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 March 31, 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	**46-2950970**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1211 Avenue of the Americas, New York, New York	**10036**
(Address of principal executive offices)	**(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	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	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 May 5, 2017, 382,181,338 shares of Class A Common Stock and 199,630,240 shares of Class B Common Stock were outstanding.

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; millions, except per share amounts)

	Notes	For the three months ended March 31, 2017	For the three months ended March 31, 2016	For the nine months ended March 31, 2017	For the nine months ended March 31, 2016
Revenues:					
Advertising		$ 705	$ 671	$ 2,123	$ 2,222
Circulation and subscription		618	615	1,834	1,875
Consumer		359	343	1,183	1,164
Real estate		168	145	525	450
Other		128	117	394	355
Total Revenues		1,978	1,891	6,059	6,066
Operating expenses		(1,101)	(1,084)	(3,384)	(3,476)
Selling, general and administrative		(662)	(649)	(2,005)	(1,987)
NAM Group settlement charge	10	—	(280)	—	(280)
Depreciation and amortization		(109)	(126)	(349)	(370)
Impairment and restructuring charges	4	(33)	(24)	(409)	(63)
Equity (losses) earnings of affiliates	5	(23)	2	(276)	25
Interest, net		8	11	30	34
Other, net	14	(13)	33	127	32
Income (loss) from continuing operations before income tax (expense) benefit		45	(226)	(207)	(19)
Income tax (expense) benefit	12	(45)	98	(12)	140
Income (loss) from continuing operations		—	(128)	(219)	121
(Loss) income from discontinued operations, net of tax	3	—	(2)	—	20
Net income (loss)		—	(130)	(219)	141
Less: Net income attributable to noncontrolling interests		(5)	(19)	(90)	(52)
Net (loss) income attributable to News Corporation stockholders		$ (5)	$ (149)	$ (309)	$ 89
Basic and diluted (loss) earnings per share:					
(Loss) income from continuing operations available to News Corporation stockholders per share		$ (0.01)	$ (0.26)	$ (0.53)	$ 0.12
(Loss) income from discontinued operations available to News Corporation stockholders per share		—	—	—	0.03
Net (loss) income available to News Corporation stockholders per share		$ (0.01)	$ (0.26)	$ (0.53)	$ 0.15
Cash dividends declared per share of common stock		$ 0.10	$ 0.10	$ 0.20	$ 0.20

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

NEWS CORPORATION

NEWS CORPORATION

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

	Notes	As of March 31, 2017 (unaudited)	As of June 30, 2016 (audited)
Assets:			
Current assets:			
Cash and cash equivalents		$ 1,850	$ 1,832
Restricted cash		—	315
Receivables, net	14	1,326	1,229
Other current assets	14	586	513
Total current assets		3,762	3,889
Non-current assets:			
Investments	5	2,010	2,270
Property, plant and equipment, net		1,961	2,405
Intangible assets, net		2,316	2,207
Goodwill		3,859	3,714
Deferred income tax assets		536	602
Other non-current assets	14	442	396
Total assets		$14,886	$15,483
Liabilities and Equity:			
Current liabilities:			
Accounts payable		$ 229	$ 217
Accrued expenses		1,214	1,371
Deferred revenue		435	388
Other current liabilities	14	583	466
Total current liabilities		2,461	2,442
Non-current liabilities:			
Borrowings	6	273	369
Retirement benefit obligations	11	305	350
Deferred income tax liabilities		82	171
Other non-current liabilities		328	349
Commitments and contingencies	10		
Redeemable preferred stock		20	20
Class A common stock[(a)]		4	4
Class B common stock[(b)]		2	2
Additional paid-in capital		12,397	12,434
Retained earnings		(219)	150
Accumulated other comprehensive loss		(1,045)	(1,026)
Total News Corporation stockholders' equity		11,139	11,564
Noncontrolling interests		278	218
Total equity	7	11,417	11,782
Total liabilities and equity		$14,886	$15,483

(a) **Class A common stock**, $0.01 par value per share ("Class A Common Stock"), 1,500,000,000 shares authorized, 382,092,060 and 380,490,770 shares issued and outstanding, net of 27,368,413 treasury shares at par, at March 31, 2017 and June 30, 2016, 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 March 31, 2017 and June 30, 2016, respectively.

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

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; millions)

	Notes	For the nine months ended March 31, 2017	2016
Operating activities:			
Net (loss) income		$ (219)	$ 141
Less: Income from discontinued operations, net of tax		—	20

The Company's fiscal year ends on the Sunday closest to June 30. Fiscal 2017 and fiscal 2016 include 52 and 53 weeks, respectively. All references to the three months ended March 31, 2017 and 2016 relate to the three months ended April 2, 2017 and March 27, 2016, respectively. For convenience purposes, the Company continues to date its consolidated financial statements as of March 31.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 ("IFRS") 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. 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. In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)" ("ASU 2016-08"). The amendments in ASU 2016-08 clarify the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing" ("ASU 2016-10"). The amendments in ASU 2016-10 clarify aspects relating to the identification of performance obligations and improve the operability and understandability of the licensing implementation guidance. In May 2016, the FASB issued ASU 2016-12, "Update 2016-12—Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients" ("ASU 2016-12"). The amendments in ASU 2016-12 address certain issues identified on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition. The effective date for all ASUs noted above is annual and interim reporting periods beginning July 1, 2018. The Company is currently evaluating the impact these ASUs will have on its consolidated financial statements.

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 March 31, 2017, the Company has $100 million in available-for-sale securities with net unrealized gains of $2 million. The cumulative net unrealized gains (losses) contained within Accumulated other comprehensive loss will be reclassified through Retained earnings as of July 1, 2018. Changes in the fair value of available-for-sale securities will be recorded in the Company's Statement of Operations beginning July 1, 2018.

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.

