
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2017

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-35769


NEWS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

46-2950970
(I.R.S. Employer
Identification No.)

1211 Avenue of the Americas, New York, New York
(Address of principal executive offices)

10036
(Zip Code)

(212) 416-3400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Accelerated filer ☐
Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 3, 2017, 382,991,582 shares of Class A Common Stock and 199,630,240 shares of Class B Common Stock were outstanding.

NEWS CORPORATION
FORM 10-Q
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NEWS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; millions, except per share amounts)

	Notes	For the three months ended September 30,	
		2017	2016
Revenues:			
Advertising		\$ 670	\$ 670
Circulation and subscription		651	621
Consumer		386	374
Real estate		203	172
Other		148	128
Total Revenues		2,058	1,965
Operating expenses		(1,149)	(1,157)
Selling, general and administrative		(660)	(678)
Depreciation and amortization		(97)	(120)
Restructuring charges	3	(15)	(20)
Equity losses of affiliates	4	(10)	(15)
Interest, net		6	7
Other, net	10	8	17
Income (loss) before income tax (expense) benefit		141	(1)
Income tax (expense) benefit	8	(54)	1
Net income		87	—
Less: Net income attributable to noncontrolling interests		(19)	(15)
Net income (loss) attributable to News Corporation stockholders		\$ 68	\$ (15)
Basic and diluted earnings (loss) per share:	6		
Net income (loss) available to News Corporation stockholders per share		\$ 0.12	\$ (0.03)
Cash dividends declared per share of common stock		\$ 0.10	\$ 0.10

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NEWS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited; millions)

	For the three months ended	
	September 30,	
	2017	2016
Net income	\$ 87	\$ —
Other comprehensive income:		
Foreign currency translation adjustments	134	56
Unrealized holding losses on securities ^(a)	(13)	(26)
Benefit plan adjustments ^(b)	(6)	11
Share of other comprehensive income from equity affiliates ^(c)	1	2
Other comprehensive income	116	43
Comprehensive income	203	43
Less: Net income attributable to noncontrolling interests	(19)	(15)
Less: Other comprehensive income attributable to noncontrolling interests	(4)	(2)
Comprehensive income attributable to News Corporation stockholders	<u>\$ 180</u>	<u>\$ 26</u>

^(a) Net of income tax benefit of \$6 million and \$10 million for the three months ended September 30, 2017 and 2016, respectively.

^(b) Net of income tax (benefit) expense of (\$2) million and \$3 million for the three months ended September 30, 2017 and 2016, respectively.

^(c) Net of income tax expense of nil and \$1 million for the three months ended September 30, 2017 and 2016, respectively.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NEWS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Millions, except share and per share amounts)

	Notes	As of September 30, 2017 (unaudited)	As of June 30, 2017 (audited)
Assets:			
Current assets:			
Cash and cash equivalents		\$ 1,877	\$ 2,016
Receivables, net	10	1,365	1,276
Other current assets	10	526	523
Total current assets		<u>3,768</u>	<u>3,815</u>
Non-current assets:			
Investments	4	2,044	2,027
Property, plant and equipment, net		1,636	1,624
Intangible assets, net		2,301	2,281
Goodwill		3,922	3,838
Deferred income tax assets		553	525
Other non-current assets	10	438	442
Total assets		<u>\$ 14,662</u>	<u>\$ 14,552</u>
Liabilities and Equity:			
Current liabilities:			
Accounts payable		\$ 235	\$ 222
Accrued expenses		1,146	1,204
Deferred revenue		448	426
Other current liabilities	10	588	600
Total current liabilities		<u>2,417</u>	<u>2,452</u>
Non-current liabilities:			
Borrowings		281	276
Retirement benefit obligations		313	319
Deferred income tax liabilities		73	61
Other non-current liabilities		362	351
Commitments and contingencies	7		
Redeemable preferred stock		20	20
Class A common stock ^(a)		4	4
Class B common stock ^(b)		2	2
Additional paid-in capital		12,340	12,395
Accumulated deficit		(581)	(648)
Accumulated other comprehensive loss		(852)	(964)
Total News Corporation stockholders' equity		10,913	10,789
Noncontrolling interests		283	284
Total equity	5	<u>11,196</u>	<u>11,073</u>
Total liabilities and equity		<u>\$ 14,662</u>	<u>\$ 14,552</u>

(a) **Class A common stock**, \$0.01 par value per share ("Class A Common Stock"), 1,500,000,000 shares authorized, 382,976,281 and 382,294,262 shares issued and outstanding, net of 27,368,413 treasury shares at par at September 30, 2017 and June 30, 2017, respectively.

(b) **Class B common stock**, \$0.01 par value per share ("Class B Common Stock"), 750,000,000 shares authorized, 199,630,240 shares issued and outstanding, net of 78,430,424 treasury shares at par at September 30, 2017 and June 30, 2017, respectively.

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NEWS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; millions)

		For the three months ended September 30,	
	Notes	2017	2016
Operating activities:			
Net income		\$ 87	\$ —
Less: Income from discontinued operations, net of tax		—	—
Income from continuing operations		87	—
Adjustments to reconcile income from continuing operations to cash used in operating activities:			
Depreciation and amortization		97	120
Equity losses of affiliates	4	10	15
Other, net	10	(8)	(17)
Deferred income taxes and taxes payable	8	6	(35)
Change in operating assets and liabilities, net of acquisitions:			
Receivables and other assets		(73)	(64)
Inventories, net		(16)	(16)
Accounts payable and other liabilities		(107)	(21)
NAM Group settlement		—	(250)
Net cash used in operating activities from continuing operations		(4)	(268)
Net cash used in operating activities from discontinued operations		—	(3)
Net cash used in operating activities		(4)	(271)
Investing activities:			
Capital expenditures		(62)	(49)
Changes in restricted cash for Wireless Group acquisition		—	315
Acquisitions, net of cash acquired		(54)	(283)
Investments in equity affiliates and other		(12)	—
Proceeds from property, plant and equipment and other asset dispositions		—	24
Other, net		7	(18)
Net cash used in investing activities from continuing operations		(121)	(11)
Net cash used in investing activities from discontinued operations		—	—
Net cash used in investing activities		(121)	(11)
Financing activities:			
Repayment of borrowings acquired in Wireless Group acquisition		—	(23)
Dividends paid		(21)	(18)
Other, net		(10)	(18)
Net cash used in financing activities from continuing operations		(31)	(59)
Net cash used in financing activities from discontinued operations		—	—
Net cash used in financing activities		(31)	(59)
Net decrease in cash and cash equivalents		(156)	(341)
Cash and cash equivalents, beginning of period		2,016	1,832
Exchange movement on opening cash balance		17	8
Cash and cash equivalents, end of period		<u>\$ 1,877</u>	<u>\$ 1,499</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

News Corporation (together with its subsidiaries, “News Corporation,” “News Corp,” the “Company,” “we,” or “us”) is a global diversified media and information services company comprised of businesses across a range of media, including: news and information services, book publishing, digital real estate services, cable network programming in Australia and pay-TV distribution in Australia.

Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company, which are referred to herein as the “Consolidated Financial Statements,” have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting only of normal recurring adjustments necessary for a fair presentation have been reflected in these Consolidated Financial Statements. Operating results for the interim period presented are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2018. The preparation of the Company’s Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the Consolidated Financial Statements and accompanying disclosures. Actual results could differ from those estimates.

Intercompany transactions and balances have been eliminated. Equity investments in which the Company exercises significant influence but does not exercise control and is not the primary beneficiary are accounted for using the equity method. Investments in which the Company is not able to exercise significant influence over the investee are designated as available-for-sale if readily determinable fair values are available. If an investment’s fair value is not readily determinable, the Company accounts for its investment under the cost method.

The consolidated statements of operations are referred to herein as the “Statements of Operations.” The consolidated balance sheets are referred to herein as the “Balance Sheets.” The consolidated statements of cash flows are referred to herein as the “Statements of Cash Flows.”

The accompanying Consolidated Financial Statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2017 as filed with the Securities and Exchange Commission (“SEC”) on August 14, 2017 (the “2017 Form 10-K”).

Certain reclassifications have been made to the prior period consolidated financial statements to conform to the current year presentation. Specifically, in the third quarter of fiscal 2017, the Company revised the Statements of Cash Flows to present cash flow activities from discontinued operations within each of the operating, investing and financing activities categories.

The Company’s fiscal year ends on the Sunday closest to June 30. Fiscal 2018 and fiscal 2017 include 52 weeks. All references to the three months ended September 30, 2017 and 2016 relate to the three months ended October 1, 2017 and October 2, 2016, respectively. For convenience purposes, the Company continues to date its consolidated financial statements as of September 30.

Recently Issued Accounting Pronouncements

Adopted

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-09, “Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting” (“ASU 2016-09”). The amendments in ASU 2016-09 address several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for the Company for annual and interim reporting periods beginning July 1, 2017. The adoption did not have a material impact on the Company’s consolidated financial statements.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

In October 2016, the FASB issued ASU 2016-16, “Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory” (“ASU 2016-16”). The amendments in ASU 2016-16 require an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments in ASU 2016-16 eliminate the exception for an intra-entity transfer of an asset other than inventory. As permitted by ASU 2016-16, the Company early-adopted this standard on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings to reduce complexity in financial reporting. The adjustment did not have a material impact on the Company’s consolidated financial statements.

Issued

In May 2014, FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”). ASU 2014-09 removes inconsistencies and differences in existing revenue requirements between GAAP and International Financial Reporting Standards and requires a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, delaying the effective date for adoption. ASU 2014-09 is now effective for interim and annual reporting periods beginning after July 1, 2018, however, early adoption is permitted. Once effective, ASU 2014-09 can be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initial adoption recognized at the date of initial application.

The FASB has also issued several standards which provide additional clarification and implementation guidance on the previously issued ASU 2014-09 and have the same effective date as the original standard.

The Company is currently evaluating the overall impact that ASU 2014-09 will have on the Company’s consolidated financial statements, as well as the method of adoption. The Company continues to evaluate the available transition methods giving consideration to the comparability of our financial statements and the application of the new standard to our contractual arrangements. We plan to select a transition method by the end of calendar year 2017. The Company has established an implementation team, including external advisers, and has commenced the review of the Company’s revenue portfolio and related contracts across its various business units and geographies. Discussions regarding changes to the Company’s current accounting policies and practices remain ongoing and preliminary conclusions are subject to change. Based on the current guidance, the new framework will become effective on either a full or modified retrospective basis for the Company on July 1, 2018.

In January 2016, the FASB issued ASU 2016-01, “Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”). The amendments in ASU 2016-01 address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. As of September 30, 2017, the Company had \$81 million in available-for-sale securities with net unrealized losses of \$19 million. In accordance with ASU 2016-01, the cumulative net unrealized gains (losses) contained within Accumulated other comprehensive loss will be reclassified through Retained earnings as of July 1, 2018, and changes in the fair value of available-for-sale securities will be recorded in the Company’s Statement of Operations beginning July 1, 2018. The Company is evaluating the impact ASU 2016-01 may have on its cost method investments.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)” (“ASU 2016-02”). The amendments in ASU 2016-02 address certain aspects in lease accounting, with the most significant impact for lessees. The amendments in ASU 2016-02 require lessees to recognize all leases on the balance sheet by recording a right-of-use asset and a lease liability, and lessor accounting has been updated to align with the new requirements for lessees. The new standard also provides changes to the existing sale-leaseback guidance. ASU 2016-02 is effective for the Company for annual and interim reporting periods beginning July 1, 2019. The Company is currently evaluating the impact ASU 2016-02 will have on its consolidated financial statements.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

In March 2017, the FASB issued ASU 2017-07, “Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost” (“ASU 2017-07”). The amendments in ASU 2017-07 require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost as defined in paragraphs 715-30-35-4 and 715-60-35-9 are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. If a separate line item or items are used to present the other components of net benefit cost, that line item or items must be appropriately described. If a separate line item or items are not used, the line item or items used in the income statement to present the other components of net benefit cost must be disclosed. ASU 2017-07 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company is currently evaluating the impact ASU 2017-07 will have on its consolidated financial statements.

NOTE 2. ACQUISITIONS, DISPOSALS AND OTHER TRANSACTIONS

Smartline Home Loans Pty Limited

In July 2017, REA Group acquired an 80.3% interest in Smartline Home Loans Pty Limited (“Smartline”) for approximately A\$70 million in cash (approximately \$55 million). The minority shareholders have the option to sell the remaining 19.7% interest to REA Group beginning three years after closing at a price dependent on the financial performance of Smartline. If the option is not exercised, the minority interest will become mandatorily redeemable four years after closing. As a result, REA Group recognized a liability of \$12 million in the three months ended September 30, 2017 for the present value of the amount expected to be paid for the remaining interest based on the formula specified in the acquisition agreement. Smartline is one of Australia’s premier mortgage broking franchise groups, and the acquisition provides REA Group’s financial services business with greater scale and capability. Under the acquisition method of accounting, the total consideration is allocated to net tangible assets and identifiable intangible assets based upon the fair value as of the date of completion of the acquisition. The excess of the total consideration over the fair value of the net tangible assets and identifiable intangible assets acquired was recorded as goodwill. The acquired intangible assets of approximately \$19 million primarily relate to customer relationships which have a useful life of 16 years. The Company recorded approximately \$47 million of goodwill on the transaction. The values assigned to the acquired assets and liabilities are based on preliminary estimates of fair value available as of the date of this filing and may be adjusted upon completion of final valuations of certain assets and liabilities. Any changes in these fair values could potentially result in an adjustment to the goodwill recorded for this transaction. Smartline is a subsidiary of REA Group, and its results are included within the Digital Real Estate Services segment.

NOTE 3. RESTRUCTURING CHARGES

During the three months ended September 30, 2017 and 2016, the Company recorded restructuring charges of \$15 million and \$20 million, respectively, of which \$14 million and \$19 million, respectively, related to the News and Information Services segment. The restructuring charges recorded in fiscal 2018 and 2017 were for employee termination benefits.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Changes in restructuring program liabilities were as follows:

	For the three months ended September 30,							
	2017				2016			
	One time employee termination benefits	Facility related costs	Other costs	Total (in millions)	One time employee termination benefits	Facility related costs	Other costs	Total
Balance, beginning of period	\$ 33	\$ 6	\$ 10	\$ 49	\$ 33	\$ 5	\$ 6	\$ 44
Additions	15	—	—	15	20	—	—	20
Payments	(23)	—	—	(23)	(22)	—	—	(22)
Other	—	(1)	—	(1)	(1)	—	—	(1)
Balance, end of period	\$ 25	\$ 5	\$ 10	\$ 40	\$ 30	\$ 5	\$ 6	\$ 41

As of September 30, 2017, restructuring liabilities of approximately \$28 million were included in the Balance Sheet in Other current liabilities and \$12 million were included in Other non-current liabilities.

NOTE 4. INVESTMENTS

The Company's investments were comprised of the following:

	Ownership Percentage as of September 30, 2017	As of September 30, 2017	As of June 30, 2017
(in millions)			
Equity method investments:			
Foxtel ^(a)	50%	\$ 1,610	\$ 1,208
Other equity method investments ^(b)	various	140	133
Loan receivable from Foxtel ^(a)	N/A	—	370
Available-for-sale securities ^(c)	various	81	97
Cost method investments ^(d)	various	213	219
Total Investments		\$ 2,044	\$ 2,027

^(a) In May 2012, Foxtel purchased Austar United Communications Ltd. The transaction was funded by Foxtel bank debt and pro rata capital contributions made by Foxtel shareholders in the form of subordinated shareholder notes based on their respective ownership interests. The Company's share of the subordinated shareholder notes was approximately A\$481 million (\$370 million) as of June 30, 2017. During the three months ended September 30, 2017, Foxtel's shareholders made pro-rata capital contributions to Foxtel by way of promissory notes. The Company's share of the capital contributions was A\$494 million (\$388 million) as at September 28, 2017, and the Company's investment in Foxtel increased by this amount. Foxtel utilized the shareholders' capital contributions to repay its subordinated shareholder notes and interest accrued in the three months ended September 30, 2017. As a result, such notes were considered to be repaid as of September 30, 2017.

^(b) Other equity method investments primarily include Elara Technologies Pte. Ltd., which operates PropTiger.com, Makaan.com and Housing.com.

^(c) Available-for-sale securities primarily include the Company's investment in HT&E Limited (formerly APN News and Media Limited), which operates a portfolio of Australian radio and outdoor media assets.

^(d) Cost method investments primarily include the Company's investment in SEEKAsia Limited and certain investments in China.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Company measures the fair market values of available-for-sale securities as Level 1 financial instruments under Accounting Standards Codification (“ASC”) 820, “Fair Value Measurement,” as such investments have quoted prices in active markets. The cost basis, unrealized gains, unrealized losses and fair market value of available-for-sale securities are set forth below:

	As of September 30, 2017 (in millions)	As of June 30, 2017
Cost basis of available-for-sale securities	\$ 100	\$ 99
Accumulated gross unrealized gain	—	—
Accumulated gross unrealized loss ^(a)	(19)	(2)
Fair value of available-for-sale securities	\$ 81	\$ 97
Net deferred tax asset	\$ 5	\$ 1

^(a) The fair values of the Company’s available-for-sale securities in an unrealized loss position have been less than their cost basis for a period of less than twelve months.

Equity Losses of Affiliates

The Company’s equity losses of affiliates were as follows:

	For the three months ended September 30, 2017	2016 (in millions)
Foxtel ^(a)	\$ (5)	\$ (11)
Other equity affiliates, net	(5)	(4)
Total Equity losses of affiliates	\$ (10)	\$ (15)

^(a) In accordance with ASC 350, “Intangibles—Goodwill and Other”, the Company amortized \$17 million and \$19 million, respectively, related to excess cost over the Company’s proportionate share of its investment’s underlying net assets allocated to finite-lived intangible assets during the three months ended September 30, 2017 and 2016. Such amortization is reflected in Equity losses of affiliates in the Statements of Operations.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Summarized financial information for Foxtel, presented in accordance with U.S. GAAP, was as follows:

	For the three months ended September 30,	
	2017	2016
	(in millions)	
Revenues	\$ 633	\$ 618
Operating income ^(a)	63	91
Net income	24	16

^(a) Includes Depreciation and amortization of \$59 million and \$52 million for the three months ended September 30, 2017 and 2016, respectively. Operating income before depreciation and amortization was \$122 million and \$143 million for the three months ended September 30, 2017 and 2016, respectively.

