended and Restated Certificate of Incorporation.

Commission Licensees Owned by Fox Television Holdings, Inc.