In March 2016, the FASB issued 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 Company does not expect the adoption of ASU 2016-09 to have a significant impact on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). The amendments in ASU 2016-13 require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. ASU 2016-13 is effective for the Company for annual and interim reporting periods beginning July 1, 2020. The Company is currently evaluating the impact ASU 2016-13 will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)" ("ASU 2016-15"). The amendments in ASU 2016-15 address eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230, Statement of Cash Flows, and other Topics. ASU 2016-15 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company does not expect the adoption of ASU 2016-15 to have a significant impact on its 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. ASU 2016-16 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company is currently evaluating the impact ASU 2016-16 will have on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-17, "Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control" ("ASU 2016-17"). The amendments in ASU 2016-17 require that if a reporting entity satisfies the first condition of a primary beneficiary in a variable interest entity ("VIE"), a reporting entity should include all of its direct variable interests in a VIE and, on a proportionate basis, its indirect variable interests in a VIE held through related parties, including related parties that are under common control with the reporting entity, when assessing whether it satisfies the second characteristic of a primary beneficiary If, after performing that assessment, a reporting entity that is the single decision maker of a VIE concludes that it does not have the characteristics of a primary beneficiary, the amendments continue to require that reporting entity to evaluate whether it and one or more of its related parties under common control, as a group, have the characteristics of a primary beneficiary. If the single decision maker and its related parties that are under common control, as a group, have the characteristics of a primary beneficiary, then the party within the related party group that is most closely associated with the VIE is the primary beneficiary. ASU 2016-17 is effective for the Company for annual and interim reporting periods beginning July 1, 2017. The Company is currently evaluating the impact ASU 2016-17 will have on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)" ("ASU 2016-18"). The amendments in ASU 2016-18 require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents

when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company is currently evaluating the impact ASU 2016-18 will have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business" ("ASU 2017-01"). The amendments in ASU 2017-01 provide a screen to determine when a set of assets and activities is not a business. Under the screen, when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. ASU 2017-01 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company is currently evaluating the impact ASU 2017-01 will have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"). The amendments in ASU 2017-04 eliminate Step 2 from the goodwill impairment test and instead require an entity to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and to recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. As permitted by ASU 2017-04, the Company early-adopted this standard and applied it prospectively to reduce the complexity and costs of evaluating goodwill for impairment.

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

Fiscal 2017

Wireless Group plc

In September 2016, the Company completed its acquisition of Wireless Group plc ("Wireless Group") for a purchase price of 315 pence per share in cash, or approximately £220 million (approximately $285 million) in the aggregate, plus $23 million of assumed debt which was repaid subsequent to closing. Wireless Group operates

The total transaction value for the Wireless Group acquisition is set forth below (in millions):

Cash paid for Wireless Group equity	$285
Plus: Assumed debt	23
Total transaction value	$308

Under the acquisition method of accounting, the total consideration is allocated to net tangible and 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 and intangible assets acquired was recorded as goodwill. The allocation is as follows (in millions):

Assets acquired:	
Intangible assets	$213
Goodwill	118
Net liabilities	(46)
Total net assets acquired	$285

The acquired intangible assets primarily relate to broadcast licenses, which have a fair value of approximately $178 million, tradenames, which have a fair value of approximately $27 million, and customer relationships with a fair value of approximately $8 million. The broadcast licenses and tradenames have indefinite lives and the customer relationships will be amortized over a weighted-average useful life of approximately 6 years. 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. Wireless Group's results are included within the News and Information Services segment, and it is considered a separate reporting unit for purposes of the Company's annual goodwill impairment review.

Australian Regional Media

In December 2016, the Company acquired Australian Regional Media ("ARM") from APN News and Media Limited ("APN") for approximately $30 million. ARM operates a portfolio of regional print assets and websites and extends the reach of the Australian newspaper business to new customers in new geographic regions. ARM is a subsidiary of News Corp Australia, and its results are included within the News and Information Services segment.

REA Group European Business

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Fiscal 2016

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with ASC 805 “Business Combinations,” REA Group recognized a gain of $29 million resulting from the revaluation of its previously held equity interest in iProperty in Other, net in the Statement of Operations for the fiscal year ended June 30, 2016. The total fair value of iProperty at the acquisition date is set forth below (in millions):

Cash paid for iProperty equity	$340
Deferred consideration	76
Total consideration	416
Fair value of previously held iProperty investment	120
Total fair value	$536

Under the acquisition method of accounting, the total consideration is allocated to net tangible and 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 and intangible assets acquired was recorded as goodwill. The allocation is as follows (in millions):

Assets acquired:	
Goodwill	$498
Intangible assets	72
Net liabilities	(34)
Total net assets acquired	$536

The acquired intangible assets primarily relate to tradenames which have an indefinite life.

On September 30, 2015, the Company sold the Amplify Insight and Amplify Learning businesses. Included within Loss before income tax benefit for the nine months ended March 31, 2016 was approximately $17 million in severance and lease termination costs which were incurred in conjunction with the sale.

The following table summarizes the results of operations from the discontinued segment:

	For the three months ended March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Revenues	$ —	$ —	$ —	$ 27
Loss before income tax benefit	—	(3)	—	(154)
Income tax benefit	—	1	—	174
(Loss) income from discontinued operations, net of tax	$ —	$ (2)	$ —	$ 20

Liabilities held for sale related to discontinued operations as of March 31, 2017 and June 30, 2016 are included in Other current liabilities in the Balance Sheets as follows:

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Current assets		

	For the nine months ended March 31,			
	2017			2016
	One time employee termination benefits	Facility related costs	S	

Equity (Losses) Earnings of Affiliates

The Company's (losses) earnings of its equity affiliates was as follows:

	For the three months ended March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
	(in millions)		(in millions)	
Foxtel[a]	$(16)	$ 4	$(260)	$26
Other equity affiliates, net	(7)	(2)	(16)	(1)
Total Equity (losses) earnings of affiliates	$(23)	$ 2	$(276)	$25

[a] During the second quarter of fiscal 2017, the Company recognized a $227 million non-cash write-down of the carrying value of its investment in Foxtel to fair value. The write-down is reflected in Equity (losses) earnings of affiliates in the Statements of Operations for the nine months ended March 31, 2017. Refer to the discussion above for further details.

Additionally, in accordance with ASC 350, the Company amortized $16 million and $53 million 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 and nine months ended March 31, 2017, respectively, and $12 million and $37 million in the corresponding periods of fiscal 2016. Such amortization is reflected in Equity (losses) earnings of affiliates in the Statements of Operations. The increase in amortization expense recognized by the Company in the current year period resulted from a corresponding decrease in amortization expense recognized by Foxtel as certain intangible assets were fully amortized in fiscal 2016. The higher amortization expense recognized by the Company was partially offset by the impact of the $227 million non-cash write-down of the carrying value of its investment in Foxtel in the second quarter of fiscal 2017.

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

	For the nine months ended March 31,	
	2017	2016
	(in millions)	
Revenues	$1,811	$1,763
Operating income[a]	263	269
Net income	40	126

[a] Includes Depreciation and amortization of $155 million and $170 million for the nine months ended March 31, 2017 and 2016, respectively. Operating income before depreciation and amortization was $418 million and $439 million for the nine months ended March 31, 2017 and 2016, respectively.