NOTE 5. EQUITY

The following table summarizes changes in equity:

	For the three months ended September 30,					
	2017			2016		
	News Corporation stockholders	Noncontrolling Interests	Total Equity	News Corporation stockholders	Noncontrolling Interests	Total Equity
	(in millions)					
Balance, beginning of period	\$ 10,789	\$ 284	\$ 11,073	\$ 11,564	\$ 218	\$ 11,782
Net income (loss)	68	19	87	(15)	15	—
Other comprehensive income	112	4	116	41	2	43
Dividends	(59)	(21)	(80)	(59)	(18)	(77)
Other	3	(3)	—	(1)	(1)	(2)
Balance, end of period	<u>\$ 10,913</u>	<u>\$ 283</u>	<u>\$ 11,196</u>	<u>\$ 11,530</u>	<u>\$ 216</u>	<u>\$ 11,746</u>

Stock Repurchases

In May 2013, the Company's Board of Directors (the "Board of Directors") authorized the Company to repurchase up to an aggregate of \$500 million of its Class A Common Stock. On May 10, 2015, the Company announced it had begun repurchasing shares of Class A Common Stock under the stock repurchase program. No stock repurchases were made during the three months ended September 30, 2017. Through November 3, 2017, the Company repurchased approximately 5.2 million shares of Class A Common Stock for an aggregate cost of approximately \$71 million. The remaining authorized amount under the stock repurchase program as of November 3, 2017 was approximately \$429 million. All decisions regarding any future stock repurchases are at the sole discretion of a duly appointed committee of the Board of Directors and management. The committee's decisions regarding future stock repurchases will be evaluated from time to time in light of many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the committee may deem relevant. The stock repurchase authorization may be modified, extended, suspended or discontinued at any time by the Board of Directors and the Board of Directors cannot provide any assurances that any additional shares will be repurchased.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Dividends

In August 2017, the Board of Directors declared a semi-annual cash dividend of \$0.10 per share for Class A Common Stock and Class B Common Stock. This dividend was paid on October 18, 2017 to stockholders of record at the close of business on September 13, 2017. The timing, declaration, amount and payment of future dividends to stockholders, if any, is within the discretion of the Board of Directors. The Board of Directors' decisions regarding the payment of future dividends will depend on many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the Board of Directors deems relevant.

NOTE 6. EARNINGS (LOSS) PER SHARE

The following tables set forth the computation of basic and diluted earnings (loss) per share under ASC 260, "Earnings per Share":

	For the three months ended September 30,	
	2017	2016
	(in millions, except per share amounts)	
Net income	\$ 87	\$ —
Less: Net income attributable to noncontrolling interests	(19)	(15)
Net income (loss) available to News Corporation stockholders	<u>\$ 68</u>	<u>\$ (15)</u>
Weighted-average number of shares of common stock outstanding—basic	582.3	580.8
Dilutive effect of equity awards ^(a)	<u>1.1</u>	<u>—</u>
Weighted-average number of shares of common stock outstanding—diluted	<u>583.4</u>	<u>580.8</u>
Net income (loss) available to News Corporation stockholders per share—basic	\$ 0.12	\$ (0.03)
Net income (loss) available to News Corporation stockholders per share—diluted	\$ 0.12	\$ (0.03)

^(a) The dilutive impact of the Company's PSUs, RSUs and stock options has been excluded from the calculation of diluted loss per share for the three months ended September 30, 2016 because their inclusion would have an antidilutive effect on the net loss per share.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements ("firm commitments") to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The Company's commitments as of September 30, 2017 have not changed significantly from the disclosures included in the 2017 Form 10-K.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Contingencies

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed below. The outcome of these matters and claims is subject to significant uncertainty, and the Company often cannot predict what the eventual outcome of pending matters will be or the timing of the ultimate resolution of these matters. Fees, expenses, fines, penalties, judgments or settlement costs which might be incurred by the Company in connection with the various proceedings could adversely affect its results of operations and financial condition.

The Company establishes an accrued liability for legal claims when it determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Legal fees associated with litigation and similar proceedings are expensed as incurred. Except as otherwise provided below, for the contingencies disclosed for which there is at least a reasonable possibility that a loss may be incurred, the Company was unable to estimate the amount of loss or range of loss. The Company recognizes gain contingencies when the gain becomes realized or realizable.

News America Marketing

Valassis Communications, Inc.

On November 8, 2013, Valassis Communications, Inc. (“Valassis”) initiated legal proceedings against the Company and/or certain of its subsidiaries alleging violations of various antitrust laws. These proceedings are described in further detail below.

- Valassis previously initiated an action against News America Incorporated (“NAI”), News America Marketing FSI L.L.C. (“NAM FSI”) and News America Marketing In-Store Services L.L.C. (“NAM In-Store Services”) and, together with NAI and NAM FSI, the “NAM Parties”), captioned Valassis Communications, Inc. v. News America Incorporated, et al., No. 2:06-cv-10240 (E.D. Mich.) (“Valassis I”), alleging violations of federal antitrust laws, which was settled in February 2010. On November 8, 2013, Valassis filed a motion for expedited discovery in the previously settled case based on its belief that defendants had engaged in activities prohibited under an order issued by the U.S. District Court for the Eastern District of Michigan in connection with the parties’ settlement, which motion was granted by the magistrate judge.

Valassis subsequently filed a Notice of Violation of the order issued by the District Court in Valassis I (the “Notice”). The Notice re-asserted claims of unlawful bundling and tying which the magistrate judge had previously recommended be dismissed from Valassis II, described below, on the grounds that such claims could only be brought before a panel of antitrust experts previously appointed in Valassis I (the “Antitrust Expert Panel”), and sought treble damages, injunctive relief and attorneys’ fees on those claims. On March 30, 2016, the District Court ordered that the Notice be referred to the Antitrust Expert Panel and further ordered that the case be administratively closed and that it may be re-opened following proceedings before the Antitrust Expert Panel.

- On November 8, 2013, Valassis also filed a new complaint in the U.S. District Court for the Eastern District of Michigan against News Corporation and the NAM Parties (together, the “NAM Group”) alleging violations of federal and state antitrust laws and common law business torts (“Valassis II”). The complaint sought treble damages, injunctive relief and attorneys’ fees and costs. On December 19, 2013, the NAM Group filed a motion to dismiss the newly filed complaint, and on March 30, 2016, the District Court ordered that Valassis’s bundling and tying claims be dismissed without prejudice to Valassis’s rights to pursue relief for those claims in Valassis I and that all remaining claims in the NAM Group’s motion to dismiss be referred to the Antitrust Expert Panel. The District Court further ordered that the case be administratively closed and that it may be re-opened following proceedings before the Antitrust Expert Panel.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Antitrust Expert Panel was convened and, on February 8, 2017, recommended that Valassis I be dismissed and the NAM Group's counterclaims in Valassis II be dismissed with leave to replead three of the four counterclaims. The NAM Group filed an amended counterclaim on February 27, 2017. Valassis did not object to the Antitrust Expert Panel's recommendation to dismiss Valassis I, but it filed motions with the District Court asserting that the referral of Valassis II to the Antitrust Expert Panel was no longer valid and seeking either to re-open Valassis II in the District Court or to transfer the case to the U.S. District Court for the Southern District of New York (the "N.Y. District Court"). On September 25, 2017, the District Court dismissed Valassis I, granted Valassis's motions and transferred Valassis II to the N.Y. District Court. While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, the NAM Group believes it has been compliant with applicable laws and intends to defend itself vigorously.

In-Store Marketing and FSI Purchasers

On February 29, 2016, the parties agreed to settle the litigation in the N.Y. District Court in which The Dial Corporation, Henkel Consumer Goods, Inc., H.J. Heinz Company, H.J. Heinz Company, L.P., Foster Poultry Farms, Smithfield Foods, Inc., HP Hood LLC and BEF Foods, Inc. alleged various claims under federal and state antitrust law against the NAM Group. Pursuant to the terms of the settlement, the NAM Group paid the settlement amount of approximately \$250 million during the quarter ended September 30, 2016, and the litigation was subsequently dismissed with prejudice. The NAM Group also settled related claims for approximately \$30 million in February 2016.

U.K. Newspaper Matters

Civil claims have been brought against the Company with respect to, among other things, voicemail interception and inappropriate payments to public officials at the Company's former publication, *The News of the World*, and at *The Sun*, and related matters (the "U.K. Newspaper Matters"). The Company has admitted liability in many civil cases and has settled a number of cases. The Company also settled a number of claims through a private compensation scheme which was closed to new claims after April 8, 2013.

In connection with the separation of the Company's businesses (the "Separation") from 21st Century Fox on June 28, 2013 (the "Distribution Date"), the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that 21st Century Fox would indemnify the Company for payments made after the Distribution Date arising out of civil claims and investigations relating to the U.K. Newspaper Matters as well as legal and professional fees and expenses paid in connection with the previously concluded criminal matters, other than fees, expenses and costs relating to employees (i) who are not directors, officers or certain designated employees or (ii) with respect to civil matters, who are not co-defendants with the Company or 21st Century Fox. 21st Century Fox's indemnification obligations with respect to these matters will be settled on an after-tax basis.

The net benefit (expense) related to the U.K. Newspaper Matters in Selling, general and administrative expenses was \$43 million and (\$2) million for the three months ended September 30, 2017 and 2016, respectively. As of September 30, 2017, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred, including liabilities associated with employment taxes, and has accrued approximately \$63 million, of which approximately \$59 million will be indemnified by 21st Century Fox, and a corresponding receivable was recorded in Other current assets on the Balance Sheet as of September 30, 2017. The net benefit for the three months ended September 30, 2017 and the accrual and receivable recorded as of that date reflect a \$46 million impact from the reversal of a portion of the Company's previously accrued liability and the corresponding receivable from 21st Century Fox as the result of an agreement reached with the relevant tax authority with respect to certain employment taxes. It is not possible to estimate the liability or corresponding receivable for any additional claims that may be filed given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision and corresponding receivable for such matters.

The Company is not able to predict the ultimate outcome or cost of the civil claims. It is possible that these proceedings and any adverse resolution thereof could damage its reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Other

The Company's tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment of items reported in the Company's tax returns, and therefore the outcome of tax reviews and examinations can be unpredictable. The Company believes it has appropriately accrued for the expected outcome of uncertain tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid; however, these liabilities may need to be adjusted as new information becomes known and as tax examinations continue to progress. As subsidiaries of 21st Century Fox prior to the Separation, the Company and each of its domestic subsidiaries have joint and several liability with 21st Century Fox for the consolidated U.S. federal income taxes of the 21st Century Fox consolidated group relating to any taxable periods during which the Company or any of the Company's domestic subsidiaries were a member of the 21st Century Fox consolidated group. Consequently, the Company could be liable in the event any such liability is incurred, and not discharged, by any other member of the 21st Century Fox consolidated group. In conjunction with the Separation, the Company entered into the Tax Sharing and Indemnification Agreement with 21st Century Fox, which requires 21st Century Fox to indemnify the Company for any such liability. Disputes or assessments could arise during future audits by the Internal Revenue Service or other taxing authorities in amounts that the Company cannot quantify.

NOTE 8. INCOME TAXES

At the end of each interim period, the Company estimates the annual effective tax rate and applies that rate to its ordinary quarterly earnings. The tax expense or benefit related to significant, unusual or extraordinary items that will be separately reported or reported net of their related tax effect are individually computed and recognized in the interim period in which those items occur. In addition, the effects of changes in enacted tax laws or rates or tax status are recognized in the interim period in which the change occurs.

The Company's effective income tax rate for the three months ended September 30, 2017 was higher than the U.S. statutory tax rate, primarily due to valuation allowances being recorded against tax benefits in certain foreign jurisdictions with operating losses.

Management assesses available evidence to determine whether sufficient future taxable income will be generated to permit the use of existing deferred tax assets. Based on management's assessment of available evidence, it has been determined that it is more likely than not that deferred tax assets in certain foreign jurisdictions may not be realized and therefore, a valuation allowance has been established against those tax assets.

The Company's effective income tax rate for the three months ended September 30, 2016 was higher than the U.S. statutory tax rate, primarily due to non-taxable book gains, which had a greater impact on the Company's effective tax rate for the quarter due to the Company's low pre-tax book loss.

The Company's tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment of items reported in our tax returns, and therefore the outcome of tax reviews and examinations can be unpredictable. The Company is currently undergoing tax examinations in several states and foreign jurisdictions. The Company believes it has appropriately accrued for the expected outcome of uncertain tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid, however, the Company may need to accrue additional income tax expense and our liability may need to be adjusted as new information becomes known and as these tax examinations continue to progress, or as settlements or litigations occur. The Company paid gross income taxes of \$48 million and \$34 million during the three months ended September 30, 2017 and 2016, respectively.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. SEGMENT INFORMATION

The Company manages and reports its businesses in the following five segments:

- **News and Information Services**—The News and Information Services segment includes the Company's global print, digital and broadcast radio media platforms. These product offerings include the global print and digital versions of *The Wall Street Journal* and the Dow Jones Media Group, which includes *Barron's* and MarketWatch, as well as the Company's suite of professional information products, including Factiva, Dow Jones Risk & Compliance, Dow Jones Newswires, Dow Jones PEVC and DJX. The Company also owns, among other publications, *The Australian*, *The Daily Telegraph*, *Herald Sun* and *The Courier Mail* in Australia, *The Times*, *The Sunday Times*, *The Sun* and *The Sun on Sunday* in the U.K. and the *New York Post* in the U.S. This segment also includes News America Marketing, a leading provider of home-delivered shopper media, in-store marketing products and services and digital marketing solutions, including Checkout 51's mobile application, as well as Unruly, a leading global video advertising distribution platform, Wireless Group, operator of talkSPORT, the leading sports radio network in the U.K., and Storyful, a social media content agency.
- **Book Publishing**—The Book Publishing segment consists of HarperCollins, the second largest consumer book publisher in the world, with operations in 18 countries and particular strengths in general fiction, nonfiction, children's and religious publishing. HarperCollins owns more than 120 branded publishing imprints, including Harper, William Morrow, HarperCollins Children's Books, Avon, Harlequin and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as Harper Lee, Patricia Cornwell, Chip and Joanna Gaines, Rick Warren, Sarah Young and Agatha Christie and popular titles such as *The Hobbit*, *Goodnight Moon*, *To Kill a Mockingbird*, *Jesus Calling* and *Hillbilly Elegy*.
- **Digital Real Estate Services**—The Digital Real Estate Services segment consists of the Company's interests in REA Group, Move and DIAKRIT. REA Group is a publicly traded company listed on the Australian Securities Exchange (ASX: REA) that advertises property and property-related services on its websites and mobile applications across Australia and Asia, including iProperty.com. REA Group operates Australia's leading residential and commercial property websites, realestate.com.au and realcommercial.com.au. The Company holds a 61.6% interest in REA Group.

Move is a leading provider of online real estate services in the U.S. and primarily operates realtor.com®, a premier real estate information and services marketplace. Move offers real estate advertising solutions to agents and brokers, including its ConnectionsSM for Buyers and AdvantageSM Pro products. Move also offers a number of professional software and services products, including Top Producer®, FiveStreet® and ListHubTM. The Company owns an 80% interest in Move, with the remaining 20% being held by REA Group.

- **Cable Network Programming**—The Cable Network Programming segment consists of FOX SPORTS Australia and Australian News Channel Pty Ltd ("ANC"). FOX SPORTS Australia is the leading sports programming provider in Australia, with eight high definition television channels distributed via cable, satellite and IP, several interactive viewing applications and broadcast rights to live sporting events in Australia including: National Rugby League, the domestic football league, international cricket, Australian Rugby Union and various motorsports programming.
- ANC, acquired in December 2016, operates the SKY NEWS network, Australia's 24-hour multi-channel, multi-platform news service. ANC channels are broadcast throughout Australia and New Zealand and available on Foxtel and Sky Television. ANC also owns and operates the international Australia Channel IPTV service and offers content across a variety of digital media platforms, including mobile, podcasts and social media websites.
- **Other**—The Other segment consists primarily of general corporate overhead expenses, the corporate Strategy and Creative Group and costs related to the U.K. Newspaper Matters. The Company's corporate Strategy and Creative Group is responsible for identifying new products and services across its businesses to increase revenues and profitability and to target and assess potential acquisitions, investments and dispositions.

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: depreciation and amortization, impairment and restructuring charges, equity losses of affiliates, interest, net, other, net, income tax (expense) benefit and net income attributable to noncontrolling interests. Segment EBITDA may not be comparable to similarly titled measures reported by other companies, since companies and investors may differ as to what items should be included in the calculation of Segment EBITDA.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Segment EBITDA is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources within the Company's businesses. Segment EBITDA provides management, investors and equity analysts with a measure to analyze the operating performance of each of the Company's business segments and its enterprise value against historical data and competitors' data, although historical results may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

		For the three months ended September 30,	
		2017	2016
		(in millions)	
Revenues:			
News and Information Services	\$	1,241	\$ 1,222
Book Publishing		401	389
Digital Real Estate Services		271	226
Cable Network Programming		145	128
Other		—	—
Total revenues		2,058	1,965
Segment EBITDA:			
News and Information Services	\$	73	\$ 46
Book Publishing		50	48
Digital Real Estate Services		95	67
Cable Network Programming		27	14
Other		4	(45)
Depreciation and amortization		(97)	(120)
Restructuring charges		(15)	(20)
Equity losses of affiliates		(10)	(15)
Interest, net		6	7
Other, net		8	17
Income (loss) before income tax (expense) benefit		141	(1)
Income tax (expense) benefit		(54)	1
Net income	\$	87	\$ —
		As of September 30, 2017	As of June 30, 2017
		(in millions)	
Total assets:			
News and Information Services	\$	6,170	\$ 6,142
Book Publishing		1,868	1,845
Digital Real Estate Services		2,351	2,307
Cable Network Programming		1,219	1,194
Other ^(a)		1,010	1,037
Investments		2,044	2,027
Total assets	\$	14,662	\$ 14,552

^(a) The Other segment primarily includes Cash and cash equivalents.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

	As of <u>September 30, 2017</u> (in millions)	As of <u>June 30, 2017</u>
Goodwill and intangible assets, net:		
News and Information Services	\$ 2,960	\$ 2,952
Book Publishing	845	835
Digital Real Estate Services	1,494	1,420
Cable Network Programming	924	912
Other	—	—
Total goodwill and intangible assets, net	<u>\$ 6,223</u>	<u>\$ 6,119</u>

NOTE 10. ADDITIONAL FINANCIAL INFORMATION

Receivables, net

Receivables are presented net of an allowance for returns and doubtful accounts, which is an estimate of amounts that may not be collectible. In determining the allowance for returns, management analyzes historical returns, current economic trends and changes in customer demand and acceptance of the Company's products. Based on this information, management reserves a certain portion of revenues that provide the customer with the right of return. The allowance for doubtful accounts is estimated based on historical experience, receivable aging, current economic trends and specific identification of certain receivables that are at risk of not being collected.