For the nine months ended March 31, 2017, Foxtel's revenues increased $48 million, or 3%, as a result of the positive impact of foreign currency fluctuations as revenues decreased 2% in local currency. Operating income decreased primarily due to planned increases in programming spend and the lower revenues noted above, partially offset by lower depreciation costs and the positive impact of foreign currency fluctuations. Net income decreased mainly due to losses associated with Presto of $47 million, primarily resulting from Foxtel management's decision to cease Presto operations in January 2017, and $36 million in losses associated with the change in the fair value of Foxtel's investment in Ten Network Holdings ("Ten").

During the first quarter of fiscal 2017, Foxtel was deemed to have significant influence over its investment in Ten. As a result, Foxtel was required to treat its investment in Ten as an equity method investment. Foxtel elected the fair value option under ASC 825, Financial Instruments, ("ASC 825") and adjusts the carrying value of the Ten investment to fair value each reporting period. Although Foxtel ceased to have significant influence in Ten during the third quarter of fiscal 2017, it will continue to adjust the carrying value of the Ten investment to fair value each reporting period due to its election of the fair value option under ASC 825. This adjustment will be recorded as a component of Foxtel's net income.

NOTE 6. BORROWINGS

The Company's total borrowings consist of the following:

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Facility due December 2017	$ 91	$ 90
Facility due December 2018		

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

stock repurchases were made during the nine months ended March 31, 2017. Through May 5, 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 May 5, 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 2016, 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 19, 2016 to stockholders of record at the close of business on September 14, 2016. In February 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 April 19, 2017 to stockholders of record as of March 15, 2017.

In August 2015, the Board of Directors declared a semi-annual cash dividend of $0.10 per share of Class A Common Stock and Class B Common Stock. This dividend was paid on October 21, 2015 to stockholders of record at the close of business on September 16, 2015. In February 2016, the Board of Directors declared a semi-annual cash dividend of $0.10 per share of Class A Common Stock and Class B Common Stock. This dividend was paid on April 13, 2016 to stockholders of record at the close of business on March 9, 2016.

The following table summarizes the dividends paid per share on both the Company's Class A Common Stock and the Class B Common Stock:

	For the nine months ended March 31,	
	2017	2016
Cash dividend paid per share	$0.10	$0.10

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 8. EQUITY-BASED COMPENSATION

Employees of the Company participate in the News Corporation 2013 Long-Term Incentive Plan (the "2013 LTIP") under which equity-based compensation, including stock options, performance stock units ("PSUs"), restricted stock awards, restricted stock units ("RSUs") and other types of awards can be granted. The Company has the ability to award up to 30 million shares of Class A Common Stock under the terms of the 2013 LTIP. Additionally, in connection with the acquisition of Move, Inc. ("Move"), the Company assumed Move's equity incentive plans and substantially all of the awards outstanding under such plans.

The Company recognized $8 million and $39 million of equity-based compensation expense for the three and nine months ended March 31, 2017, respectively, and $12 million and $43 million for the corresponding periods of fiscal 2016, respectively.

NOTE 9. EARNINGS PER SHARE

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
	(in millions, except per share amounts)			
Income (loss) from continuing operations	$ —	$ (128)	$ (219)	$ 121
Less: Net income attributable to noncontrolling interests	(5)	(19)	(90)	(52)
Less: Redeemable preferred stock dividends[(a)]	—	—	(1)	(1)
(Loss) income from continuing operations available to News Corporation stockholders	(5)	(147)	(310)	68
(Loss) income from discontinued operations, net of tax, available to News Corporation stockholders	—	(2)	—	20
Net (loss) income available to News Corporation stockholders	$ (5)	$ (149)	$ (310)	$ 88
Weighted-average number of shares of common stock outstanding—basic	581.6	580.2	581.2	580.8
Dilutive effect of equity awards[(b)]	—	—	—	1.7
Weighted-average number of shares of common stock outstanding—diluted	581.6	580.2	581.2	582.5
(Loss) income from continuing operations available to News Corporation stockholders per share—basic and diluted	$ (0.01)	$ (0.26)	$ (0.53)	$ 0.12
(Loss) income from discontinued operations available to News Corporation stockholders per share—basic and diluted	$ —	$ —	$ —	$ 0.03
Net (loss) income available to News Corporation stockholders per share—basic and diluted	$ (0.01)	$ (0.26)	$ (0.53)	$ 0.15

(a) In connection with the Separation, as defined in Note 10, Twenty-First Century Fox, Inc. ("21st Century Fox") sold 4,000 shares of cumulative redeemable preferred stock with a par value of $5,000 per share of a newly formed U.S. subsidiary of the Company. The preferred stock pays dividends at a rate of 9.5% per annum, payable quarterly. The preferred stock is callable by the Company at any time after the fifth year and is puttable at the option of the holder after 10 years.

(b) The dilutive impact of the Company's PSUs, RSUs and stock options has been excluded from the calculation of diluted (loss) earnings per share for the three and nine months ended March 31, 2017 because their inclusion would have an antidilutive effect on the net loss per share.

NOTE 10. 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 March 31, 2017 have not changed significantly from the disclosures included in the 2016 Form 10-K.

NEWS CORPORATION

Valassis subsequently filed a Notice of Violation of the order issued by the District Court in Valassis I. The Notice re-asserted claims of unlawful bundling and tying which the magistrate judge had previously recommended be dismissed from Valassis II 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 2, 2015, the NAM Parties filed a motion to refer the Notice to the Antitrust Expert Panel or, in the alternative, strike the Notice. The District Court granted the NAM Parties' motion in part on March 30, 2016 and ordered that the Notice 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.

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 expense related to the U.K. Newspaper Matters in Selling, general and administrative expenses was $2 million and $3 million for the three months ended March 31, 2017 and 2016, respectively, and $6 million and $15 million for the nine months ended March 31, 2017 and 2016, respectively. As of March 31, 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 $105 million, of which approximately $60 million will be indemnified by 21st Century Fox, and a corresponding receivable was recorded in Other current assets on the Balance Sheet as of March 31, 2017. 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.

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 IRS or other taxing authorities in amounts that the Company cannot quantify.

NOTE 11. PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company provides pension, postretirement health care, defined contribution and medical benefits primarily in the U.S., U.K. and Australia to the Company's eligible employees and retirees. The Company funds amounts, at a minimum, in accordance with statutory requirements for all plans. Plan assets consist principally of common stocks, marketable bonds and government securities.

The amortization of amounts related to unrecognized prior service (credits) and deferred losses were reclassified out of other comprehensive (loss) income as a component of net periodic benefit costs. The components of net periodic benefits costs were as follows:

	Pension benefits				Postretirement benefits	
	Domestic		Foreign			
	For the three months ended March 31,					
	2017	2016	2017	2016	2017	2016
	(in millions)					
Service cost benefits earned during the period	$ —	$ —	$ 2	$ 2	$ —	$ —
Interest costs on projected benefit obligations	3	4	7	10	1	2
Expected return on plan assets	(5)	(4)	(14)	(15)	—	—
Amortization of deferred losses	2	1	4	4	—	—
Amortization of prior service (credits)	—	—	—	—	(1)	(2)
Net periodic benefit costs	$ —	$ 1	$ (1)	$ 1	$ —	$ —

	Pension benefits				Postretirement benefits	
	Domestic		Foreign			
	For the nine months ended March 31,					
	2017	2016	2017	2016	2017	2016
	(in millions)					
Service cost benefits earned during the period	$ —	$ —	$ 6	$ 7	$ —	$ —
Interest costs on projected benefit obligations	9	12	22	33	3	4
Expected return on plan assets	(14)	(14)	(42)	(47)	—	—
Amortization of deferred losses	4	3	12	11	—	—
Amortization of prior service (credits)	—	—	—	—	(3)	(5)
Settlements, curtailments and other	—	—	—	(1)	—	—
Net periodic benefits costs	$ (1)	$ 1	$ (2)	$ 3	$ —	$ (1)

During each of the nine months ended March 31, 2017 and 2016, the Company contributed approximately $27 million to its various pension and postretirement plans, of which $8 million and $9 million, respectively, was contributed in the three months ended March 31, 2017 and 2016.

NOTE 12. 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 and are individually computed are 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.

For the three months ended March 31, 2017, the Company recorded a tax charge of $45 million on pre-tax income of $45 million resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was primarily due to valuation allowances being recorded against tax benefits in certain foreign jurisdictions with operating losses.

For the nine months ended March 31, 2017, the Company recorded a tax charge of $12 million on a pre-tax loss of $207 million resulting in an effective tax rate that was lower than the U.S. statutory tax rate. The lower tax rate was primarily due to a lower net tax benefit of $121 million on the non-cash write-down of assets and investments in Australia and valuation allowances being recorded against tax benefits in certain foreign jurisdictions with operating losses, offset by lower taxes on the sale of REA Group's European business.

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.

For the three months ended March 31, 2016 the Company recorded a tax benefit of $98 million on a pre-tax loss of $226 million resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was primarily due to the $29 million non-taxable gain resulting from the revaluation of REA Group's previously held equity interest in iProperty (See Note 2—Acquisitions, Disposals and Other Transactions), as well as a tax benefit of $107 million in connection with the settlement of certain litigation and related claims at News America Marketing. (See Note 10—Commitments and Contingencies).

For the nine months ended March 31, 2016 the Company recorded a tax benefit of $140 million on a pre-tax loss of $19 million resulting in an effective tax rate that was higher than the U.S. statutory tax rate. In addition to the third quarter impacts discussed above, the higher tax rate was primarily due to a tax benefit of approximately $106 million related to the release of previously established valuation allowances related to certain U.S. federal net operating losses and state deferred tax assets. This benefit was recognized in conjunction with management's plan to dispose of the Company's digital education business in the first quarter of fiscal 2016, as the Company now expects to generate sufficient U.S. taxable income to utilize these deferred tax assets prior to expiration.

In addition, the Company recognized a tax benefit of approximately $144 million upon reclassification of the Digital Education segment to discontinued operations in (Loss) income from discontinued operations, net of tax, in the Statement of Operations for the nine months ended March 31, 2016. In addition, a tax benefit of $30 million related to operations for the period of the Digital Education segment was reclassified to discontinued operations in (Loss) income from discontinued operations, net of tax, in the Statement of Operations for the nine months ended March 31, 2016.

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.

The Company paid gross income taxes of $89 million and $78 million during the nine months ended March 31, 2017 and 2016, respectively, and received income tax refunds of $1 million and $1 million, respectively.

NOTE 13. 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,

Segment EBITDA is defined as revenues less operating expenses, selling, general and administrative expenses and the NAM Group settlement charge. Segment EBITDA does not include: depreciation and amortization, impairment and restructuring charges, equity (losses) earnings 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 Income (loss) from continuing operations.

	For the three months ended March 31,		For the nine months ended March 31,
	2017	2016	

Other Current Assets

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

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Inventory[a]	$228	$218
Amounts due from 21st Century Fox[b]	60	55
Prepayments and other current assets	298	240
Total Other current assets	$586	$513

(a) Inventory at March 31, 2017 and June 30, 2016 was primarily comprised of books, newsprint and programming rights.

(b) Relates to costs incurred in connection with the U.K. Newspaper Matters which will 66.5785mprised

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Other, net

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Gain on sale of REA Group's European business[a]	$ (13)	$ —	$107	$ —
Gain on iProperty transaction[b]	—	29	—	29
Write-down of marketable securities	—	—	(21)	—
Gain on sale of other businesses	—	—	11	—
Gain on sale of equity method investments	—	1	17	1
Other, net	—	3	13	2
Total Other, net	$ (13)	$ 33	$127	$ 32

(a) In December 2016, REA Group sold its European business for approximately $140 million (approximately €133 million) in cash, which resulted in a pre-tax gain of $120 million in the second quarter of fiscal 2017. The gain was partially offset in the third quarter of fiscal 2017 by $13 million related to the impact of foreign currency fluctuations on the receipt of the sales proceeds, which were received in February 2017, and certain other currency translation impacts. The sale allows REA Group to focus on its core businesses in Australia and Asia.

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

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 2017 and in the nine months ended March 31, 2016 that the Company believes are important in understanding its financial condition and results of operations or to disclose known trends.
- ***Results of Operations***—This section provides an analysis of the Company's results of operations for the three and nine months ended March 31, 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 have an impact on the comparability of the results being analyzed.
- ***Liquidity and Capital Resources***—This section provides an analysis of the Company's cash flows for the nine months ended March 31, 2017 and 2016 as well as a discussion of the Company's financial arrangements and outstanding commitments, both firm and contingent, that existed during fiscal 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*

a number of professional software and services products, including Top Producer® and ListHub™. The

The most significant operating expenses of the Cable Network Programming segment are the acquisition and production expenses related to programming and the expenses related to operating the technical facilities of the broadcast operations. The expenses associated with licensing programming rights are recognized during the applicable season or event, which can cause results at the Cable Network Programming segment to fluctuate based on the timing and mix of the Company's local and international sports programming. Other expenses include marketing and promotional expenses related to improving the market visibility and awareness of the channels and their programming. Additional expenses include salaries, employee benefits, rent and other routine overhead expenses.