Receivables, net consist of:

	As of <u>September 30, 2017</u> (in millions)	As of <u>June 30, 2017</u>
Receivables	\$ 1,570	\$ 1,484
Allowance for sales returns	(164)	(166)
Allowances for doubtful accounts	(41)	(42)
Receivables, net	<u>\$ 1,365</u>	<u>\$ 1,276</u>

The Company's receivables did not contain significant concentrations of credit risk as of September 30, 2017 or June 30, 2017 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

NEWS CORPORATION
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Other Current Assets

The following table sets forth the components of Other current assets:

	As of September 30, 2017 (in millions)	As of June 30, 2017
Inventory ^(a)	\$ 225	\$ 208
Amounts due from 21st Century Fox	59	82
Prepayments and other current assets	242	233
Total Other current assets	<u>\$ 526</u>	<u>\$ 523</u>

^(a) Inventory at September 30, 2017 and June 30, 2017 was primarily comprised of books, newsprint and programming rights.

Other Non-Current Assets

The following table sets forth the components of Other non-current assets:

	As of September 30, 2017 (in millions)	As of June 30, 2017
Royalty advances to authors	\$ 298	\$ 298
Other	140	144
Total Other non-current assets	<u>\$ 438</u>	<u>\$ 442</u>

Other Current Liabilities

The following table sets forth the components of Other current liabilities:

	As of September 30, 2017 (in millions)	As of June 30, 2017
Current tax payable	\$ 26	\$ 39
Royalties and commissions payable	179	152
Current portion of long-term debt	105	103
Other	278	306
Total Other current liabilities	<u>\$ 588</u>	<u>\$ 600</u>

NEWS CORPORATION
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Other, net

The following table sets forth the components of Other, net:

	For the three months ended September 30,	
	2017	2016
	(in millions)	
Gain on sale of available-for-sale securities	\$ —	\$ 6
Gain on sale of equity method investments	—	6
Gain on sale of cost method investments	6	4
Other, net	2	1
Total Other, net	<u>\$ 8</u>	<u>\$ 17</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This document, including the following discussion and analysis, contains statements that constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended. All statements that are not statements of historical fact are forward-looking statements. The words "expect," "estimate," "anticipate," "predict," "believe" and similar expressions and variations thereof are intended to identify forward-looking statements. These statements appear in a number of places in this discussion and analysis and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things, trends affecting the Company's financial condition or results of operations and the outcome of contingencies such as litigation and investigations. Readers are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties. More information regarding these risks, uncertainties and other important factors that could cause actual results to differ materially from those in the forward-looking statements is set forth under the heading "Risk Factors" in Part I, Item 1A in News Corporation's Annual Report on Form 10-K for the fiscal year ended June 30, 2017 as filed with the Securities and Exchange Commission (the "SEC") on August 14, 2017 (the "2017 Form 10-K"), and as may be updated in this and other subsequent Quarterly Reports on Form 10-Q. The Company does not ordinarily make projections of its future operating results and undertakes no obligation (and expressly disclaims any obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers should carefully review this document and the other documents filed by the Company with the SEC. This section should be read together with the unaudited consolidated financial statements of News Corporation and related notes set forth elsewhere herein and the audited consolidated financial statements of News Corporation and related notes set forth in the 2017 Form 10-K.

INTRODUCTION

News Corporation (together with its subsidiaries, "News Corporation," "News Corp," the "Company," "we," or "us") is a global diversified media and information services company comprised of businesses across a range of media, including: news and information services, book publishing, digital real estate services, cable network programming in Australia and pay-TV distribution in Australia.

The unaudited consolidated financial statements are referred to herein as the "Consolidated Financial Statements." The consolidated statements of operations are referred to herein as the "Statements of Operations." The consolidated balance sheets are referred to herein as the "Balance Sheets." The consolidated statements of cash flows are referred to herein as the "Statements of Cash Flows." The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP").

Management's discussion and analysis of financial condition and results of operations is intended to help provide an understanding of the Company's financial condition, changes in financial condition and results of operations. This discussion is organized as follows:

- **Overview of the Company's Business**—This section provides a general description of the Company's businesses, as well as developments that occurred to date during fiscal 2018 that the Company believes are important in understanding its results of operations and financial condition or to disclose known trends.
- **Results of Operations**—This section provides an analysis of the Company's results of operations for the three months ended September 30, 2017 and 2016. This analysis is presented on both a consolidated basis and a segment basis. In addition, a brief description is provided of significant transactions and events that impact the comparability of the results being analyzed.
- **Liquidity and Capital Resources**—This section provides an analysis of the Company's cash flows for the three months ended September 30, 2017 and 2016, as well as a discussion of the Company's financial arrangements and outstanding commitments, both firm and contingent, that existed as of September 30, 2017.

OVERVIEW OF THE COMPANY'S BUSINESSES

The Company manages and reports its businesses in the following five segments:

- **News and Information Services**—The News and Information Services segment includes the Company's global print, digital and broadcast radio media platforms. These product offerings include the global print and digital versions of *The Wall Street Journal* and the Dow Jones Media Group, which includes *Barron's* and MarketWatch, as well as the Company's suite of professional information products, including Factiva, Dow Jones Risk & Compliance, Dow Jones Newswires, Dow Jones PEVC and DJX. The Company also owns, among other publications, *The Australian*, *The Daily Telegraph*, *Herald Sun* and *The Courier Mail* in Australia, *The Times*, *The Sunday Times*, *The Sun* and *The Sun on Sunday* in the U.K. and the *New York Post* in the U.S. This segment also includes News America Marketing, a leading provider of home-delivered shopper media, in-store marketing products and services and digital marketing solutions, including Checkout 51's mobile application, as well as Unruly, a leading global video advertising distribution platform, Wireless Group, operator of talkSPORT, the leading sports radio network in the U.K., and Storyful, a social media content agency.
- **Book Publishing**—The Book Publishing segment consists of HarperCollins, the second largest consumer book publisher in the world, with operations in 18 countries and particular strengths in general fiction, nonfiction, children's and religious publishing. HarperCollins owns more than 120 branded publishing imprints, including Harper, William Morrow, HarperCollins Children's Books, Avon, Harlequin and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as Harper Lee, Patricia Cornwell, Chip and Joanna Gaines, Rick Warren, Sarah Young and Agatha Christie and popular titles such as *The Hobbit*, *Goodnight Moon*, *To Kill a Mockingbird*, *Jesus Calling* and *Hillbilly Elegy*.
- **Digital Real Estate Services**—The Digital Real Estate Services segment consists of the Company's interests in REA Group, Move and DIAKRIT. REA Group is a publicly traded company listed on the Australian Securities Exchange (ASX: REA) that advertises property and property-related services on its websites and mobile applications across Australia and Asia, including iProperty.com. REA Group operates Australia's leading residential and commercial property websites, realestate.com.au and realcommercial.com.au. The Company holds a 61.6% interest in REA Group.

Move is a leading provider of online real estate services in the U.S. and primarily operates realtor.com®, a premier real estate information and services marketplace. Move offers real estate advertising solutions to agents and brokers, including its ConnectionsSM for Buyers and AdvantageSM Pro products. Move also offers a number of professional software and services products, including Top Producer®, FiveStreet® and ListHubTM. The Company owns an 80% interest in Move, with the remaining 20% being held by REA Group.

- **Cable Network Programming**—The Cable Network Programming segment consists of FOX SPORTS Australia and Australian News Channel Pty Ltd ("ANC"). FOX SPORTS Australia is the leading sports programming provider in Australia, with eight high definition television channels distributed via cable, satellite and IP, several interactive viewing applications and broadcast rights to live sporting events in Australia including: National Rugby League, the domestic football league, international cricket, Australian Rugby Union and various motorsports programming.

ANC, acquired in December 2016, operates the SKY NEWS network, Australia's 24-hour multi-channel, multi-platform news service. ANC channels are broadcast throughout Australia and New Zealand and available on Foxtel and Sky Television. ANC also owns and operates the international Australia Channel IPTV service and offers content across a variety of digital media platforms, including mobile, podcasts and social media websites.

- **Other**—The Other segment consists primarily of general corporate overhead expenses, the corporate Strategy and Creative Group and costs related to the U.K. Newspaper Matters (as defined in Note 7 to the Consolidated Financial Statements). The Company's corporate Strategy and Creative Group is responsible for identifying new products and services across its businesses to increase revenues and profitability and to target and assess potential acquisitions, investments and dispositions.

Other Business Developments

In July 2017, REA Group acquired an 80.3% interest in Smartline Home Loans Pty Limited (“Smartline”) for approximately A\$70 million in cash (approximately \$55 million). The minority shareholders have the option to sell the remaining 19.7% interest to REA Group beginning three years after closing at a price dependent on the financial performance of Smartline. If the option is not exercised, the minority interest will become mandatorily redeemable four years after closing. As a result, REA Group recognized a liability of \$12 million in the three months ended September 30, 2017 for the present value of the amount expected to be paid for the remaining interest based on the formula specified in the acquisition agreement. Smartline is one of Australia’s premier mortgage broking franchise groups, and the acquisition provides REA Group’s financial services business with greater scale and capability. Smartline is a subsidiary of REA Group, and its results are included within the Digital Real Estate Services segment.

In August 2017, News Corp and Telstra announced a non-binding agreement to combine their interests in Foxtel with News Corp’s interest in FOX SPORTS Australia into a new entity. It is expected that post-combination the Company will have a 65% ownership interest and Telstra will have a 35% ownership interest in the new company. The potential transaction remains subject to the negotiation of definitive agreements, regulatory review and certain other conditions.

RESULTS OF OPERATIONS

Results of Operations—For the three months ended September 30, 2017 versus the three months ended September 30, 2016

The following table sets forth the Company's operating results for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016.

	For the three months ended September 30,			
	2017	2016	Change Better/(Worse)	% Change
(in millions, except %)				
Revenues:				
Advertising	\$ 670	\$ 670	\$ —	—
Circulation and subscription	651	621	30	5%
Consumer	386	374	12	3%
Real estate	203	172	31	18%
Other	148	128	20	16%
Total Revenues	2,058	1,965	93	5%
Operating expenses	(1,149)	(1,157)	8	1%
Selling, general and administrative	(660)	(678)	18	3%
Depreciation and amortization	(97)	(120)	23	19%
Restructuring charges	(15)	(20)	5	25%
Equity losses of affiliates	(10)	(15)	5	33%
Interest, net	6	7	(1)	(14)%
Other, net	8	17	(9)	(53)%
Income (loss) before income tax (expense) benefit	141	(1)	142	**
Income tax (expense) benefit	(54)	1	(55)	**
Net income	87	—	87	**
Less: Net income attributable to noncontrolling interests	(19)	(15)	(4)	(27)%
Net income (loss) attributable to News Corporation	\$ 68	\$ (15)	\$ 83	**

** not meaningful

Revenues— Revenues increased \$93 million, or 5%, for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017. The revenue increase was primarily due to higher revenues at the Digital Real Estate Services segment of \$45 million, mainly due to higher revenues at both REA Group and Move, as well as an increase at the News and Information Services segment of \$19 million, primarily resulting from the acquisitions of ARM and Wireless Group, which contributed \$31 million and \$23 million, respectively, to the increase, the \$14 million positive impact of foreign currency fluctuations and higher circulation and subscription revenues, partially offset by lower advertising revenues.

The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Revenue increase of \$26 million for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017. The Company calculates the impact of foreign currency fluctuations for businesses reporting in currencies other than the U.S. dollar by multiplying the results for each quarter in the current period by the difference between the average exchange rate for that quarter and the average exchange rate in effect during the corresponding quarter of the prior year and totaling the impact for all quarters in the current period.

Operating Expenses— Operating expenses decreased \$8 million, or 1%, for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017. The decrease was primarily due to lower operating expenses at the News and Information Services segment of \$22 million, mainly as a result of the impact of cost savings initiatives and lower newsprint, production, and distribution costs, partially offset by higher costs of \$29 million from the inclusion of the acquisitions of ARM and Wireless Group and the \$6 million negative impact from foreign currency fluctuations. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an Operating expense increase of \$11 million for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017.

Selling, general and administrative expenses—Selling, general and administrative expenses decreased \$18 million, or 3%, for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017. The decrease in Selling, general and administrative expenses was primarily due to a \$46 million impact from the reversal of a portion of the previously accrued liability for the U.K. Newspaper Matters and the corresponding receivable from 21st Century Fox as the result of an agreement reached with the relevant tax authority with respect to certain employment taxes. This decrease was partially offset by higher expenses of \$14 million at the News and Information Services segment, primarily due to the negative impact of foreign currency fluctuations and the acquisitions of Wireless Group and ARM, and increased expenses of \$14 million at the Digital Real Estate Services segment. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Selling, general and administrative expense increase of \$11 million for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017.

Depreciation and amortization— Depreciation and amortization expense decreased \$23 million, or 19%, for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017 primarily due to the write-down of fixed assets at the Australian and U.K. newspapers in fiscal 2017.

Restructuring charges— During the three months ended September 30, 2017 and 2016, the Company recorded restructuring charges of \$15 million and \$20 million, respectively. See Note 3—Restructuring Charges in the accompanying Consolidated Financial Statements.

Equity losses of affiliates— Equity losses of affiliates decreased \$5 million for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017. The decrease for the three months ended September 30, 2017 was primarily due to higher net income at Foxtel as discussed below.

	For the three months ended September 30,			
	2017	2016	Change	% Change
	Better/(Worse)			
(in millions, except %)				
Foxtel ^(a)	\$ (5)	\$ (11)	\$ 6	55%
Other equity affiliates, net	(5)	(4)	(1)	(25)%
Total Equity losses of affiliates	<u>\$ (10)</u>	<u>\$ (15)</u>	<u>\$ 5</u>	<u>33%</u>

** not meaningful

^(a) In accordance with ASC 350, “Intangibles—Goodwill and Other” (“ASC 350”), the Company amortized \$17 million and \$19 million, respectively, related to excess cost over the Company’s proportionate share of its investment’s underlying net assets allocated to finite-lived intangible assets during the three months ended September 30, 2017 and 2016, respectively. Such amortization is reflected in Equity losses of affiliates in the Statements of Operations. See Note 4—Investments in the accompanying Consolidated Financial Statements.

Foxtel’s revenues were \$633 million for the three months ended September 30, 2017, an increase of \$15 million, or 2%, as compared to revenues of \$618 million for the corresponding period of fiscal 2017. The increase was the result of the positive impact of foreign currency fluctuations, as revenues decreased modestly in local currency. Operating income decreased to \$63 million from \$91 million in the corresponding period of fiscal 2017 primarily due to higher Australian Football League and other sports rights costs of \$24 million, and lower revenues in local currency partially offset by lower sales and marketing and transmission costs. Net income increased to \$24 million from \$16 million in the corresponding period of fiscal 2017 mainly due to the absence of losses associated with Foxtel management’s decision to cease Presto operations in January 2017 and lower interest expense, partially offset by the lower operating income discussed above.

Interest, net— Interest, net decreased \$1 million for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017.

Other, net— Other, net decreased \$9 million, or 53%, for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017. See Note 10—Additional Financial Information in the accompanying Consolidated Financial Statements.

Income tax (expense) benefit—The Company's effective income tax rate for the three months ended September 30, 2017 was higher than the U.S. statutory tax rate, primarily due to valuation allowances being recorded against tax benefits in certain foreign jurisdictions with operating losses.

Management assesses available evidence to determine whether sufficient future taxable income will be generated to permit the use of existing deferred tax assets. Based on management's assessment of available evidence, it has been determined that it is more likely than not that deferred tax assets in certain foreign jurisdictions may not be realized and therefore, a valuation allowance has been established against those tax assets.

The Company's effective income tax rate for the three months ended September 30, 2016 was higher than the U.S. statutory tax rate, primarily due to non-taxable book gains, which had a greater impact on the Company's effective tax rate for the quarter due to the Company's low pre-tax book loss.

Net income— Net income increased \$87 million for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017 due to higher Total Segment EBITDA and lower depreciation and amortization expense, partially offset by higher income tax expense.

Net income attributable to noncontrolling interests— Net income attributable to noncontrolling interests increased by \$4 million for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017 primarily due to higher results at REA Group and the positive impact of foreign currency fluctuations.

Segment Analysis

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: depreciation and amortization, impairment and restructuring charges, equity losses of affiliates, interest, net, other, net, income tax (expense) benefit and net income attributable to noncontrolling interests. Segment EBITDA may not be comparable to similarly titled measures reported by other companies, since companies and investors may differ as to what items should be included in the calculation of Segment EBITDA.

Segment EBITDA is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources within the Company's businesses. Segment EBITDA provides management, investors and equity analysts with a measure to analyze the operating performance of each of the Company's business segments and its enterprise value against historical data and competitors' data, although historical results may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

Total Segment EBITDA is a non-GAAP measure and should be considered in addition to, not as a substitute for, net income (loss), cash flow and other measures of financial performance reported in accordance with GAAP. In addition, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment and restructuring charges, which are significant components in assessing the Company's financial performance. The Company believes that the presentation of Total Segment EBITDA provides useful information regarding the Company's operations and other factors that affect the Company's reported results. Specifically, the Company believes that by excluding certain one-time or non-cash items such as impairment and restructuring charges and depreciation and amortization, as well as potential distortions between periods caused by factors such as financing and capital structures and changes in tax positions or regimes, the Company provides users of its consolidated financial statements with insight into both its core operations as well as the factors that affect reported results between periods but which the Company believes are not representative of its core business. As a result, users of the Company's consolidated financial statements are better able to evaluate changes in the core operating results of the Company across different periods. The following table reconciles Total Segment EBITDA to Net income (loss):

	For the three months ended September 30,			
	2017	2016	Change	% Change
(in millions, except %)				Better/(Worse)
Revenues	\$ 2,058	\$ 1,965	\$ 93	5%
Operating expenses	(1,149)	(1,157)	8	1%
Selling, general and administrative	(660)	(678)	18	3%
Total Segment EBITDA	249	130	119	92%
Depreciation and amortization	(97)	(120)	23	19%
Restructuring charges	(15)	(20)	5	25%
Equity losses of affiliates	(10)	(15)	5	33%
Interest, net	6	7	(1)	(14)%
Other, net	8	17	(9)	(53)%
Income (loss) before income tax (expense) benefit	141	(1)	142	**
Income tax (expense) benefit	(54)	1	(55)	**
Net income	\$ 87	\$ —	\$ 87	**

** not meaningful

	For the three months ended September 30,			
	2017	2016	2017	2016
(in millions)				
	Revenues	Segment EBITDA	Revenues	Segment EBITDA
News and Information Services	\$ 1,241	\$ 73	\$ 1,222	\$ 46
Book Publishing	401	50	389	48
Digital Real Estate Services	271	95	226	67
Cable Network Programming	145	27	128	14
Other	—	4	—	(45)
Total	\$ 2,058	\$ 249	\$ 1,965	\$ 130

News and Information Services (60% and 62% of the Company's consolidated revenues in the three months ended September 30, 2017 and 2016, respectively)

	For the three months ended September 30,			
	2017	2016	Change	% Change
(in millions, except %)				Better/(Worse)
Revenues:				
Advertising	\$ 608	\$ 609	\$ (1)	—
Circulation and subscription	521	505	16	3%
Other	112	108	4	4%
Total revenues	1,241	1,222	19	2%
Operating expenses	(732)	(754)	22	3%
Selling, general and administrative	(436)	(422)	(14)	(3)%
Segment EBITDA	\$ 73	\$ 46	\$ 27	59%

** not meaningful

Revenues at the News and Information Services segment increased \$19 million, or 2%, for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017. The revenue increase was due in part to higher circulation and subscription revenues of \$16 million as compared to the corresponding period of fiscal 2017 due to digital subscriber growth, primarily at *The Wall Street Journal* and in Australia, as well as the \$11 million total contribution from the acquisition of ARM in December 2016 and the positive impact of foreign currency fluctuations. These

increases were partially offset by lower single-copy sales in the U.K., primarily at *The Sun*, and in Australia. Advertising revenues for the three months ended September 30, 2017 decreased \$1 million as compared to the corresponding period of fiscal 2017 primarily due to weakness in the print advertising market across mastheads and lower revenues at News America Marketing of \$13 million, partially offset by the \$23 million and \$21 million contributions from the acquisitions of Wireless Group and ARM, respectively, the positive impact of foreign currency fluctuations and modest digital advertising growth. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue increase of \$14 million for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017.

Segment EBITDA at the News and Information Services segment increased \$27 million for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017. The increase was primarily due to higher contribution from Dow Jones of \$12 million, mainly due to higher revenues and the impact of lower newsprint, production and distribution costs, and higher contribution from News America Marketing of \$5 million, primarily due to lower investment spending at Checkout 51, as well as the impact of cost savings initiatives and the absence of \$5 million of transaction costs associated with the Company's acquisition of Wireless Group in September 2016.

Dow Jones

Revenues were \$350 million for the three months ended September 30, 2017, an increase of \$7 million, or 2%, as compared to revenues of \$343 million in the corresponding period of fiscal 2017. Circulation and subscription revenues increased \$19 million, primarily due to the \$15 million impact from digital subscriber growth and price increases at *The Wall Street Journal*, as well as higher professional information business revenues led by Risk and Compliance. Advertising revenues decreased \$10 million, primarily due to the impact of weakness in the print advertising market. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue increase of \$1 million for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017.

News Corp Australia

Revenues at the Australian newspapers were \$332 million for the three months ended September 30, 2017, an increase of \$14 million, or 4%, compared to revenues of \$318 million in the corresponding period of fiscal 2017. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue increase of \$13 million, or 4%, for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017. Circulation and subscription revenues increased \$6 million due to the acquisition of ARM and the positive impact of foreign currency fluctuations, as price increases and digital subscriber growth were more than offset by the \$4 million impact of print volume declines. Advertising revenues increased \$5 million, primarily due to the acquisition of ARM and the \$7 million positive impact of foreign currency fluctuations, which more than offset the \$21 million impact of weakness in the print advertising market and lower advertising revenues of \$6 million resulting from the sale of *Perth Sunday Times* in November 2016.

News UK

Revenues were \$255 million for the three months ended September 30, 2017, a decrease of \$15 million, or 6%, as compared to revenues of \$270 million in the corresponding period of fiscal 2017. Circulation and subscription revenues decreased \$8 million, primarily due to the \$10 million impact of single-copy volume declines, mainly at *The Sun*, partially offset by the \$4 million impact of cover price increases across *The Sun* and *The Times*. Advertising revenues decreased \$7 million, primarily due to weakness in the print advertising market, partially offset by digital advertising growth. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of \$1 million for the three months ended September 30, 2017 as compared to the corresponding period of fiscal 2017.

News America Marketing

Revenues at News America Marketing were \$234 million for the three months ended September 30, 2017, a decrease of \$9 million, or 4%, as compared to revenues of \$243 million in the corresponding period of fiscal 2017. The decrease was primarily related to lower domestic free standing insert product revenues of \$13 million primarily due to two fewer inserts during the quarter.

Book Publishing (20% of the Company's consolidated revenues in the three months ended September 30, 2017 and 2016)

	For the three months ended September 30,			
	2017	2016	Change Better/(Worse)	% Change
(in millions, except %)				
Revenues:				
Consumer	\$ 386	\$ 374	\$ 12	3%
Other	15	15	—	—
Total revenues	401	389	12	3%
Operating expenses	(277)	(267)	(10)	(4)%
Selling, general and administrative	(74)	(74)	—	—
Segment EBITDA	\$ 50	\$ 48	\$ 2	4%

For the three months ended September 30, 2017, revenues at the Book Publishing segment increased \$12 million, or 3%, as compared to the corresponding period of fiscal 2017. The increase was mainly due to strong frontlist and backlist sales in the general books category, including *House of Spies* by Daniel Silva, *The Subtle Art Of Not Giving A F*ck* by Mark Manson and the continued success of *Hillbilly Elegy* by J.D. Vance. Digital sales represented approximately 21% of Consumer revenues during the three months ended September 30, 2017. Digital sales increased approximately 6% as compared to the corresponding period of fiscal 2017 primarily due to growth in downloadable audio books.

For the three months ended September 30, 2017, Segment EBITDA at the Book Publishing segment increased \$2 million, or 4%, as compared to the corresponding period of fiscal 2017. The increase was primarily due to the higher revenues discussed above.

Digital Real Estate Services (13% and 11% of the Company's consolidated revenues in the three months ended September 30, 2017 and 2016, respectively)

	For the three months ended September 30,			
	2017	2016	Change Better/(Worse)	% Change
(in millions, except %)				
Revenues:				
Advertising	\$ 36	\$ 34	\$ 2	6%
Circulation and subscription	14	16	(2)	(13)%
Real estate	203	172	31	18%
Other	18	4	14	**
Total revenues	271	226	45	20%
Operating expenses	(33)	(30)	(3)	(10)%
Selling, general and administrative	(143)	(129)	(14)	(11)%
Segment EBITDA	\$ 95	\$ 67	\$ 28	42%

** not meaningful

For the three months ended September 30, 2017, revenues at the Digital Real Estate Services segment increased \$45 million, or 20%, as compared to the corresponding period of fiscal 2017. At REA Group, revenues increased \$29 million, or 22%, to \$158 million for the three months ended September 30, 2017 from \$129 million in the corresponding period of fiscal 2017. The higher revenues were primarily due to an \$18 million increase in Australian residential depth revenue, the acquisition of Smartline, which contributed approximately \$13 million of revenues in the quarter, and the \$6 million positive impact of foreign currency fluctuations, partially offset by a \$9 million decrease resulting from the sale of REA Group's European business in December 2016. Revenues at Move increased \$14 million, or 15%, to \$107 million for the three months ended September 30, 2017 from \$93 million in the corresponding period of fiscal 2017 due to an increase in ConnectionsSM for Buyers product revenues.

For the three months ended September 30, 2017, Segment EBITDA at the Digital Real Estate Services segment increased \$28 million, or 42%, as compared to the corresponding period of fiscal 2017. The increase in Segment EBITDA was the result of higher contributions from REA Group and Move of \$19 million and \$9 million, respectively, primarily due to the higher revenues noted above, partially offset by \$15 million in higher costs associated with higher revenues.

Cable Network Programming (7% of the Company's consolidated revenues in the three months ended September 30, 2017 and 2016)

(in millions, except %)	For the three months ended September 30,			
	2017	2016	Change	% Change
			Better/(Worse)	
Revenues:				
Advertising	\$ 26	\$ 27	\$ (1)	(4)%
Circulation and subscription	116	100	16	16%
Other	3	1	2	**
Total revenues	145	128	17	13%
Operating expenses	(107)	(106)	(1)	(1)%
Selling, general and administrative	(11)	(8)	(3)	(38)%
Segment EBITDA	\$ 27	\$ 14	\$ 13	93%

** not meaningful

For the three months ended September 30, 2017, revenues at the Cable Network Programming segment increased \$17 million, or 13%, as compared to the corresponding period in fiscal 2017. The revenue increase was primarily due to the acquisition of ANC, which contributed \$11 million of revenue for the three months ended September 30, 2017, higher affiliate revenues at FOX SPORTS Australia, and the \$4 million positive impact of foreign currency fluctuations. These increases were partially offset by lower advertising revenues of \$3 million at FOX SPORTS Australia.

For the three months ended September 30, 2017, Segment EBITDA at the Cable Network Programming segment increased \$13 million, or 93%, as compared to the corresponding period of fiscal 2017. The increase in Segment EBITDA was due to the timing of programming amortization related to the launch of a dedicated National Rugby League channel at FOX SPORTS Australia and lower other sports programming rights costs.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company's principal source of liquidity is internally generated funds and cash and cash equivalents on hand. As of September 30, 2017, the Company's cash and cash equivalents were \$1,877 million. The Company expects these elements of liquidity will enable it to meet its liquidity needs in the foreseeable future. As described in greater detail below, in October 2013, the Company established a revolving credit facility of \$650 million, which terminates on October 23, 2020. The Company may request that the commitments be extended under certain circumstances as set forth in the credit agreement and may also request increases in the amount of the facility up to a maximum amount of \$900 million. In addition, the Company expects to have access to the worldwide capital markets, subject to market conditions, in order to issue debt if needed or desired. Although the Company believes that its cash on hand and future cash from operations, together with its access to the capital markets, will provide adequate resources to fund its operating and financing needs, its access to, and the availability of, financing on acceptable terms in the future will be affected by many factors, including: (i) the Company's performance, (ii) its credit rating or absence of a credit rating, (iii) the liquidity of the overall capital markets and (iv) the current state of the economy. There can be no assurances that the Company will continue to have access to the capital markets on acceptable terms. See Part II, "Item 1A. Risk Factors" for further discussion.

As of September 30, 2017, the Company's consolidated assets included \$932 million in cash and cash equivalents that was held by its foreign subsidiaries. \$197 million of this amount is cash not readily accessible by the Company as it is held by REA Group, a majority owned but separately listed public company. REA Group must declare a dividend in order for the Company to have access to its share of REA Group's cash balance. The Company earns income outside the U.S., which is deemed to be permanently reinvested in certain foreign jurisdictions. The Company does not currently intend to repatriate these earnings. Should the Company require more capital in the U.S. than is generated by and/or available to its domestic operations, the Company could elect to transfer funds held in foreign jurisdictions. The transfer of funds from foreign jurisdictions may be cumbersome due to local regulations, foreign exchange controls and taxes. Additionally, the transfer of funds from foreign jurisdictions may result in higher effective tax rates and higher cash paid for income taxes for the Company.

The principal uses of cash that affect the Company's liquidity position include the following: operational expenditures including employee costs and paper purchases; capital expenditures; income tax payments; investments in associated entities and acquisitions. In addition to the acquisitions and dispositions disclosed elsewhere, the Company has evaluated, and expects to continue to evaluate, possible future acquisitions and dispositions of certain businesses. Such transactions may be material and may involve cash, the issuance of the Company's securities or the assumption of indebtedness.

Issuer Purchases of Equity Securities

In May 2013, the Company's Board of Directors (the "Board of Directors") authorized the Company to repurchase up to an aggregate of \$500 million of its Class A Common Stock. On May 10, 2015, the Company announced it had begun repurchasing shares of Class A Common Stock under the stock repurchase program. No stock repurchases were made during the three months ended September 30, 2017. Through November 3, 2017, the Company repurchased approximately 5.2 million shares of Class A Common Stock for an aggregate cost of approximately \$71 million. The remaining authorized amount under the stock repurchase program as of November 3, 2017 was approximately \$429 million. All decisions regarding any future stock repurchases are at the sole discretion of a duly appointed committee of the Board of Directors and management. The committee's decisions regarding future stock repurchases will be evaluated from time to time in light of many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the committee may deem relevant. The stock repurchase authorization may be modified, extended, suspended or discontinued at any time by the Board of Directors and the Board of Directors cannot provide any assurances that any additional shares will be repurchased.

Dividends

In August 2017, the Board of Directors declared a semi-annual cash dividend of \$0.10 per share for Class A Common Stock and Class B Common Stock. This dividend was paid on October 18, 2017 to stockholders of record at the close of business on September 13, 2017. The timing, declaration, amount and payment of future dividends to stockholders, if any, is within the discretion of the Board of Directors. The Board of Directors' decisions regarding the payment of future dividends will depend on many factors, including the Company's financial condition, earnings, capital requirements and debt facility covenants, other contractual restrictions, as well as legal requirements, regulatory constraints, industry practice, market volatility and other factors that the Board of Directors deems relevant.

Sources and Uses of Cash—For the three months ended September 30, 2017 versus the three months ended September 30, 2016

Net cash used in operating activities from continuing operations for the three months ended September 30, 2017 and 2016 was as follows (in millions):

<u>For the three months ended September 30,</u>	<u>2017</u>	<u>2016</u>
Net cash used in operating activities from continuing operations	\$ (4)	\$(268)

Net cash used in operating activities from continuing operations decreased by \$264 million for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016. The decrease was primarily due to the absence of the NAM Group's settlement payments of \$250 million during the three months ended September 30, 2016 and higher Total Segment EBITDA, partially offset by higher working capital.

Net cash used in investing activities from continuing operations for the three months ended September 30, 2017 and 2016 was as follows (in millions):

<u>For the three months ended September 30,</u>	<u>2017</u>	<u>2016</u>
Net cash used in investing activities from continuing operations	\$(121)	\$(11)

Net cash used in investing activities from continuing operations was \$121 million for the three months ended September 30, 2017 as compared to net cash used in investing activities from continuing operations of \$11 million for the corresponding period of fiscal 2017. During the three months ended September 30, 2017, the Company used \$54 million of cash for acquisitions, primarily for the acquisition of Smartline, and had capital expenditures of \$62 million.

During the three months ended September 30, 2016, the Company used \$283 million of cash for acquisitions, primarily for the acquisition of Wireless Group, and had capital expenditures of \$49 million. The net cash used in investing activities from continuing operations for the three months ended September 30, 2016 was partially offset by the utilization of restricted cash for the Wireless Group acquisition of \$315 million.

Net cash used in financing activities from continuing operations for the three months ended September 30, 2017 and 2016 was as follows (in millions):

<u>For the three months ended September 30,</u>	<u>2017</u>	<u>2016</u>
Net cash used in financing activities from continuing operations	\$(31)	\$(59)

The decrease in net cash used in financing activities from continuing operations for the three months ended September 30, 2017 as compared to the net cash used in financing activities from continuing operations in the corresponding period of fiscal 2017 was primarily due to the absence of the repayment of debt assumed in the acquisition of Wireless Group of \$23 million during the three months ended September 30, 2016.

Reconciliation of Free Cash Flow Available to News Corporation

Free cash flow available to News Corporation is a non-GAAP financial measure defined as net cash used in operating activities from continuing operations, less capital expenditures (“free cash flow”), less REA Group free cash flow, plus cash dividends received from REA Group. Free cash flow available to News Corporation excludes cash flows from discontinued operations. Free cash flow available to News Corporation should be considered in addition to, not as a substitute for, cash flows from continuing operations and other measures of financial performance reported in accordance with GAAP. Free cash flow available to News Corporation may not be comparable to similarly titled measures reported by other companies, since companies and investors may differ as to what items should be included in the calculation of free cash flow.

The Company considers free cash flow available to News Corporation to provide useful information to management and investors about the amount of cash that is available to be used to strengthen the Company’s balance sheet and for strategic opportunities including, among others, investing in the Company’s business, strategic acquisitions, dividend payouts and repurchasing stock. A limitation of free cash flow available to News Corporation is that it does not represent the total increase or decrease in the cash balance for the period. Management compensates for the limitation of free cash flow available to News Corporation by also relying on the net change in cash and cash equivalents as presented in the Statements of Cash Flows prepared in accordance with GAAP which incorporate all cash movements during the period.

The following table presents a reconciliation of net cash used in continuing operating activities to free cash flow available to News Corporation:

	For the three months ended September 30,	
	2017	2016
	(in millions)	
Net cash used in continuing operating activities	\$ (4)	\$ (268)
Less: Capital expenditures	(62)	(49)
	(66)	(317)
Less: REA Group free cash flow	(27)	(28)
Plus: Cash dividends received from REA Group	33	28
Free cash flow available to News Corporation	<u>\$ (60)</u>	<u>\$ (317)</u>

Free cash flow available to News Corporation increased \$257 million in the three months ended September 30, 2017 to (\$60) million from (\$317) million in the corresponding period of fiscal 2017, primarily due to lower cash used in operating activities as discussed above, partially offset by higher capital expenditures.

Revolving Credit Facility

The Company's Credit Agreement (as amended, the "Credit Agreement") provides for an unsecured \$650 million revolving credit facility (the "Facility") that can be used for general corporate purposes. The Facility has a sublimit of \$100 million available for issuances of letters of credit. Under the Credit Agreement, the Company may request increases in the amount of the Facility up to a maximum amount of \$900 million.

In October 2015, the Company entered into an amendment to the Credit Agreement (the "Amendment") which, among other things, extended the original term of the Facility by two years and lowered the commitment fee payable by the Company. As a result of the Amendment, the lenders' commitments now terminate on October 23, 2020, and any borrowings will be due at that time. The Company may request that the commitments be extended under certain circumstances as set forth in the Credit Agreement for up to two additional one-year periods.