Other

The Other segment primarily consists 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 was formed to identify new products and services across the Company's businesses to increase revenues and profitability and to target and assess potential acquisitions, investments and dispositions.

OTHER BUSINESS DEVELOPMENTS

In January 2017, REA Group acquired an approximately 15% interest in Elara Technologies Pte. Ltd., a leading online real estate services provider in India ("Elara"), for $50 million. Elara operates PropTiger.com, Makaan.com and the recently acquired Housing.com, and the investment further strengthens REA Group's presence in Asia. Following the completion of the investment and certain related transactions, including Elara's acquisition of Housing.com, News Corporation's pre-existing interest in Elara decreased to approximately 23%.

In December 2016, REA Group sold its European business for approximately $140 million (approximately €133 million) in cash, which resulted in a pre-tax gain of $120 million in the second quarter of fiscal 2017. The gain was partially offset in the third quarter of fiscal 2017 by $13 million related to the impact of foreign currency fluctuations on the receipt of the sales proceeds, which were received in February 2017, and certain other currency translation impacts. The sale allows REA Group to focus on its core businesses in Australia and Asia.

In December 2016, the Company acquired Australian Regional Media ("ARM") from APN News and Media Limited ("APN") for approximately $30 million. ARM operates a portfolio of regional print assets and websites and extends the reach of the Australian newspaper business to new customers in new geographic regions. ARM is a subsidiary of News Corp Australia, and its results are included within the News and Information Services segment.

In September 2016, the Company completed its acquisition of Wireless Group plc ("Wireless Group") for a purchase price of 315 pence per share in cash, or approximately £220 million (approximately $285 million) in the aggregate, plus $23 million of assumed debt which was repaid subsequent to closing. Wireless Group operates talkSPORT, the leadingRfN98(in)pre-tax gain of $olusc253(leadingradingradingaK($140)-257(Elara'slion))-253(share)om253(shar0

RESULTS OF OPERATIONS

Results of Operations—For the three and nine months ended March 31, 2017 versus the three and nine months ended March 31, 2016

The following table sets forth the Company's operating results for the three and nine months ended March 31, 2017 as compared to the three and nine months ended March 31, 2016.

	For the three months ended March 31,				For the nine months ended March 31,			
	2017	2016	Change	% Change	2017	2016	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Revenues:								
Advertising	$ 705	$ 671	$ 34	5 %	$ 2,123	$ 2,222	$ (99)	(4)%
Circulation and subscription	618	615	3	— %	1,834	1,875	(41)	(2)%
Consumer	359	343	16	5 %	1,183	1,164	19	2 %
Real estate	168	145	23	16 %	525	450	75	17 %
Other	128	117	11	9 %	394	355	39	11 %
Total Revenues	1,978	1,891	87	5 %	6,059	6,066	(7)	— %
Operating expenses	(1,101)	(1,084)	(17)	(2)%	(3,384)	(3,476)	92	3 %
Selling, general and administrative	(662)	(649)	(13)	(2)%	(2,005)	(1,987)	(18)	(1)%
NAM Group settlement charge	—	(280)	280	**	—	(280)	280	**
Depreciation and amortization	(109)	(126)	17	13 %	(349)	(370)	21	6 %
Impairment and restructuring charges	(33)	(24)	(9)	(38)%	(409)	(63)	(346)	**
Equity (losses) earnings of affiliates	(23)	2	(25)	**	(276)	25	(301)	**
Interest, net	8	11	(3)	(27)%	30	34	(4)	(12)%
Other, net	(13)	33	(46)	**	127	32	95	**
Income (loss) from continuing operations before income tax (expense) benefit	**45**	**(226)**	**271**	**	**(207)**	**(19)**	**(188)**	**
Income tax (expense) benefit	(45)	98	(143)	**	(12)	140	(152)	**
Income (loss) from continuing operations	**—**	**(128)**	**128**	**	**(219)**	**121**	**(340)**	**
(Loss) income from discontinued operations, net of tax	—	(2)	2	**	—	20	(20)	**
Net income (loss)	—	(130)	130	**	(219)	141	(360)	**
Less: Net income attributable to noncontrolling interests	(5)	(19)	14	74 %	(90)	(52)	(38)	(73)%
Net (loss) income attributable to News Corporation	**$ (5)**	**$ (149)**	**$ 144**	**97 %**	**$ (309)**	**$ 89**	**$(398)**	**

** not meaningful

Revenues—Revenues increased $87 million, or 5%, and decreased $7 million for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016.

The revenue increase for the three months ended March 31, 2017 was in large part due to an increase in revenues at the News and Information Services segment of $32 million, primarily due to higher revenues at News America Marketing of $32 million and the acquisitions of ARM and Wireless Group which contributed $30 million and $24 million in revenues, respectively, partially offset by lower print advertising revenues and the negative impact

primarily due to the acquisition of SKY NEWS and the positive impact of foreign currency fluctuations. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Revenue decrease of $21 million for the three months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. 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.

The revenue decrease for the nine months ended March 31, 2017 was primarily due to a decrease in revenues at the News and Information Services segment of $133 million, primarily resulting from weakness in the print advertising market across mastheads and the negative impact of foreign currency fluctuations, partially offset by higher revenues at News America Marketing of $38 million, the acquisitions of Wireless Group and ARM which contributed $51 million and $30 million in revenues, respectively, and higher Other revenues. The revenue decrease was also partially offset by revenue increases of $94 million at the Digital Real Estate Services segment, primarily as a result of growth at both REA Group and Move, $17 million at the Cable Network Programming segment, primarily due to the positive impact of foreign currency fluctuations and the acquisition of SKY NEWS, and $16 million at the Book Publishing segment, primarily due to strong sales across the business. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Revenue decrease of $110 million for the nine months ended March 31, 2017 as compared to the corresponding period of fiscal 2016.

Operating Expenses—Operating expenses increased $17 million, or 2%, and decreased $92 million, or 3%, for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016.

The increase in Operating expenses for the three months ended March 31, 2017 was mainly due to operating expense increases of $16 million at the Book Publishing segment, primarily related to higher sales in the period, and $12 million at the Cable Network Programming segment, primarily resulting from the acquisition of SKY NEWS and the negative impact of foreign currency fluctuations. These increases were partially offset by a decrease at the News and Information Services segment of $13 million, primarily as a result of lower newsprint, production, editorial and distribution costs, the impact of cost savings initiatives and the positive impact of foreign currency fluctuations, partially offset by higher costs of $30 million associated with the acquisitions of ARM and Wireless Group. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an Operating expense decrease of $8 million for the three months ended March 31, 2017 as compared to the corresponding period of fiscal 2016.