The Credit Agreement contains customary affirmative and negative covenants and events of default, with customary exceptions, including limitations on the ability of the Company and its subsidiaries to engage in transactions with affiliates, incur liens, merge into or consolidate with any other entity, incur subsidiary debt or dispose of all or substantially all of its assets or all or substantially all of the stock of its subsidiaries. In addition, the Credit Agreement requires the Company to maintain an adjusted operating income leverage ratio of not more than 3.0 to 1.0 and an interest coverage ratio of not less than 3.0 to 1.0. If any of the events of default occur and are not cured within applicable grace periods or waived, any unpaid amounts under the Credit Agreement may be declared immediately due and payable. As of September 30, 2017, the Company was in compliance with all of the applicable debt covenants.

Interest on borrowings under the Facility is based on either (a) a Eurodollar Rate formula or (b) the Base Rate formula, each as set forth in the Credit Agreement. The applicable margin and the commitment fee are based on the pricing grid in the Credit Agreement, which varies based on the Company's adjusted operating income leverage ratio. As of September 30, 2017, the Company was paying a commitment fee of 0.225% on any undrawn balance and an applicable margin of 0.50% for a Base Rate borrowing and 1.50% for a Eurodollar Rate borrowing.

As of the date of this filing, the Company has not borrowed any funds under the Facility.

REA Group Unsecured Revolving Loan Facility

REA Group entered into an A\$480 million unsecured syndicated revolving loan facility agreement in connection with the acquisition of iProperty. The REA Facility consists of three sub facilities of A\$120 million, A\$120 million and A\$240 million which become due in December 2017, December 2018 and December 2019, respectively. In February 2016, REA Group drew down the full A\$480 million (approximately \$340 million as of such date) available under the REA Facility, and the proceeds, less lenders' fees of \$1 million, were used to fund the iProperty acquisition. Borrowings

under the REA Facility bear interest at a floating rate of the Australian BBSY plus a margin in the range of 0.85% and 1.45% depending on REA Group's net leverage ratio. As of September 30, 2017, REA Group was paying a margin of between 0.85% and 1.05%. REA Group paid approximately \$3 million in interest for the three months ended September 30, 2017, at a weighted average interest rate of 2.6%. The REA Facility requires REA Group to maintain a net leverage ratio of not more than 3.25 to 1.0 and an interest coverage ratio of not less than 3.0 to 1.0. As of September 30, 2017, REA Group was in compliance with all of the applicable debt covenants.

Commitments

The Company has commitments under certain firm contractual arrangements ("firm commitments") to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The Company's commitments as of September 30, 2017 have not changed significantly from the disclosures included in the 2017 Form 10-K.

Contingencies

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed in Note 7 to the Consolidated Financial Statements. The outcome of these matters and claims is subject to significant uncertainty, and the Company often cannot predict what the eventual outcome of pending matters will be or the timing of the ultimate resolution of these matters. Fees, expenses, fines, penalties, judgments or settlement costs which might be incurred by the Company in connection with the various proceedings could adversely affect its results of operations and financial condition.

The Company establishes an accrued liability for legal claims when it determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Legal fees associated with litigation and similar proceedings are expensed as incurred. The Company recognizes gain contingencies when the gain becomes realized or realizable. (See Note 7 – Commitments and Contingencies in the accompanying Consolidated Financial Statements).

The Company's tax returns are subject to on-going review and examination by various tax authorities. Tax authorities may not agree with the treatment of items reported in the Company's tax returns, and therefore the outcome of tax reviews and examinations can be unpredictable. The Company believes it has appropriately accrued for the expected outcome of uncertain tax matters and believes such liabilities represent a reasonable provision for taxes ultimately expected to be paid; however, these liabilities may need to be adjusted as new information becomes known and as tax examinations continue to progress. As subsidiaries of 21st Century Fox prior to the Separation, the Company and each of its domestic subsidiaries have joint and several liability with 21st Century Fox for the consolidated U.S. federal income taxes of the 21st Century Fox consolidated group relating to any taxable periods during which the Company or any of the Company's domestic subsidiaries were a member of the 21st Century Fox consolidated group. Consequently, the Company could be liable in the event any such liability is incurred, and not discharged, by any other member of the 21st Century Fox consolidated group. In conjunction with the Separation, the Company entered into the Tax Sharing and Indemnification Agreement with 21st Century Fox, which requires 21st Century Fox to indemnify the Company for any such liability. Disputes or assessments could arise during future audits by the Internal Revenue Service or other taxing authorities in amounts that the Company cannot quantify.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has exposure to different types of market risk including changes in foreign currency rates and stock prices. The Company neither holds nor issues financial instruments for trading purposes.

The following sections provide quantitative information on the Company's exposure to foreign currency rate risk and stock price risk. The Company makes use of sensitivity analyses that are inherently limited in estimating actual losses in fair value that can occur from changes in market conditions.

Foreign Currency Rates

The Company conducts operations in three principal currencies: the U.S. dollar; the Australian dollar; and the British pound sterling. These currencies operate primarily as the functional currency for the Company's U.S., Australian and U.K. operations, respectively. Cash is managed centrally within each of the three regions with net earnings reinvested locally and working capital requirements met from existing liquid funds. To the extent such funds are not sufficient to meet working capital requirements, funding in the appropriate local currencies is made available from intercompany capital. The Company does not hedge its investments in the net assets of its Australian and U.K. operations.

Because of fluctuations in exchange rates, the Company is subject to currency translation exposure on the results of its operations. Foreign currency translation risk is the risk that exchange rate gains or losses arise from translating foreign entities' statements of earnings and balance sheets from functional currency to the Company's reporting currency (the U.S. dollar) for consolidation purposes. The Company does not hedge translation risk because it generally generates positive cash flows from its international operations that are typically reinvested locally. Exchange rates with the most significant impact to its translation include the Australian dollar and British pound sterling. As exchange rates fluctuate, translation of its Statements of Operations into U.S. dollars affects the comparability of revenues and expenses between years.

The table below details the percentage of revenues and expenses by the three principal currencies for the fiscal year ended June 30, 2017:

	U.S. Dollars	Australian Dollars	British Pound Sterling
Fiscal year ended June 30, 2017			
Revenues	47%	29%	19%
Operating and Selling, general, and administrative expenses	47%	26%	20%

Based on the year ended June 30, 2017, a one cent change in each of the U.S. dollar/Australian dollar and the U.S. dollar/British pound sterling exchange rates would have impacted revenues by approximately \$32 million and \$12 million, respectively, for each currency on an annual basis, and would have impacted Total Segment EBITDA by approximately \$6 million and \$0.4 million, respectively, on an annual basis.

Stock Prices

The Company has common stock investments in publicly traded companies that are subject to market price volatility. These investments had an aggregate fair value of approximately \$81 million as of September 30, 2017. A hypothetical decrease in the market price of these investments of 10% would result in a decrease in comprehensive income of approximately \$8 million before tax. Any changes in fair value of the Company's common stock investments are not recognized unless deemed other-than-temporary.

Credit Risk

Cash and cash equivalents are maintained with multiple financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and, therefore, bear minimal credit risk.

The Company's receivables did not represent significant concentrations of credit risk as of September 30, 2017 or June 30, 2017 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. As of September 30, 2017 and June 30, 2017, the Company did not anticipate nonperformance by any of the counterparties.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this quarterly report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and were effective in ensuring that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) during the Company's first quarter of fiscal 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

The following information supplements the discussion set forth under “Legal Proceedings” in the Company’s 2017 Form 10-K.

Valassis Communications, Inc.

As reported in the 2017 Form 10-K, Valassis Communications, Inc. (“Valassis”) initiated two separate legal proceedings against the Company and/or certain of its subsidiaries on November 8, 2013. In the first proceeding (“Valassis I”), Valassis filed a motion for expedited discovery in a previously settled case involving News America Incorporated (“NAI”), News America Marketing FSI L.L.C. (“NAM FSI”) and News America Marketing In-Store Services L.L.C. (“NAM In-Store Services”) and, together with NAI and NAM FSI, the “NAM Parties”) based on its belief that defendants had engaged in activities prohibited under an order issued by the U.S. District Court for the Eastern District of Michigan (the “Order”) in connection with the parties’ settlement. Valassis subsequently filed a Notice of Violation of the Order (the “Notice”) in Valassis I alleging violations of federal and state antitrust laws and common law business torts and seeking treble damages, injunctive relief and attorneys’ fees. In the second proceeding (“Valassis II”), Valassis filed a new complaint against News Corporation and the NAM Parties (together, the “NAM Group”) in the District Court, which also alleged violations of federal and state antitrust laws and common law business torts and sought treble damages, injunctive relief and attorneys’ fees and costs. On March 30, 2016, the District Court ordered that the Notice in Valassis I and the remaining claims in the NAM Group’s motion to dismiss in Valassis II (the bundling and tying claims in Valassis II were dismissed without prejudice to Valassis’s rights to pursue relief for the claims in Valassis I) be referred to a panel of antitrust experts previously appointed in Valassis I (the “Antitrust Expert Panel”). The Antitrust Expert Panel was convened and, on February 8, 2017, recommended that Valassis I be dismissed and the NAM Group’s counterclaims in Valassis II be dismissed with leave to replead three of the four counterclaims. The NAM Group filed an amended counterclaim on February 27, 2017. Valassis did not object to the Antitrust Expert Panel’s recommendation to dismiss Valassis I, but it filed motions with the District Court asserting that the referral of Valassis II to the Antitrust Expert Panel was no longer valid and seeking either to re-open Valassis II in the District Court or to transfer the case to the U.S. District Court for the Southern District of New York (the “N.Y. District Court”). On September 25, 2017, the District Court dismissed Valassis I, granted Valassis’s motions and transferred Valassis II to the N.Y. District Court. While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, the NAM Group believes it has been compliant with applicable laws and intends to defend itself vigorously.

U.K. Newspaper Matters

As reported in the 2017 Form 10-K, civil claims have been brought against the Company with respect to, among other things, voicemail interception and inappropriate payments to public officials at the Company’s former publication, *The News of the World*, and at *The Sun*, and related matters (the “U.K. Newspaper Matters”). The net benefit (expense) related to the U.K. Newspaper Matters in Selling, general and administrative expenses was \$43 million and (\$2) million for the three months ended September 30, 2017 and September 30, 2016, respectively. As of September 30, 2017, the Company has provided for its best estimate of the liability for the claims that have been filed and costs incurred, including liabilities associated with employment taxes, and has accrued approximately \$63 million, of which approximately \$59 million will be indemnified by 21st Century Fox, and a corresponding receivable was recorded in Other current assets on the Balance Sheet as of September 30, 2017. The net benefit for the three months ended September 30, 2017 and the accrual and receivable recorded as of that date reflect a \$46 million impact from the reversal of a portion of the Company’s previously accrued liability and the corresponding receivable from 21st Century Fox as the result of an agreement reached with the relevant tax authority with respect to certain employment taxes. It is not possible to estimate the liability or corresponding receivable for any additional claims that may be filed given the information that is currently available to the Company. If more claims are filed and additional information becomes available, the Company will update the liability provision and corresponding receivable for such matters.

ITEM 1A. RISK FACTORS

In October 2017, the Australian Broadcasting Services Act was amended to, among other things, eliminate the rule prohibiting control over more than two out of three regulated media platforms in any one commercial radio license area and modify the existing anti-siphoning rules. As a result, the second paragraph of the risk factor titled “*The Company’s Business Could Be Adversely Impacted by Changes in Governmental Policy and Regulation*,” which was included in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2017, has been amended and restated as follows:

The Company's Australian operating businesses may be adversely affected by changes in government policy, regulation or legislation, or the application or enforcement thereof, applying to companies in the Australian media industry or to Australian companies in general. This includes:

- anti-siphoning legislation which currently prevents pay-TV providers such as Foxtel from acquiring rights to televise certain listed events (for example, the Olympic Games and certain Australian Rules football and cricket matches) unless:
 - national and commercial television broadcasters have not obtained these rights 26 weeks before the start of the event;
 - the rights to televise are also held by commercial television licensees who have rights to televise the event to more than 50% of the Australian population; or
 - the rights to televise are also held by one of Australia's two major government-funded broadcasters; and
- other parts of the Broadcasting Services Act that regulate ownership interests and control of Australian media organizations. Such legislation may have an impact on the Company's ownership structure and operations and may restrict its ability to take advantage of acquisition or investment opportunities.

There have been no material changes to the rest of this risk factor or the remaining risk factors disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2017.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On November 9, 2017, the Company and David B. Pitofsky, Executive Vice President, General Counsel and Chief Compliance Officer of the Company, entered into an Amended and Restated Employment Agreement, dated as of November 9, 2017 (the "Amended and Restated Pitofsky Agreement"). The Amended and Restated Pitofsky Agreement amends Mr. Pitofsky's term of employment to run from November 9, 2017 until June 30, 2021, unless terminated earlier in accordance with the terms of the Amended and Restated Pitofsky Agreement. Pursuant to the Amended and Restated Pitofsky Agreement, Mr. Pitofsky is entitled to an annual base salary of not less than \$1,000,000. The Amended and Restated Pitofsky Agreement also provides that Mr. Pitofsky will be eligible to receive: (i) an annual bonus with a target of not less than \$900,000 and (ii) an annual award under the Company's 2013 Long-Term Incentive Plan, as amended, or any other Company performance-based long-term equity-based incentive program with a target payout of not less than \$850,000. In addition, Mr. Pitofsky is entitled to participate in incentive or benefit plans or arrangements in effect or to be adopted by the Company or its affiliates and to such other perquisites as are applicable to the Company's other senior executives of equal rank. The Amended and Restated Pitofsky Agreement also includes customary confidentiality, non-disparagement, cooperation and non-solicitation covenants.

Under the Amended and Restated Pitofsky Agreement, if Mr. Pitofsky's employment is terminated as a result of incapacity and disability due to physical or mental illness, or by reason of his death, Mr. Pitofsky (or his spouse, another designee or estate in the case of death) will be entitled to receive (i) base salary continuation for up to 12 months (and, in the case of disability, continuation of other benefits as well); and (ii) continued vesting of equity awards as set forth in the applicable equity award agreements. In the case of death, Mr. Pitofsky (or his spouse, another designee or his estate) will also be entitled to a pro rata portion of the target annual bonus for the fiscal year of his death in addition to any other accrued bonus payments. If Mr. Pitofsky's employment is terminated by the Company other than for "cause," death or disability or by Mr. Pitofsky for "good reason" (in each case, as defined in the Amended and Restated Pitofsky Agreement), Mr. Pitofsky will be entitled to receive (i) the greater of (A) his then-current base salary and target annual bonus paid in the same manner as though Mr. Pitofsky continued to be employed through June 30, 2021 and (B) his then-current base salary and target annual bonus paid in the same manner as though he continued to be employed for the successive 24 months following the date of termination; (ii) any unpaid prior year annual bonus; (iii) a pro rata portion of the target annual bonus he would have earned for the fiscal year of termination had no termination occurred; (iv) continued vesting of equity awards granted prior to the date of termination in the same manner as though he continued to be employed through the later of June 30, 2021 or one year following the date of termination, based on Company performance for and payable at the conclusion of the applicable performance periods; and (v) Company-paid premiums under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, for the executive and his eligible dependents through June 30, 2021. Finally, if, following the completion of the term under the Amended and Restated Pitofsky Agreement on June 30, 2021, Mr. Pitofsky is not offered a new employment agreement on terms at least as favorable to him as the terms set forth in the Amended and Restated Pitofsky Agreement, and Mr. Pitofsky is subsequently terminated without cause, then he will be entitled to receive the payments and benefits summarized above with respect to a termination other than for cause (using the same base salary and target annual bonus as in effect immediately prior to the expiration of the term on June 30, 2021).

The Company's obligation to pay the above-summarized compensation and provide benefits to Mr. Pitofsky (or his surviving spouse or his estate) is subject to the execution and non-timely revocation by his, or as the case may be, his surviving spouse or the legal representative of his estate, of the Company's then standard separation agreement and general release and the continued compliance with the terms, conditions and covenants set forth in such agreement.

Also on November 9, 2017, the Compensation Committee of the Company's Board of Directors amended and restated the NC Transaction, Inc. Restoration Plan (the "Amended and Restated Restoration Plan"), an unfunded, non-qualified deferred compensation plan maintained for the benefit of certain management and other highly compensated employees of the Company. The Amended and Restated Restoration Plan provides participants with those retirement benefits which would have become payable under the Company's traditional qualified retirement plans but for the limitations imposed by the Internal Revenue Code of 1986, as amended (the "Code").

Under the Amended and Restated Restoration Plan, participants whose employer contributions under the Company's qualified retirement plans are limited by the Code are eligible to receive an amount credited to their account equal to 5.5% of their compensation in excess of the compensation limits of the Code, subject to certain compensation caps. The Amended and Restated Restoration Plan was amended to provide that a compensation cap of \$5,000,000 applies to the General Counsel (in addition to the Chief Executive Officer and the Chief Financial Officer), and that all other employees of the executive leadership team who report directly to the Chief Executive Officer are subject to a \$2,000,000 cap. The remaining terms of the Amended and Restated Restoration Plan, the summary of which is incorporated herein by reference from the Company's 2017 proxy statement filed with the U.S. Securities and Exchange Commission on October 3, 2017, remain unchanged.

The descriptions of the Amended and Restated Pitofsky Agreement and the Amended and Restated Restoration Plan are qualified in their entirety by the full text of the Amended and Restated Pitofsky Agreement and the Amended and Restated Restoration Plan, which are filed as Exhibits 10.1 and 10.2, respectively, to this Quarterly Report on Form 10-Q and are incorporated herein by reference.

ITEM 6. EXHIBITS

(a) Exhibits.

- | | |
|------|---|
| 10.1 | <u>Amended and Restated Employment Agreement, dated November 9, 2017, between News Corporation and David B. Pitofsky.</u> * |
| 10.2 | <u>NC Transaction, Inc. Restoration Plan, amended and restated as of November 9, 2017.</u> * |
| 31.1 | <u>Chief Executive Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.</u> * |
| 31.2 | <u>Chief Financial Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.</u> * |
| 32.1 | <u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes Oxley Act of 2002.</u> ** |
| 101 | The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 formatted in eXtensible Business Reporting Language: (i) Consolidated Statements of Operations for the three months ended September 30, 2017 and 2016 (unaudited); (ii) Consolidated Statements of Comprehensive Income for the three months ended September 30, 2017 and 2016 (unaudited); (iii) Consolidated Balance Sheets as of September 30, 2017 (unaudited) and June 30, 2017 (audited); (iv) Consolidated Statements of Cash Flows for the three months ended September 30, 2017 and 2016 (unaudited); and (v) Notes to the Unaudited Consolidated Financial Statements.* |

* Filed herewith.

** Furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NEWS CORPORATION
(Registrant)

By: /s/ Susan Panuccio
Susan Panuccio
Chief Financial Officer

Date: November 9, 2017

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “Agreement”), dated as of November 9, 2017 (the “Effective Date”), between News Corporation, a Delaware corporation (the “Company”), with offices at 1211 Avenue of the Americas, New York, NY 10036, and David B. Pitofsky, residing at the address that is on file with the Company (the “Executive”).

WITNESSETH:

WHEREAS, the Executive is currently employed as Executive Vice President, General Counsel and Chief Compliance Officer of the Company pursuant to an employment agreement between NC Transaction, Inc., a Delaware corporation and wholly owned subsidiary of the Company, and the Executive, dated as of February 9, 2015 (the “Prior Agreement”); and

WHEREAS, the Company and the Executive desire to amend and restate the Prior Agreement.

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter contained, the parties hereto agree as follows:

1. **Duties.**

(a) The Company agrees to employ the Executive and the Executive agrees to be employed by the Company for the Term (as hereinafter defined). During the Term, the Executive shall: (i) have the title and the duties of Executive Vice President, General Counsel and Chief Compliance Officer of the Company; and (ii) report directly to the Chief Executive Officer of the Company.

(b) If the Executive is elected as a member of the board of directors or an officer of the Company or any subsidiaries or affiliates, the Executive agrees to serve in such capacity or capacities without additional compensation.

(c) During the Term the Executive shall devote substantially all of the Executive’s business time and attention and give the Executive’s best efforts and skill to furthering the business and interests of the Company and to the performance of executive duties consistent with the Executive’s position as Executive Vice President, General Counsel and Chief Compliance Officer of the Company and the terms of this Agreement.

2. **Term.** “Term” as used herein shall mean the period from the Effective Date through June 30, 2021; provided, however, if the Term is terminated earlier in accordance with this Agreement, the Term shall mean the period from the Effective Date through the effective date of such earlier termination; and further provided that paragraph 2(a) of the Prior Agreement is suspended by this provision. The Term shall be terminated earlier only in accordance with Sections 8 and 9. Not later than six (6) months prior to the end of the Term, the parties hereto shall begin discussions to determine whether they are interested in continuing the employment of the Executive after the Term, and if so, they shall enter into good faith negotiations with respect to such continuing employment. Following the completion of the Term, except to the extent set

forth in this Agreement, (i) the provisions of this Agreement will automatically expire and (ii) in the absence of a new written employment contract signed by both the Executive and an authorized representative of the Company, any continued employment with the Company will be at will, of no fixed term and may be terminated (with at least ten (10) business days' prior written notice) at any time by either the Executive or the Company for any or no reason.

3. Location. The Executive shall be based and essentially render services in the New York City metropolitan area at the principal office maintained by the Company in such area. The Executive will travel as reasonably required to perform the Executive's functions hereunder.

4. Compensation.

(a) Base Salary. As compensation for the Executive's services, the Executive shall receive a base salary (the "Base Salary") at an annual rate of not less than \$1,000,000, which shall be reviewed annually, to be paid in the same manner as other senior executives of the Company are paid (which shall be no less frequently than monthly).

(b) Annual Bonus. In addition, the Executive will be eligible to receive an annual bonus (the "Annual Bonus") with a target (the "Annual Bonus Target") of not less than \$900,000, which shall be reviewed annually. Any Annual Bonus granted shall be paid in cash at the same time as other senior executives of the Company are paid, and in all events no later than March 15 of the calendar year following the calendar year in which the applicable fiscal year ends.

(c) Long-Term Incentive. The Executive shall also be entitled to receive an annual award (the "Equity Bonus") under the Company's 2013 Long-Term Incentive Plan, as amended and restated, or any other Company performance-based long-term equity-based incentive program (the "Plan"), in accordance with the terms and conditions of the Plan, that has a target value of not less than \$850,000, which shall be reviewed annually. The Equity Bonus shall be in a form and subject to terms and conditions, including claw-back provisions, determined by the Company and consistent with those of equity awards to comparable senior executives of the Company.

5. Other Benefits. The Executive shall be entitled to the following benefits (collectively, the "Benefits"):

(a) The Executive shall be entitled to participate in all of the following incentive or benefit plans or arrangements presently in effect or hereafter adopted by the Company or its applicable affiliates and to such other perquisites as are applicable to other senior executives of the Company of equal rank, including, but not limited to, any profit-sharing, pension, group medical, dental, disability and life insurance or other similar benefit plans.

(b) The Executive shall be entitled to six (6) weeks of paid vacation annually, subject to the terms of the Company's vacation policy. All accrued vacation days should be used in the year in which they are earned as the Company does not allow carryover of unused vacation days or provide for a cash payout in respect of such days upon a termination of employment.

(c) The Company shall reimburse the Executive for attorney's fees incurred in connection with the review of this Agreement up to a maximum of \$20,000.

6. Business Expenses. During the Term, the Company shall pay, or reimburse the Executive for, all expenses reasonably and necessarily incurred by the Executive in connection with the Executive's performance of the Executive's duties hereunder. Such business expenses shall be reimbursed as provided in Section 23(f).

7. Confidentiality; Certain Restrictions/Covenants.

(a) The Executive shall hold all of the Company's Confidential Information (as hereinafter defined) in strictest confidence, and will not, directly or indirectly, take, publish, use or disclose any of the Company's Confidential Information at any time after the termination of the Executive's employment, for any reason, except as may be required by law, provided that upon learning of any such legal requirement, the Executive shall promptly provide the Company with written notice to the Company of any such legal requirement in enough time for it to try to obtain an appropriate protective order or other remedy. For purposes of this Agreement, the phrase "Confidential Information" means personal information regarding past and present executives of the Company and its affiliates, including their family members, all trade secrets and information on costs, pricing, and materials, supplier information, customer lists and customer information, vendor lists and vendor information, employee lists and employee information, market share reports, customer contract terms and rates, account management, financial information, audit information, research, development, marketing plans, promotion plans, and/or compilations of information that was disclosed to or acquired by the Executive during or in the course of the Executive's employment that relates to the business of the Company and is not generally available to the public or generally known in the Company's industry.

(b) Confidential Information does not include that information which the Executive can affirmatively prove by clear and convincing evidence: (i) is, at the time of disclosure, in the public domain other than as a result of disclosure (whether by act or omission) by the Executive or by other persons to whom the Executive has disclosed such information; (ii) was available to the Executive without an obligation of confidentiality prior to the Executive's employment with the Company; (iii) is independently developed by the Executive having had no access to any Confidential Information and without the use of any such information; or (iv) becomes available to the Executive without an obligation of confidentiality from a source, other than the Company, having the legal right to disclose such information.

(c) All papers, books, records, files, proposals or other documents, and all computer software, software applications, files, data bases, and the like relating to the business and affairs of the Company or which contain Confidential Information, whether prepared by the Executive or otherwise coming into the Executive's possession, shall remain the exclusive property of the Company and shall not be removed from its premises except as necessary for the performance of the Executive's responsibilities and in furtherance of the interests of the Company. Upon the termination of the Executive's employment for any reason, the Executive will immediately surrender and turn over to the Company any property of the Company which the Executive may have in the Executive's possession, custody or control, no matter where

located, and whether in electronic, paper or other format, including but not limited to, records, files, drawings, documents, models, disks, computers and other equipment, and the Executive shall not keep any copies or portions thereof, including any material contained on the Executive's personal computer which is currently located at the Executive's residence, if any, including any files the Executive may have saved or downloaded from the Company's computer system.

(d) While the Executive is employed by the Company and after the Executive's employment terminates for whatever reason, the Executive agrees not to publicly criticize the Company, its corporate affiliates, or subsidiaries, and their respective officers, directors, shareholders or employees and agrees further not to cause harm to the Company by speaking of the Company, its parent, affiliates, officers, shareholders or employees in an unflattering way. This requirement will not prohibit the Executive from providing truthful testimony if required by law, and subject to the Executive's obligation to provide the Company prior notice of such legal requirement pursuant to Section 7(a). In addition, nothing in this Agreement or in any other agreement between the Executive and the Company will prohibit the Executive from reporting to any governmental agency or governmental entity information concerning possible violations of law or regulation.

(e) In order to protect the Company's goodwill with its clients, vendors and employees, during the Term and for one (1) year following termination of the Executive's employment for any reason, the Executive shall not, directly or indirectly, either personally or on behalf of any other entity (whether as a director, stockholder, owner, partner, consultant, principal, employee, agent or otherwise), engage in any of the following conduct: (a) canvass, solicit or accept any business on behalf of any of the Company's competitors from any business or organization that had interacted with the Company during the last three (3) years of the Executive's employment provided, however that this provision does not conflict with Executive's professional, ethical rights and responsibilities; (b) solicit or recruit for employment, hire, employ, attempt to employ, or engage or attempt to engage as a contractor or consultant any individual employed by the Company or its affiliates, or entice or suggest to such individual to terminate his or her employment with the Company; or (c) take any action which is intended, or would reasonably be expected to, adversely affect the Company, its subsidiaries, or their respective businesses, reputation, or relationship with their clients, business partners or vendors.

(f) During the Term, the Executive shall not engage, and shall not solicit any employees of the Company or its affiliates to engage, in any other commercial activities that may in any way interfere with the performance of the Executive's duties or responsibilities to the Company.

(g) The Executive shall at all times be subject to, comply with and carry out such rules, regulations, policies, directions and restrictions applicable to the Company's employees generally as the Company may from time to time establish, including, without limitation, News Corporation's Standards of Business Conduct, Electronic Communications Policy and Claw-back Policies, as well as those imposed by law. The Executive acknowledges that the Executive has received copies of such policies, and has reviewed, understands and will comply with such policies.

(h) The Executive acknowledges that the relationship between the Executive and the Company is exclusively that of employer and employee and that the Company's obligations to the Executive are exclusively contractual in nature. The Company shall be the sole owner of all the fruits and proceeds of the Executive's services hereunder, including, but not limited to, all ideas, concepts, formats, suggestions, developments, arrangements, designs, packages, programs, promotions and other intellectual properties which the Executive may create in connection with and during the Term, free and clear of any claims by the Executive (or anyone claiming under the Executive) of any kind or character whatsoever (other than the Executive's right to compensation hereunder). The Executive shall, at the request of the Company, execute such assignments, certificates or other instruments as the Company may from time to time deem necessary or desirable to evidence, establish, maintain, perfect, protect, enforce or defend its right, title and interest in or to any such properties.

(i) The Company shall have the right to use the Executive's name, biography and likeness in connection with its business, including in advertising its products and services, and may grant this right to others, but not for use as a direct endorsement.

8. Termination by the Company. The Executive's employment hereunder may be terminated by the Company without any breach of this Agreement only under the following circumstances:

(a) The Executive's employment hereunder shall terminate upon the Executive's death.

(b) If, as a result of the Executive's incapacity and disability due to physical or mental illness, the Executive shall have been absent from the Executive's duties hereunder for a period of seven (7) months during the Term and is unable to provide the Company with a note from the Executive's treating physician that provides for a definite and reasonable return to work date, the Company may terminate the Executive's employment hereunder.

(c) The Company may terminate the Executive's employment hereunder for "cause" (as hereinafter defined). For purposes of this Agreement, "cause" shall mean: (i) the Executive is convicted of, or pleads guilty or nolo contendere to, a felony or crime involving moral turpitude; (ii) the Executive engages in conduct that constitutes willful neglect or willful misconduct in carrying out the Executive's duties under this Agreement, and such breach remains uncured following fifteen (15) days prior written notice given by the Company to the Executive specifying such breach, provided such breach is capable of being cured; (iii) the Executive has breached any material representation, warranty, covenant or term of this Agreement, including among other things, a breach of written Company policy, and such breach remains uncured following twenty-one (21) days' prior written notice specifying such breach given by the Company to the Executive, provided such breach is capable of being cured; (iv) the Executive's act of fraud or deceit in the performance of the Executive's job duties; (v) the Executive intentionally engages in conduct which impacts negatively and materially on the reputation or image of the Company, its affiliates or any of their respective products; and/or (vi) the Executive's use of or addiction to illegal drugs.

(d) The Company may terminate the Executive's employment other than for cause, death or disability, subject to Section 10(d).

(e) Any termination of the Executive's employment by the Company (other than termination pursuant to subsection (a) of this Section 8) shall be communicated by a written Notice of Termination to the Executive. For purposes of this Agreement, a "Notice of Termination" shall mean a notice that shall indicate the specific termination provision in this Agreement relied upon and shall set forth in full detail the facts and circumstances claimed to provide the basis for termination of the Executive's employment under the provision so indicated.

(f) "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Executive's death, the date of this death, or (ii) if the Executive's employment is terminated pursuant to subsections (b), (c) or (d) of this Section 8, the date specified in the Notice of Termination.

9. Termination by the Executive.

(a) At the Executive's option, and provided the following occurrences satisfy "Good Reason" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 1.409A-1(n)(2)(ii) of the Treasury Regulations promulgated thereunder, the Executive may terminate the Executive's employment without any breach of this Agreement only under the following circumstances:

(i) in the event of a material breach of the Agreement by the Company, which breach, if curable, is not cured within thirty (30) days after the Chief Human Resources Officer and the Chief Executive Officer of the Company each receive written notice specifying such breach;

(ii) if the Executive is required to be based and essentially render services in areas other than within 50 miles of the New York City metropolitan area; or

(iii) if there is a material diminution in the Executive's duties thereby diminishing the Executive's role.

(b) Any Good Reason termination of the Executive's employment by the Executive shall be communicated by a written Notice of Termination to the Company within ninety (90) days of the condition giving rise to such Good Reason first occurring, and the Company shall have thirty (30) days from such notice to cure the condition giving rise to such Good Reason, as set forth in Section 1.409A-1(n)(2)(C) of the Treasury Regulations.

10. Compensation upon Termination.

(a) If the employment of the Executive is terminated pursuant to Section 8(a), by reason of the Executive's death, the Company agrees to pay directly to the Executive's surviving spouse (or to another recipient designated in writing by the Executive from time to time), or if the Executive's spouse shall not survive the Executive, then to the legal representative of the Executive's estate: (i) for a period of twelve (12) months (commencing with the Date of Termination) an amount equal to and payable at the same rate as the Executive's then current Base Salary; (ii) any Annual Bonus payable but not yet paid with respect to any fiscal year ended prior to the Date of Termination (the "Unpaid Prior Year Bonus"), payable no later than the time specified in Section 4(b); (iii) a pro rata portion of the Annual Bonus Executive would have earned for the fiscal year of termination had no termination occurred (calculated based on the Annual Bonus Target and number of days the Executive was employed by the Company in the fiscal year during which the Date of Termination occurs compared to the total number of days in such fiscal year), payable no later than the time specified in Section 4(b); and (iv) with respect to Equity Bonus awards or awards under the Plan, vesting, payment and other terms as provided for herein or under the terms of the applicable Plan documents. The foregoing payments shall be in addition to what the Executive's spouse, beneficiaries or estate may be entitled to receive pursuant to any employee benefit plan or life insurance policy then provided to the Executive or maintained by the Company. The payments provided for in this Section 10(a) shall fully discharge the obligations of the Company and its affiliates hereunder and the Company and its affiliates shall be under no obligation to provide any further compensation to the Executive, the Executive's surviving spouse or the legal representative of the Executive's estate.

(b) During any period that the Executive fails to perform the Executive's duties hereunder as a result of incapacity and disability due to physical or mental illness, the Company shall (i) continue to provide to the Executive the then current Base Salary and the Benefits until the Executive returns to the Executive's duties or until the Executive's employment is terminated pursuant to Section 8(b) and (ii) with respect to Equity Bonus awards or awards under the Plan, vesting, payment and other terms as provided for herein or under the terms of the applicable Plan documents; provided, however, that should the Executive fail to perform the Executive's duties but remain employed for a period of twelve (12) months, the Company will cease paying the Base Salary. The foregoing payments shall be in addition to what the Executive may be entitled to receive pursuant to any disability benefit plan then provided to the Executive or maintained by the Company. The payments provided for in this Section 10(b) shall fully discharge the obligations of the Company and its affiliates hereunder and the Company and its affiliates shall be under no obligation to provide any further compensation to the Executive.

(c) If the Executive's employment shall be terminated for cause pursuant to Section 8(c), the Executive shall receive the then current Base Salary and the Benefits through the Date of Termination and any Unpaid Prior Year Bonus, payable no later than the time specified in Section 4(b). The payments provided for in this Section 10(c) shall fully discharge the obligations of the Company and its affiliates hereunder and the Company and its affiliates shall be under no obligation to provide any further compensation to the Executive.

(d) If the Company shall terminate the Executive's employment pursuant to Section 8(d), or if the Executive shall terminate the Executive's employment hereunder pursuant to Section 9, the Executive shall receive: (i) the greater of (A) the then current Base Salary and Annual Bonus in the same manner as though the Executive continued to be employed hereunder through June 30, 2021 and (B) each of the then current Base Salary and Annual Bonus paid in the same manner as though the Executive continued to be employed hereunder for the successive twenty-four (24) months following the Date of Termination, in each case with the Annual Bonus payment based on the then current Annual Bonus Target; (ii) any Unpaid Prior Year Bonus, payable no later than the time specified in Section 4(b)); (iii) a pro rata portion of the Annual Bonus Executive would have earned for the fiscal year of termination had no termination occurred (calculated based on the Annual Bonus Target and number of days the Executive was employed by the Company in the fiscal year during which the Date of Termination occurs compared to the total number of days in such fiscal year), payable no later than the time specified in Section 4(b); (iv) continued vesting of any Equity Bonus awards or awards under the Plan that were granted prior to the Date of Termination in the same manner as though the Executive continued to be employed hereunder through the later of June 30, 2021 or one (1) year following the Date of Termination, with payments made at the same times they would have been made had the Executive continued to be employed through such date (and, for the avoidance of doubt, any Equity Bonus awards that would not have been payable but for continued employment through a date after June 30, 2021 or one (1) year following the Date of Termination, as applicable, shall be forfeited); and (v) Company-paid premiums under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, for the Executive and the Executive's eligible dependents through June 30, 2021 which amounts shall either be paid directly or reimbursed to the Executive by the Company. The payments provided for in this Section 10(d) shall fully discharge the obligations of the Company and its affiliates hereunder and the Company and its affiliates shall be under no obligation to provide any further compensation to the Executive.