The decrease in Operating expenses for the nine months ended March 31, 2017 was mainly due to a decrease in operating expenses at the News and Information Services segment of $114 million, primarily as a result of a $58 million positive impact from foreign currency fluctuations, lower newsprint, production, editorial and distribution costs and the impact of cost savings initiatives, partially offset by higher costs of $46 million associated with the acquisitions of ARM and Wireless Group. The decrease was also offset by higher operating expenses of $14 million at the Cable Network Programming segment, primarily due to the negative impact of foreign currency fluctuations and the acquisition of SKY NEWS, and $13 million at the Digital Real Estate Services segment. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an Operating expense decrease of $44 million for the nine months ended March 31, 2017 as compared to the corresponding period of fiscal 2016.

Selling, general and administrative expenses—Selling, general and administrative expenses increased $13 million, or 2%, and $18 million, or 1%, for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016.

The increase in Selling, general and administrative expenses for the three months ended March 31, 2017 was due primarily to an increase at the News and Information Services segment of $15 million, resulting in large part

from higher costs of $21 million associated with the acquisitions of ARM and Wireless Group, partially offset by an adjustment to the deferred consideration accrual related to the acquisition of Unruly of $12 million and the positive impact of foreign currency fluctuations. The increase in Selling, general and administrative expenses was also attributable to a one-time corporate charge of $11 million associated with a change in the Company's executive management in February 2017. These increases were partially offset by lower costs at the Digital Real Estate Services segment, mainly due to lower legal costs at Move of $13 million. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Selling, general and administrative expense decrease of $13 million for the three months ended March 31, 2017 as compared to the corresponding period of fiscal 2016.

The increase in Selling, general and administrative expenses for the nine months ended March 31, 2017 was mainly due to an increase at the Digital Real Estate Services segment of $13 million, primarily related to higher costs at REA Group and Move associated with revenue growth, higher marketing costs and the acquisition of iProperty, partially offset by lower legal costs at Move of $21 million. The increase was also attributable to a one-time corporate charge of $11 million associated with a change in the Company's executive management in February 2017. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Selling, general and administrative expense decrease of $64 million for the nine months ended March 31, 2017 as compared to the corresponding period of fiscal 2016.

NAM Group settlement charge—During the three and nine months ended March 31, 2016, the Company recognized one-time costs of approximately $280 million in connection with the settlement of certain litigation and related claims at News America Marketing (the "NAM Group settlement charge). (See Note 10—Commitments and Contingencies in the accompanying Consolidated Financial Statements).

Depreciation and amortization—Depreciation and amortization expense decreased $17 million, or 13% and $21 million, or 6% for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016 due primarily to the write down of fixed assets at the Australian newspapers in the second quarter of fiscal 2017 and the positive impact of foreign currency fluctuations. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a Depreciation and amortization expense decrease of $2 million and $7 million for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016.

Impairment and restructuring charges—During the three and nine months ended March 31, 2017, the Company recorded restructuring charges of $21 million and $88 million, respectively, of which $19 million and $85 million, respectively, related to the News and Information Services segment. The restructuring charges recorded in the three and nine months ended March 31, 2017 were for employee termination benefits.

In connection with a reorganization at Dow Jones, the Company has incurred $28 million of restructuring expense through the nine months ended March 31, 2017 which are included in the restructuring charges discussed above. The Company expects to incur approximately $5 million to $15 million in restructuring charges during the remainder of fiscal 2017. The reorganization is expected to reduce the Company's costs by approximately $100 million on an annualized basis by the end of fiscal 2018.

During the three and nine months ended March 31, 2016, the Company recorded restructuring charges of $24 million and $63 million, respectively, of which $24 million and $56 million, respectively, related to the News and Information Services segment. The restructuring charges recorded in the three and nine months ended March 31, 2016 were primarily for employee termination benefits.

During the second quarter of fiscal 2017, the Company recognized a non-cash impairment charge of approximately $310 million primarily related to the write-down of fixed assets at the Australian newspapers. The write-down was a result of the impact of adverse trends on the future expected performance of the Australian newspapers, where revenue declines from continued weakness in the print advertising market accelerated during the second quarter. The write-down was comprised of approximately $149 million related to printing presses and

print related equipment, $77 million related to facilities, $66 million related to capitalized software and $18 million related to tradenames. Significant unobservable inputs utilized in the income approach valuation method were a discount rate of 11.5% and no long-term growth.

The Company continually evaluates whether current factors or indicators require the performance of an interim impairment assessment of goodwill, long-lived assets and investments. The valuation of goodwill and long-lived assets requires assumptions and estimates of many factors, including revenue and market growth, operating cash flows, market multiples and discount rates. In the quarter ended December 31, 2016, the Company revised its

** not meaningful

(a) During the second quarter of fiscal 2017, the Company recognized a $227 million non-cash write-down of

For the nine months ended March 31, 2017, the Company recorded a tax charge of $12 million on a pre-tax loss of $207 million resulting in an effective tax rate that was lower than the U.S. statutory tax rate. The lower tax rate was primarily due to a lower net tax benefit of $121 million on the non-cash write-down of assets and investments in Australia and valuation allowances being recorded against tax benefits in certain foreign jurisdictions with operating losses, offset by lower taxes on the sale of REA Group's European business.

Management assesses available evidence to determine whether sufficient future taxable income will be generated

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 Income (loss) from continuing operations:

	For the three months ended March 31,				For the nine months ended March 31,			
	2017	2016	Change	% Change	2017	2016	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Revenues	$ 1,978	$ 1,891	$ 87	5 %	$ 6,059	$ 6,066	$ (7)	– %
Operating expenses	(1,101)	(1,084)	(17)	(2)%	(3,384)	(3,476)	92	3 %
Selling, general and administrative	(662)	(649)	(13)	(2)%	(2,005)	(1,987)	(18)	(1)%
NAM Group settlement charge	—	(280)	280	**	—	(280)	280	**
Total Segment EBITDA	215	(122)	337	**	670	323	347	**
Depreciation and amortization	(109)	(126)	17	13 %	(349)	(370)	21	6 %
Impairment and restructuring charges	(33)	(24)	(9)	(38)%	(409)	(63)	(346)	**
Equity (losses) earnings of affiliates	(23)	2	(25)	**	(276)	25	(301)	**
Interest, net	8	11	(3)	(27)%	30	34	(4)	(12)%
Other, net	(13)	33	(46)	**	127	32	95	**
Income (loss) from continuing operations before income tax (expense) benefit	45	(226)	271	**	(207)	(19)	(188)	**
Income tax (expense) benefit	(45)	98	(143)	**	(12)	140	(152)	**
Income (loss) income from continuing operations	$ —	$ (128)	$ 128	**	$ (219)	$ 121	$(340)	**

** not meaningful

(in millions)	For the three months ended March 31, 2017 Revenues	2017 Segment EBITDA	2016 Revenues	2016 Segment EBITDA
News and Information Services	$1,263	$123	$1,231	$(187)
Book Publishing	374	37	358	36
Digital Real Estate Services	219	75	194	39
Cable Network Programming	122	34	107	34
Other	—	(54)	1	(44)
Total	$1,978	$215	$1,891	$(122)

(in millions)	For the nine months ended March 31, 2017 Revenues	2017 Segment EBITDA	2016 Revenues	2016 Segment EBITDA
News and Information Services	$3,788	$ 311	$3,921	$ 54
Book Publishing	1,229	160	1,213	135
Digital Real Estate Services	687	237	593	169
Cable Network Programming	354	99	337	101
Other	1	(137)	2	(136)
Total	$6,059	$ 60l73a]TJ......8$(122)		

Segment EBITDA at the News and Information Services segment increased $310 million for the three months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. The increase was primarily due to the absence of the $280 million NAM Group settlement charge in the prior year quarter, a $15 million impact from the higher revenues for News America Marketing discussed above and the $12 million impact of an adjustment to the deferred consideration accrual related to the acquisition of Unruly. The lower print advertising revenues discussed above were partially offset by lower newsprint, production, editorial and distribution costs and the impact of cost savings initiatives.

Revenues at the News and Information Services segment decreased $133 million, or 3%, for the nine months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. The revenue decrease was mainly due to lower advertising revenues of $116 million as compared to the corresponding period of fiscal 2016, primarily resulting from weakness in the print advertising market across territories, a $20 million negative impact from foreign currency fluctuations and lower advertising revenues of $10 million from the *Perth Sunday Times* which was sold in November 2016. These decreases were partially offset by the acquisitions of Wireless Group and ARM, which contributed $43 million and $20 million of advertising revenues, respectively, and $32 million of higher advertising revenues at News America Marketing. Circulation and subscription revenues for the nine months ended March 31, 2017 decreased $47 million as compared to the corresponding period of fiscal 2016, primarily as a result of the $70 million negative impact of foreign currency fluctuations, which more than offset higher circulation and subscription revenues at Dow Jones. Other revenues for the nine months ended March 31, 2017 increased $30 million, primarily due to higher brand partnership revenues in the U.K. of $13 million, $12 million in Australia primarily due to higher third-party printing revenues and the acquisitions of Unruly and Wireless Group, which contributed $11 million and $8 million, respectively, to the increase. These increases were offset by the $22 million negative impact of foreign currency fluctuations.

Segment EBITDA at the News and Information Services segment increased $257 million for the nine months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. The increase was primarily due to the absence of the $280 million NAM Group settlement charge in the prior year quarter, a $20 million impact of higher revenues for News America Marketing discussed above and the $12 million impact of an adjustment to the deferred consideration accrual related to the acquisition of Unruly. These factors were partially offset by higher investment spending at Checkout 51 of $20 million and lower contributions from News Corp Australia, Dow Jones and News UK of $33 million, $17 million and $6 million, respectively, due to the impact of lower advertising revenues as discussed above, partially offset by lower newsprint, production, editorial and distribution costs and the impact of cost savings initiatives.

News Corp Australia

Revenues at the Australian newspapers for the three months ended March 31, 2017 increased $21 million, or 7%, as compared to the corresponding period of fiscal 2016. The impact of foreign currency fluctuations of the U.S. dollar against the Australian dollar resulted in a revenue increase of $16 million, or 5%. Advertising revenues increased $8 million, primarily due to the acquisition of ARM, which contributed $20 million, and the $9 million positive impact of foreign currency fluctuations, partially offset by the $18 million impact of weakness in the print advertising market in Australia and the absence of $5 million of advertising revenues from the *Perth Sunday Times*, which was sold in November 2016. Circulation and subscription revenues increased $7 million, primarily due to the acquisition of ARM, which contributed $6 million, and the $5 million positive impact of foreign currency fluctuations, as price increases and digital subscriber growth largely offset print volume declines.

Revenues at the Australian newspapers for the nine months ended March 31, 2017 were relatively flat as compared to the corresponding period of fiscal 2016, with the impact of foreign currency fluctuations of the U.S. dollar against the Australian dollar resulting in a revenue increase of $41 million, or 4%. Advertising revenues declined $30 million, primarily as a result of the $72 million impact of weakness in the print advertising market and lower advertising revenues of $10 million from the *Perth Sunday Times*, which was sold in November 2016,

partially offset by the $24 million positive impact of foreign currency fluctuations and the acquisition of ARM, which contributed $20 million to advertising revenues. Circulation and subscription revenues increased $13 million due to the positive impact of foreign currency fluctuations, as price increases and digital subscriber growth were offset by print volume declines. Other revenues increased $16 million, primarily due to higher third-party printing revenues.

News UK

For the three months ended March 31, 2017 revenues at the U.K. newspapers decreased $33 million, or 12%, as compared to the corresponding period of fiscal 2016. The impact of foreign currency fluctuations of the U.S. dollar against the British pound resulted in a revenue decrease of $40 million, or 14%, for the three months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. Circulation and subscription revenues decreased $16 million, primarily due to the $22 million negative impact of foreign currency fluctuations, as the $5 million impact of single-copy volume declines at *The Sun* was offset by the $7 million impact of cover price increases. Advertising revenues decreased $15 million, primarily due to the $11 million negative impact of foreign currency fluctuations and weakness in the print advertising market.

For the nine months ended March 31, 2017, revenues at the U.K. newspapers decreased $167 million, or 18%, as compared to the corresponding period of fiscal 2016. The impact of foreign currency fluctuations of the U.S. dollar against the British pound resulted in a revenue decrease of $147 million, or 16%, for the nine months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. Advertising revenues decreased $80 million, primarily due to the $44 million negative impact of foreign currency fluctuations and weakness in the print advertising market, partially offset by $6 million in digital advertising growth. Circulation and subscription revenues decreased $75 million due to the $79 million negative impact of foreign currency fluctuations, as the $24 million impact of single-copy volume declines, primarily at *The Sun,* was offset by the $28 million impact of cover price increases. Other revenues decreased $12 million due to the $24 million negative impact of foreign currency fluctuations, partially offset by higher brand partnership revenues.