(e) A precondition to the Company's obligation to pay compensation and provide benefits to the Executive (or the Executive's surviving spouse or the legal representative of the Executive's estate) pursuant to this Section 10 shall be the execution and non-timely revocation by the Executive, or as the case may be, the Executive's surviving spouse or the legal representative of the Executive's estate, of the Company's then standard separation agreement and general release and the continued compliance with the terms, conditions and covenants set forth therein.

(f) For the avoidance of doubt, any post-employment bonus payments or equity grants that vest or remain eligible for vesting will remain subject to the News Corporation claw-back policies and terms and conditions of the applicable Plan documents.

(g) Without duplicating any benefits set forth in this Section 10, upon any termination of employment, the Executive (or the Executive's spouse, beneficiaries or estate) will be entitled to any unreimbursed business expenses approved in accordance with the Company's policy and due the Executive through termination and to receive any benefits vested, and to make all elections and receive all payments and rights under all employee benefit, pension, insurance and other plans in which the Executive participated in accordance with the terms and conditions of the plan concerned. Such business expenses shall be reimbursed as provided in Section 23(f).

(h) The Executive shall have no duty to mitigate the Executive's damages hereunder and any income earned by the Executive following the Executive's termination without cause (as defined in Section 8(c)) or the Executive's resignation pursuant to Section 9 shall not reduce the compensation payable to the Executive hereunder.

(i) If, following the completion of the Term on June 30, 2021, the Executive is not offered a new employment agreement on terms at least as favorable to the Executive as the terms set forth herein and the Executive is subsequently terminated without cause, then the Executive will be entitled to receive the payments and benefits set forth in Section 10(d) above (using the same Base Salary and Annual Bonus Target as in effect immediately prior to the expiration of the Term on June 30, 2021).

11. Survival of Agreement. This Agreement shall inure to the benefit of the Company and any other successors and general assigns of the Company or any other corporation or entity which is a parent, subsidiary or affiliate of the Company to which this Agreement is assigned, and any other corporation or entity into which the Company may be merged or with which it may be consolidated. For purposes of clarity, the Company may assign this Agreement in the event of an asset or stock sale of all or a majority of the Company to the controlling corporation or entity surviving or resulting from such asset or stock sale. The terms, conditions, promises and covenants set forth in Sections 7 through 23 shall survive the termination of this Agreement and the Executive's employment (in accordance with their respective terms) for any reason.

12. Indemnity; Cooperation.

(a) The Company will indemnify and defend the Executive in accordance with the formation documents, charters, bylaws or applicable insurance policies of the Company, and in accordance with any other law or statute affording the Executive a right of indemnification and defense, including but not limited to Section 145 of Title 8 of the Delaware Chancery Code, for any acts or omissions made by the Executive in good faith in the course of the Executive's employment with the Company.

(b) During the Term and for a period of three (3) years after the termination of the Executive's employment, and during all reasonable times thereafter, and at all times observing the professional ethics requirements of his job the Executive will (i) fully cooperate with the Company in providing truthful testimony as a witness or a declarant in connection with any present or future litigation, administrative or arbitral proceeding involving the Company or any of its affiliates with respect to which the Executive may have relevant information and (ii) assist the Company during the investigatory and discovery phases (or prior thereto) of any judicial, administrative, internal, arbitral or grievance proceeding involving the Company or any of its affiliates and with respect to which the Executive may have relevant information. The Company will, within thirty (30) days of the Executive producing receipts satisfactory to the Company, reimburse the Executive for any reasonable and necessary expenses incurred by the Executive in connection with such cooperation.

(c) Without limiting any other provision of this Agreement, this Section 12 shall survive the termination or expiration of this Agreement for any reason whatsoever.

13. Notices. All notices, requests, demands or other communications provided for hereby shall be in writing and shall be deemed to have been duly given (a) when delivered personally, (b) one (1) day after having been sent by telegram, telecopy or similar electronic means, or by overnight courier service against receipt, or (c) four (4) days after having been sent within the continental United States by first-class certified mail, return receipt requested, postage prepaid, to the other party. Any notices to the Executive shall be sent to the last known address of the Executive on record with the Company, with a copy to Jeffrey L. Liddle, Liddle & Robinson, L.L.P., 800 Third Avenue, New York, NY 10022.

14. Governing Law. This Agreement shall be enforced, governed by and construed in accordance with the laws of the State of New York. Each party hereby submits to the exclusive jurisdiction of the Supreme Court of the State of New York, and the United States District Court for the Southern District of New York, for the purpose of enforcement of this Agreement and waives, and agrees not to assert, as a defense in any such action or proceeding, that such party was not subject to the personal jurisdiction of any such court or that venue is improper for lack of residence, inconvenient forum or otherwise. The parties also agree that service of process (the method by which a party may be served with any such court papers) may be made by overnight mail at the applicable address set forth in Section 13. The Company may also have other rights and remedies it may have at any time against the Executive, whether by law or under this Agreement.

15. Construction. Each party acknowledges that such party has participated with, at its option, the advice of counsel, in the preparation of this Agreement. The language of all provisions of this Agreement shall in all cases be construed as a whole, extending to it its fair meaning, and not strictly for or against either of the parties. The parties agree that they have jointly prepared and approved the language of the provisions of this Agreement and that should any dispute arise concerning the interpretation of any provision hereof, neither party shall be deemed the drafter nor shall any such language be presumptively construed in favor of or against either party.

16. Severability. The conditions and provisions set forth in this Agreement shall be severable, and if any condition or provision or portion thereof shall be held invalid or unenforceable, then said condition or provision shall not in any manner affect any other condition or provision and the remainder of this Agreement and every section thereof construed without regard to said invalid condition or provision, shall continue in full force and effect.

17. Assignment. Neither party shall have the right, subject to Section 11, to assign the Executive's rights and obligations with respect to the Executive's actual employment duties without the prior consent of the other party.

18. Entire Agreement. This Agreement constitutes the entire understanding between the parties hereto with respect to the subject matter hereof, and this Agreement supersedes and renders null and void any and all prior oral or written agreements, understandings or commitments pertaining to the subject matter hereof, including, without limitation, the Prior Agreement. No waiver or modification of the terms or provisions hereof shall be valid unless in writing signed by the party so to be charged thereby and then only to the extent therein set forth.

19. Withholding and Payroll Practices. All salary, severance payments, bonuses or benefits provided by the Company under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law and shall be paid in the ordinary course pursuant to the Company's then existing payroll practices or as otherwise specified in this Agreement.

20. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

21. Headings. Headings in this Agreement are for reference only and shall not be deemed to have any substantive effect.

22. Section 280G.

(a) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it shall be determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Payments"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, the Company shall reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as hereinafter defined), if reducing the Payments under this Agreement will provide the Executive with a greater net after-tax amount than would be the case if no such reduction was made. The Payments shall be reduced as described in the preceding sentence only if (1) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local income and payroll taxes on the reduced Payments), is greater than or equal to (2) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local income and payroll taxes on the Payments and the amount of Excise Tax (as hereinafter defined) to which the Executive would be subject with respect to the unreduced Payments). Any reduction shall be made in accordance with Section 409A of the Code.

(b) The "Reduced Amount" shall be an amount expressed in present value that maximizes the aggregate present value of Payments without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with Section 280G(d)(4) of the Code. The term "Excise Tax" means the excise tax imposed under Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(c) All determinations to be made under this Section 22 shall be made by an independent registered public accounting firm or consulting firm selected by the Company immediately prior to a change in control, which shall provide its determinations and any supporting calculations both to the Company and the Executive within ten (10) days of the change in control. Any such determination by such firm shall be binding upon the Company and the Executive. All fees and expenses of the accounting or consulting firm in performing the determinations referred to in this Section 22 shall be borne solely by the Company.

23. Section 409A.

(a) This Agreement is intended to comply with Section 409A of the Code, and will be interpreted accordingly. References under this Agreement to the Executive's termination of employment shall be deemed to refer to the date upon which the Executive has experienced a "separation from service" within the meaning of Section 409A of the Code.

(b) Notwithstanding anything herein to the contrary, (i) if at the time of the Executive's separation from service with the Company, the Executive is a "specified employee" as defined in Section 409A of the Code (and any related regulations or other pronouncements thereunder) and the deferral of the commencement of any payments or benefits otherwise payable hereunder or payable under any other compensatory arrangement between the Executive and the Company, or any of its affiliates as a result of such separation from service is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Executive) until the date that is six (6) months following the Executive's separation from service (or the earliest date as is permitted under Section 409A of the Code), at which point all payments deferred pursuant to this Section shall be paid to the Executive in a lump sum and (ii) if any other payments of money or other benefits due to the Executive hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner that does not cause such an accelerated or additional tax. Any payments deferred pursuant to the preceding sentence shall be paid together with interest thereon at a rate equal to the applicable Federal rate for short-term instruments.

(c) To the extent any reimbursements or in-kind benefits due to the Executive under this Agreement constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid to the Executive in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Additionally, to the extent that the Executive's receipt of any in-kind benefits from the Company or its affiliates must be delayed pursuant to this Section due to the Executive's status as a "specified employee", the Executive may elect to instead purchase and receive such benefits during the period in which the provision of benefits would otherwise be delayed by paying the Company (or its affiliates) for the fair market value of such benefits (as determined by the Company in good faith) during such period. Any amounts paid by the Executive pursuant to the preceding sentence shall be reimbursed to the Executive (with interest thereon) as described above on the date that is six (6) months following the Executive's separation from service.

(d) Each payment made under this Agreement shall be designated as a "separate payment" within the meaning of Section 409A of the Code.

(e) The Company shall consult with the Executive in good faith regarding the implementation of the provisions of this Section. Without limiting the generality of the foregoing, the Executive shall notify the Company if the Executive believes that any provision of this Agreement (or of any award of compensation, including equity compensation, or benefits) would cause the Executive to incur any additional tax under Section 409A of the Code and, if the Company concurs with such belief after good faith review or the Company independently makes such determination, then the Company shall, after consulting with the Executive, use reasonable best efforts to reform such provision to comply with Section 409A of the Code through good faith modifications to the minimum extent reasonably appropriate to conform with Section 409A of the Code.

(f) Any amount that the Executive is entitled to be reimbursed for any business-related expenses borne by employee under this Agreement will be reimbursed to the Executive as promptly as practicable and in any event not later than the last day of the calendar year after the calendar year in which the expenses are incurred. Expenses eligible for reimbursement during any calendar year will not affect the amount of expenses eligible for reimbursement in any other calendar year.

(g) Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., “payment shall be made within thirty (30) days following the date of termination”), the actual date of payment within the specified period shall be within the sole discretion of the Company.

(h) Unless this Agreement provides a specified and objectively determinable payment schedule to the contrary, to the extent that any payment of base salary or other compensation is to be paid for a specified continuing period of time beyond the Executive’s termination of employment in accordance with the Company’s payroll practices (or other similar term), the payments of such base salary or other compensation shall be made on a monthly basis.

(i) To the extent that severance payments or benefits pursuant to this Agreement are conditioned upon the execution and delivery by the Executive of a separation agreement and general release (and the expiration of any revocation rights provided therein) which could become effective in one of two (2) taxable years of the Executive depending on when the Executive executes and delivers such separation agreement and general release, any deferred compensation payment (which is subject to Section 409A of the Code) that is conditioned on execution of the separation agreement and general release shall be made within ten (10) days after the separation agreement and general release becomes effective and such revocation rights have lapsed, but not earlier than the first business day of the later of such taxable years.

24. Representations. The Company represents that the Company's execution and delivery of this Agreement and the performance of its obligations hereunder: (a) has been authorized by all required corporate action on the part of the Company; and (b) will not conflict with, result in any breach of, or constitute a default under, any contract, agreement or arrangement to which the Company is a party. The Executive represents that the Executive's execution and delivery of this Agreement and the performance of the Executive's obligations hereunder will not conflict with, result in any breach of, or constitute a default under, any contract, agreement or arrangement to which the Executive is a party.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have affixed their signatures as of the day and year first above written.

NEWS CORPORATION

By: /s/ Keisha Smith-Jeremie
Name: Keisha Smith-Jeremie
Title: Chief Human Resources Officer

DAVID B. PITOFSKY

/s/ David B. Pitofsky

NC TRANSACTION, INC.

RESTORATION PLAN

Amended and restated as of November 9, 2017

NC TRANSACTION, INC.

RESTORATION PLAN

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NC TRANSACTION, INC.

RESTORATION PLAN

The purpose of the NC Transaction, Inc. Restoration Plan (the “**Plan**”) is (i) to provide participants with supplemental retirement benefits in addition to the benefits payable from the Company’s or an Affiliated Entity’s qualified retirement plans and Social Security, (ii) to provide participants, on an unfunded basis, with those retirement benefits which would have become payable under either the NCTI Savings Plan or the Dow Jones 401(k) Plan but for the limitations directly or indirectly imposed by the Code on the contributions which could have been provided under such plans with respect to employee participants, and (iii) to provide the Company and its Affiliated Entities with a method of rewarding and retaining its management and highly compensated employees.

This Plan is intended to qualify as a plan solely for the benefit of a select group of management and highly compensated employees of the Company and certain of its subsidiary and affiliated business entities under the Employee Retirement Income Security Act of 1974, as amended, and shall be administered and interpreted in a manner consistent with such intent.

ARTICLE 1. DEFINITIONS

When used in this document, capitalized words and phrases will have the following meanings unless the context clearly requires a different meaning:

1.1. “Account”

means the account established on the Company’s books and records for each Participant which reflects the deferred amounts which the Company promises to pay to the Participant under the terms and conditions of this Plan. Each Participant’s Account may be subdivided into multiple subaccounts as necessary or convenient to reflect (i) the source of amounts credited to the subaccount or (ii) Interest Credits accrued pursuant to the Plan. References to a Participant’s “Account” shall refer to the Account in the aggregate, or any subaccount, as the context may dictate.

1.2. “Additional Compensation”

means the amount of a Participant’s annual Compensation, determined pursuant to Section 1.9, in excess of the Compensation Limit. In addition, the Committee, in its sole and absolute discretion, may elect to include other amounts in the Additional Compensation of an individual Participant.

1.3. “Affiliated Entity”

means any corporation, limited liability company, partnership, or other business entity or division or department of an entity having employees to whom the Board of Directors has extended (with the acceptance of such entity) the benefits of this Plan, or any successor entities of such an entity.

1.4. “Beneficiary”

means the person or persons designated as such by a Participant pursuant to Section 4.2(c) hereof to receive any amounts payable under this Plan with respect to such Participant following the Participant’s death or, if applicable, the contingent or default Beneficiary determined pursuant to Section 4.2(c).

1.5. “Board of Directors”

means the Board of Directors of NC Transaction, Inc.

1.6. “Code”

means the Internal Revenue Code of 1986, as amended from time to time.

1.7. “Committee”

means the Consolidated Plan Committee under the NCTI Savings Plan or any delegate or delegates authorized by the Committee to take action on its behalf.

1.8. “Company”

means NC Transaction, Inc., or its successors.

1.9. “Compensation”

means (i) for Participants in the NCTI Savings Plan, a Participant’s “Compensation” as defined under the NCTI Savings Plan for the Plan Year and (ii) for Participants in the Dow Jones 401(k) Plan, a Participant’s “Compensation” as defined under the Dow Jones 401(k) Plan for the Plan Year. Notwithstanding the foregoing, Compensation for a Plan Year in excess of the following amounts shall not be taken into account for purposes of this Plan: (i) for the Company’s Chief Executive Officer, Chief Financial Officer and General Counsel, Compensation in excess of \$5 million, (ii) for other Employees of the Executive Leadership team who report directly to the Company’s Chief Executive Officer, Compensation in excess of \$2 million, and (iii) for all Employees not covered by the preceding clauses (i) or (ii), Compensation in excess of \$500,000.

1.10. “Compensation Limit”

means an amount determined and adjusted pursuant to Code section 401(a)(17) and the guidance issued thereunder that sets forth the maximum annual Compensation that may be taken into account under the NCTI Savings Plan or the Dow Jones 401(k) Plan, as applicable. The Compensation Limit for 2013 is \$255,000.

1.11. “Disability”

means a condition under which a Participant either (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering Employees of the Company or its Affiliated Entities.

1.12. “Dow Jones 401(k) Plan”

means the Dow Jones 401(k) Savings Plan, as amended from time to time.

1.13. “Eligible Employee”

means an Employee who is (i) either (a) an active participant in the NCTI Savings Plan or (b) an active participant in the Dow Jones 401(k) Plan and (ii) is not eligible to participate in any of the Company’s or an Affiliated Entity’s defined benefit pension plans.

1.14. “Employee”

means any person employed by an Employer (but only while the Employer is, or was, the Company or an Affiliated Entity, unless otherwise provided in this Plan). Employee shall include an individual who would be an Employee but who is on an approved leave of absence. Employee shall not include, however, any director of the Company or an Affiliated Entity not otherwise employed as an Employee.

1.15. “Employer”

means the Company or any Affiliated Entity that employs management or other highly compensated Employees who are Eligible Employees.

1.16. “Employer Credit”

means the amount that the Company or an Affiliated Entity credits to a Participant’s Account pursuant to Section 2.2 of the Plan with respect to any Plan Year.

1.17. “Interest Credit”

means the amount credited to a Participant’s Account pursuant to Section 3.1 and determined pursuant to Section 3.2.

1.18. “NCTI Savings Plan”

means the NC Transaction, Inc. Savings Plan, effective as of June 28, 2013, as amended from time to time.

1.19. “Participant”

means an Eligible Employee to whose Account the Company or an Affiliated Entity credits an Employer Credit under the terms of this Plan.

1.20. “Plan”

means the NC Transaction, Inc. Restoration Plan as set forth in this document and as amended from time to time.

1.21. “Plan Year”

means the twelve-month period beginning January 1 and ending December 31.

1.22. “Separation from Service”

means the Participant’s death, retirement, or other termination of employment with the Company or an Affiliated Entity, whether voluntary or involuntary, and shall be construed in accordance with Treasury Regulation Section 1.409A-1(h). For purposes of this Plan, a Separation from Service shall include the date as of which a person recovers from a Disability and does not return to employment with the Company or any Affiliated Entity and shall not mean a leave of absence as a result of military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Participant’s right to reemployment with the Company is provided either by statute or by contract and there is a reasonable expectation that the Participant will return to perform services for the Company or an Affiliated Entity. For a Participant who is employed by an Affiliated Entity, unless otherwise provided by the Committee, in its sole and absolute discretion, a Separation from Service hereunder shall also be deemed to occur as of the date that such Participant’s Employer ceases to be within the Company’s controlled group, determined pursuant to Code Sections 414(b), (c), or (m), whether by merger, sale, exchange, or other transaction, if such Participant remains employed by such Affiliated Entity as of and after such transaction.

1.23. “Termination of Employment”

means the later to occur of (i) a Participant’s termination of employment with the Company or an Affiliated Entity, for any reason, whether voluntary or involuntary, or (ii) a Participant’s Separation from Service as an Employee. References to “termination of employment” shall be deemed to refer to a “separation from service” within the meaning of Code Section 409A.

For participants in the NCTI Savings Plan, words and phrases defined in the NCTI Savings Plan shall have the same meanings when used herein unless expressly provided to the contrary herein. For participants in the Dow Jones 401(k) Plan, words and phrases defined in the Dow Jones 401(k) Plan shall have the same meanings when used herein unless expressly provided to the contrary herein.

ARTICLE 2. PARTICIPATION AND EMPLOYER CREDITS

2.1. Participation.

(a) **Participation in the Plan.** Participation in the Plan shall be limited to each Eligible Employee with respect to whom allocations of employer contributions under the NCTI Savings Plan or the Dow Jones 401(k) Plan are reduced or limited as a result of the Compensation Limit.

(b) **Becoming a Participant.** An Eligible Employee shall become a Participant upon his having an amount credited to his Account as an Employer Credit by the Company or an Affiliated Entity.

2.2. Employer Credits.

(a) **Determination of Employer Credits.** A Participant in the Plan shall be eligible to receive an Employer Credit equal to 5.5% of such Participant's Additional Compensation for a Plan Year.

(b) **Crediting of Employer Credits.** An Employer Credit shall be credited to the Account under the Plan of a Participant who satisfies the requirements of Section 2.1(a) with respect to each pay period during the Plan Year in which the Participant has received Additional Compensation for such Plan Year.

2.3. Vesting.

Any amount credited to a Participant's Account, including Employer Credits and Interest Credits on such amounts pursuant to Section 3.1 hereof, will fully (100%) vest upon the Participant's attainment of two (2) Years of Service.

ARTICLE 3. INTEREST CREDITS

3.1. Interest Credits.

At the end of each Plan Year, at any time designated by the Committee, and immediately prior to the payment of any benefits hereunder, each Participant's Account shall be credited with Interest Credits, determined pursuant to Section 3.2, that have accrued over such Plan Year, or if more recent, from the date that a preceding Interest Credit was credited under this Section 3.1, if any.

3.2. Determination of Interest Credits.

Each Participant's Account shall accrue Interest Credits as if all amounts in the Account, including Employer Credits and previous Interest Credits, were invested in a Money Market interest-bearing vehicle chosen by the Committee, in its sole and absolute discretion.

ARTICLE 4. TERMINATION AND DISTRIBUTION

4.1. Termination of Active Participation.

(a) **Direction by Committee.** The Committee may direct that a Participant's active participation in this Plan be terminated at any time regardless of whether the Participant's employment with the Company and/or Affiliated Entities has terminated (provided, however, that deferrals shall cease for any Plan Year only to the extent such cessation would not violate Section 409A of the Code). If a Participant's active participation in the Plan is terminated and he continues in employment with the Company or an Affiliated Entity, the Participant will not be eligible to receive Employer Credits, but his Account will continue to be deferred and will be credited with Interest Credits until distributed following his Separation from Service.

(b) **Termination of Employment.** Each Participant's active participation in this Plan will terminate automatically upon his Termination of Employment.

4.2. Distribution of Account.

A Participant's Account shall only be distributed upon such Participant's Separation from Service and shall be distributed pursuant to this Section 4.2.

(a) **Form of Distributions.** Upon a Participant's Separation from Service, the amounts credited to his Account will be paid to the Participant or, in the event of the Participant's death, to his beneficiary, as provided herein.

(1) If the balance in a Participant's Account on the last day of the calendar quarter in which a Separation from Service occurs is less than or equal to the amount determined under Code Section 402(g) for that Plan Year (the "**402(g) Amount**"), or if the Participant's Separation from Service occurs prior to his attainment of age fifty-five (55), then:

(A) if the Participant's Separation from Service is as a result of death, the balance of the Participant's Account will be distributed in a single lump-sum payment in the first (1st) month of the calendar quarter following the effective date of such Separation from Service, or

(B) if the Participant's Separation from Service is for any reason other than death, then the balance of all amounts in the Participant's Account will be distributed in a single lump-sum payment as soon as administratively practicable following six (6) months after such Participant's Separation from Service.

(2) If the balance in a Participant's Account on the last day of the calendar quarter in which a Separation from Service occurs is greater than the 402(g) Amount and the Participant's Separation from Service occurs on or after his attainment of age fifty-five (55), then distribution will be made in ten (10) consecutive annual installments. Installments will be calculated in the manner described in Section 4.2(b).

(A) If the Participant's Separation from Service is as a result of death, the first of any installment payments shall be made in the first (1st) month of the calendar quarter following the effective date of such Separation from Service, and any subsequent installments shall be made in January of each year thereafter during the elected distribution period.

(B) If a Participant's Separation from Service is for any reason other than death, then the first of any installment payments attributable to all amounts in the Participant's Account shall be made as soon as administratively practicable following six (6) months after such Participant's Separation from Service, and any subsequent installments shall be made in January of each year thereafter during the elected distribution period.

(b) **Calculation of Installments.** If a distribution is paid in annual installments, each installment payment (except the last) will equal the balance in the Participant's Account on the last business day preceding the date of payment divided by the number of remaining installments (including the installment being paid). The final installment will be equal to the balance in the Participant's Account on the date of payment.

(c) **Beneficiary Designation.** Each Participant will have the revocable right to make a written designation of one or more Beneficiaries and one or more contingent Beneficiaries. The designation of a Beneficiary and/or contingent Beneficiary, and any revocation and new designation, will be effective when received by the Committee.

(1) In the event of a Participant's death prior to the payment of all amounts in his Account, remaining amounts will be paid to the Participant's Beneficiary or Beneficiaries. If the Participant is predeceased by his designated Beneficiary or Beneficiaries, all remaining amounts will be paid to the Participant's contingent Beneficiary or Beneficiaries. If no Beneficiary is designated, or if all designated Beneficiaries and contingent Beneficiaries have predeceased the Participant, any unpaid amounts will be paid to the executor or other legal representative of the Participant's estate.

(2) If distribution of the Participant's Account has begun in installments prior to his death, the remaining installments will be paid when due to his Beneficiary, contingent Beneficiary, or estate, as the case may be, as determined in subsection (c)(1) above. If distribution has not yet begun, the Participant's Account will be distributed to his Beneficiary, contingent Beneficiary, or estate, as the case may be, in accordance with Section 4.2(a). Notwithstanding the foregoing, if a Participant has no surviving Beneficiary or contingent Beneficiary, the Committee may, in its sole and absolute discretion, direct that the unpaid balance in his Account be paid in a single lump-sum payment to the Participant's estate.

ARTICLE 5. ADMINISTRATION OF PLAN

5.1. Committee Action and Delegation.

(a) **Committee Action.** The action of the Committee will be determined by the vote or other affirmative expression of a majority of its members. Action may be taken by the Committee at a meeting or in writing without a meeting. The members of the Committee will elect one of their number as chairman and will select a secretary who may (but need not) be a member of the Committee. The secretary will keep a record of all meetings and acts of the Committee and will have custody of all records and documents pertaining to its operations. Any member or the secretary may execute any certificate or other written direction on behalf of the Committee.

(b) **Delegation of Duties.** The Committee may delegate all or any portion of its duties to a member of the Committee or another person selected to be Plan Administrator. The Committee may retain an independent record keeper for purposes of Plan administration and delegate to the record keeper the responsibility for maintaining Participants' Accounts and distributions.

5.2. Effect of Committee's Action.

(a) **Interpretation of Plan.** The Plan will be interpreted by the Committee in accordance with the terms of the Plan and their intended meanings. However, the Committee will have the authority to make any findings of fact needed in the administration of the Plan and will have the discretion to interpret or construe ambiguous, unclear, or implied (but omitted) terms in any fashion it deems to be appropriate in its sole and absolute discretion. The validity of any such finding of fact, interpretation, construction, or decision will not be given *de novo* review if challenged in court or in any other forum and will be upheld unless clearly arbitrary and capricious.

(b) **Discretionary Authority.** To the extent the Committee or any Committee delegate has been granted discretionary authority under the Plan, the prior exercise of such authority will not obligate it to exercise such authority in a like fashion thereafter.

(c) **Corrective Amendments.** If, due to errors in drafting, any Plan provision does not accurately reflect its intended meaning, as demonstrated by consistent interpretations or other evidence of intent, or as determined by the Committee in its sole and exclusive judgment, the provision will be considered ambiguous and will be interpreted by the Committee in a fashion consistent with its intent, as determined by the Committee. The Committee will amend the Plan retroactively to cure any such ambiguity, notwithstanding anything in the Plan to the contrary.

(d) **Committee Actions Binding.** This Section 5.2 may not be invoked by any person to require the Plan to be interpreted in a manner which is inconsistent with its interpretation by the Committee. All actions taken and all determinations made in good faith by the Committee will be final and binding upon all persons claiming any interest in or under the Plan.

ARTICLE 6. CLAIMS PROCEDURE

6.1. Claims.

(a) **Claims for Benefits.** Any claim for benefits by a Participant or anyone claiming through a Participant under the Plan (the “**Claimant**”) shall be delivered in writing (or in such electronic form as designated by the Committee) by the Claimant to the Committee. The claim shall identify the benefits being requested and shall include a statement of the reasons why the benefits should be granted. The Committee shall grant or deny the claim. If the claim is denied in whole or in part, the Committee shall give written (or in such electronic form as designated by the Committee) notice to the Claimant setting forth: (a) the reasons for the denial, (b) specific reference to pertinent Plan provisions on which the denial is based, (c) a description of any additional material or information necessary to request a review of the claim and an explanation of why such material or information is necessary, (d) an explanation of the Plan’s claims review procedure, including the right to bring a civil action under Section 502(a) of ERISA following exhaustion of such claims review procedures, (e) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, or other information relevant (as defined by Department of Labor Regulation Section 2560.503-1(m)) to the claim. The notice shall be furnished to the Claimant within a period of time not exceeding ninety (90) days (or forty-five (45) days in the event of a claim involving a Disability determination) after receipt of the claim, except that such period of time may be extended, if special circumstances should require, for an additional ninety (90) days (or thirty (30) days in the case of a Disability determination) commencing at the end of the initial ninety (90)-day (or, as applicable, forty-five (45)-day) period. In the case of a claim involving a Disability determination, the Committee may extend this period for an additional thirty (30) days if the Claimant is notified of the extension before the end of the initial thirty (30)-day extension. Written (or in such electronic form as designated by the Committee) notice of any such extension shall be given to the Claimant before the expiration of the initial period and shall indicate the special circumstances requiring the extension and the date by which the final decision is expected to be rendered.

(b) **Appeals Procedure.** A Claimant who has been denied a claim for benefits, in whole or in part, may, within a period of sixty (60) days (or one hundred and eighty (180) days in the case of a claim involving a Disability determination) following his receipt of the denial, request a review of such denial by filing a written (or in such electronic form as designated by the Committee) notice of appeal with the Committee. If the written request for review is not made within the specified sixty (60)-day (or, as applicable, one hundred and eighty (180)-day) period, the Claimant will waive the right to review by the Committee. In connection with an appeal, the Claimant (or his authorized representative) may review, free of charge, pertinent documents and may submit evidence and arguments in writing (or in such electronic form as designated by the Committee) to the Committee, regardless of whether or not such information was considered in connection with the initial benefits determination. The Committee may decide the questions presented by the appeal, either with or without holding a hearing, and shall issue to the Claimant a written (or in such electronic form as designated by the Committee) notice setting forth: (a) the specific reasons for the decision, (b) specific reference to the pertinent Plan provisions on which the decision is based, (c) a statement that, upon written request and free of charge, the claimant will be provided reasonable access to, and copies of, all documents, records,

and other information relevant to his claim for benefits, and (d) a statement of the claimant's right to bring a civil action under ERISA Section 502(a). The notice shall be issued within a period of time not exceeding sixty (60) days (or forty-five (45) days in the event of a claim involving a Disability determination) after receipt of the request for review; except that such period of time may be extended, if special circumstances (including, but not limited to, the need to hold a hearing) should require, for an additional sixty (60) days commencing at the end of the initial sixty (60)-day (or, as applicable, forty-five (45)-day) period. Written (or in such electronic form as designated by the Committee) notice of any such extension shall be provided to the Claimant prior to the expiration of the initial sixty (60)-day (or, as applicable, forty-five (45)-day) period. The decision of the Committee shall be final and conclusive.

(c) **Exhaustion of Remedies.** The procedures under this Section 6.1 shall be the exclusive procedures for claiming benefits under the Plan. No legal or equitable action for benefits under the Plan shall be brought unless and until the Claimant (i) has submitted a written (or in such electronic form as designated by the Committee) application for benefits in accordance with Section 6.1(a), (ii) has been notified by the Committee that the application is denied, (iii) has filed a written request for a review of the application in accordance with Section 6.1(b), and (iv) has been notified in writing that the Committee has affirmed the denial of the application; provided, that legal action may be brought after the Committee has failed to take any action on the claim within the time periods prescribed in Section 6.1(b).

(d) **Limitation on Commencing Actions.** In no event may any legal or equitable action for benefits under the Plan be brought in a court of law or equity with respect to any claim for benefits more than one (1) year after the final denial (or deemed final denial) of the claim by the Committee.

ARTICLE 7. MISCELLANEOUS

7.1. **Amendment or Termination of the Plan.**

The Company reserves the right to amend or terminate this Plan at any time, provided that no amendment or termination will adversely affect the right of any Participant or Beneficiary to a payment under the Plan or reduce any Participant's Account. Amendment or termination will be by written instrument executed by the Company. Notwithstanding the foregoing, upon any termination of this Plan, the Company may, in its sole and absolute discretion, accelerate the payment of amounts under all Accounts upon termination of this Plan to the extent permissible under Section 409A of the Code without the imposition of the additional tax set forth in Section 409A(a)(1)(B) of the Code.

7.2. **No Contract for Employment.**

Nothing in the Plan shall confer upon a Participant the right to continue in the employ of the Company or an Affiliated Entity or shall limit or restrict the right of the Company or any Affiliated Entity to terminate the employment of a Participant at any time with or without cause.

7.3. Payments to Persons under Legal Disability.

If any benefit payment hereunder becomes payable to a Participant determined by the Committee to be under any legal incapacity, payments under this Plan shall be made instead to the guardian or legal representative of such person and such payment shall constitute a full and complete discharge of all obligations under the Plan to the Participant.

7.4. Unclaimed Benefits.

Each Participant shall keep the Committee informed of his current address and the current address of his Beneficiary(ies). The Committee shall not be obligated to search for the whereabouts of any Participant or Beneficiary, and if such person cannot be located within three (3) years from the date any payment hereunder is first due to be made, then there shall be no further obligation to pay any benefits under this Plan to such Participant or Beneficiary, and such benefit shall be irrevocably forfeited.

7.5. Multiple Claims for Benefits.

If multiple claims are received by the Committee with respect to any benefits payable under this Plan, payment by the Committee to such person or persons as the Committee determines to be entitled to receive such payment shall constitute a full and complete discharge of all obligations under this Plan with respect to such payment. Benefit payments under this Plan may be suspended by the Committee pending resolution of multiple claims to the satisfaction of the Committee.

7.6. Construction.

Unless the contrary is plainly required by the context, wherever any words are used herein in the masculine gender, they shall be construed as though they were also used in the female gender, and vice versa, and wherever any words are used herein in the singular form, they shall be construed as though they were also used in the plural form, and vice versa. The section and other headings contained in this Plan are for reference purposes only and will not control or affect the construction of this Plan or its interpretation in any respect. Section and subsection references are to this Plan unless otherwise specified.

7.7. Funding.

(a) This Plan is an unfunded plan of deferred compensation which is not intended to meet the qualification requirements of Section 401 of the Code. Each Participant's Account represents the unsecured contractual obligation of the Company.

(b) Although not obligated to do so, the Company may choose to set aside funds or other assets to assist in funding its obligations under this Plan. Such funds or assets may be placed in trust with a trustee selected by the Committee subject to such agreement as the Committee may approve. The Committee will direct the investment of any such funds in a manner designed to assist the Company in meeting its obligations. The principal and any earnings on funds set aside in trust will be used exclusively to assist the Company in meeting its obligations under this Plan, but Participants and any Beneficiaries will have no preferred claim on, or any beneficial ownership in, any assets of the trust prior to the time any such assets are paid to the Participants or Beneficiaries as benefits. All assets in the trust will be subject to the claims of the Company's general creditors under state and federal law in the event of insolvency or bankruptcy of the Company.

(c) No Participant will have any right, title, or interest in or to any investments which the Company may make to aid in meeting its obligations under this Plan. Nothing contained in this document and no action taken pursuant to its provisions will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or the Committee and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company pursuant to this Plan, such rights will be no greater than the right of an unsecured creditor of the Company.

7.8. Participant's Interest.

No Participant may assign, transfer, alienate, or encumber in any manner his interest under this Plan. No Participant may borrow funds and grant a security interest or otherwise pledge his rights under this Plan. No provision of this Plan will be construed to limit the right of the Company to discharge any Participant or to confer upon any Participant the right to continued employment or any other right not specifically granted in this document.

7.9. Withholding.

To the extent required by federal, state, and local laws, distributions from the Plan shall be subject to income tax and other withholding obligations.

7.10. Severability.

If any provision in the Plan is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

7.11. Governing Law.

This Plan and all rights thereunder, and any controversies or disputes arising with respect thereto, shall be governed by and construed and interpreted in accordance with the laws of the State of New York, applicable to agreements made and to be performed entirely within such State, without regard to conflict of laws provisions thereof that would apply the law of any other jurisdiction.

Chief Executive Officer Certification**Required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended**

I, Robert J. Thomson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2017

By: /s/ Robert J. Thomson

Robert J. Thomson

Chief Executive Officer and Director

Chief Financial Officer Certification**Required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended**

I, Susan Panuccio, certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2017

By: /s/ Susan Panuccio
Susan Panuccio
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of News Corporation on Form 10-Q for the fiscal quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned officers of News Corporation, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of News Corporation.

November 9, 2017

By: /s/ Robert J. Thomson

Robert J. Thomson
Chief Executive Officer and Director

By: /s/ Susan Panuccio

Susan Panuccio
Chief Financial Officer