Dow Jones

Revenues at Dow Jones decreased $7 million, or 2%, for the three months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. Advertising revenues decreased $14 million, primarily due to weakness in the print advertising market. Circulation and subscription revenues increased $6 million, primarily as a result of a $10 million increase in circulation revenues at *The Wall Street Journal* due to price increases and higher subscription volume. Professional information business revenues were relatively flat as compared to the corresponding period of fiscal 2016.

Revenues at Dow Jones decreased $61 million, or 5%, for the nine months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. Advertising revenues decreased $78 million, primarily due to weakness in the print advertising market. Circulation and subscription revenues increased $15 million, primarily due to the $25 million impact of price increases and volume growth at *The Wall Street Journal*, as professional information business revenues were relatively flat.

News America Marketing

Revenues at News America Marketing increased $32 million, or 13%, and $38 million, or 5%, for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016. The increase was primarily due to an increase in domestic in-store product revenues of $34 million and $55 million, respectively, primarily due to higher customer spend and to a lesser extent timing which accounted for approximately $15 million of the increase in both periods, partially offset by lower revenues for domestic free-standing insert products of $11 million and $46 million, respectively.

Digital Real Estate Services (11% and 10% of the Company's consolidated revenues in the nine months ended March 31, 2017 and 2016, respectively)

(in millions, except %)	For the three months ended March 31,				For the nine months ended March 31,			
	2017	**2016**	**Change**	**% Change**	**2017**	**2016**	**Change**	**% Change**
			Better/(Worse)				**Better/(Worse)**	
Revenues:								
Advertising	$ 36	$ 32	$ 4	13 %	$ 107	$ 95	$ 12	13 %
Circulation and subscription	13	16	(3)	(19)%	44	47	(3)	(6)%
Real estate	168	145	23	16 %	525	450	75	17 %
Other	2	1	1	**	11	1	10	**
Total Revenues	**219**	**194**	**25**	**13 %**	**687**	**593**	**94**	**16 %**
Operating expenses	(27)	(25)	(2)	(8)%	(85)	(72)	(13)	(18)%
Selling, general and administrative	(117)	(130)	13	10 %	(365)	(352)	(13)	(4)%
Segment EBITDA	**$ 75**	**$ 39**	**$36**	**92 %**	**$ 237**	**$ 169**	**$ 68**	**40 %**

** not meaningful

Revenues at the Digital Real Estate Services segment increased $25 million, or 13%, for the three months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. At REA Group, revenues increased $11 million, or 10%, primarily due to a $12 million increase in Australian residential depth revenue resulting from a favorable product mix and pricing increases, as well as the $6 million positive impact of foreign currency fluctuations, partially offset by the absence of $9 million of revenues from the European business, which was sold in December 2016. Revenues at Move increased $13 million, or 15%, primarily due to a $12 million increase in Connections℠ for Buyers product revenues and a $5 million increase in non-listing media revenues, partially offset by the absence of $4 million of revenues from TigerLead®, which was sold in November 2016.

Segment EBITDA at the Digital Real Estate Services segment increased $36 million, or 92%, for the three months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. REA Group and Move contributed $15 million and $22 million to the increase in Segment EBITDA, respectively, primarily due to the higher revenues noted above, $13 million of lower legal costs at Move, the absence of $7 million in one-time transaction costs which did not recur in the current year period associated with the acquisition of iProperty and the $3 million positive impact of foreign currency fluctuations at REA Group, partially offset by $7 million of increased costs at REA Group and Move associated with higher revenues and $6 million related to increased marketing costs.

Revenues at the Digital Real Estate Services segment increased $94 million, or 16%, for the nine months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. At REA Group, revenues increased $57 million, or 17%, primarily due to a $30 million increase in Australian residential depth revenue and the $17 million positive impact of foreign currency fluctuations. Revenues at Move increased $27 million, or 10%, primarily due to a $23 million increase in Connections℠ for Buyers product revenues and an $11 million increase in non-listing media revenues, partially offset by the $8 million impact of lower revenues from TigerLead®, which was sold in November 2016. The acquisition of DIAKRIT also contributed $10 million to the revenue increase for the nine months ended March 31, 2017.

Segment EBITDA at the Digital Real Estate Services segment increased $68 million, or 40%, for the nine months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. REA Group and Move contributed $34 million and $36 million to the increase in Segment EBITDA, respectively, primarily due to the higher revenues noted above, $21 million of lower legal costs at Move, the $10 million positive impact of foreign currency fluctuations at REA Group and the absence of $7 million in one-time transaction costs which did not recur in the current year period associated with the acquisition of iProperty, partially offset by $19 million of increased costs at

Cable Network Programming (6% and 5% of the Company's consolidated revenues in the nine months ended March 31, 2017 and 2016, respectively)

	For the three months ended March 31,				For the nine months ended March 31,			
	2017	**2016**	**Change**	**% Change**	**2017**	**2016**	**Change**	**% Change**
(in millions, except %)			**Better/(Worse)**				**Better/(Worse)**	
Revenues:								
Advertising	$ 17	$ 14	$ 3	21 %	$ 58	$ 52	$ 6	12 %
Circulation and subscription	102	92	10	11 %	291	282	9	3 %
Other	3	1	2	**	5	3	2	67 %
Total Revenues	**122**	**107**	**15**	**14 %**	**354**	**337**	**17**	**5 %**
Operating expenses	(80)	(68)	(12)	(18)%	(234)	(220)	(14)	(6)%
Selling, general and administrative	(8)	(5)	(3)	(60)%	(21)	(16)	(5)	(31)%
Segment EBITDA	**$ 34**	**$ 34**	**$ —**	**— %**	**$ 99**	**$ 101**	**$ (2)**	**(2)%**

** not meaningful

For the three months ended March 31, 2017, revenues at the Cable Network Programming segment increased $15 million, or 14%, and Segment EBITDA was flat compared to the corresponding period of fiscal 2016. The revenue increase was primarily due to the acquisition of SKY NEWS, which contributed $9 million of revenue in the period, and the $5 million positive impact of foreign currency fluctuations.

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

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 provided by continuing operating activities to free cash flow available to News Corporation:

	For the nine months ended March 31,	
	2017	**2016**
	(in millions)	
Net cash provided by continuing operating activities	$ 224	$ 589
Less: Capital expenditures	(168)	(180)
	56	409
Less: REA Group free cash flow	(128)	(92)
Plus: Cash dividends received from REA Group	53	45
Free cash flow available to News Corporation	$ (19)	$ 362

Free cash flow available to News Corporation decreased $381 million in the nine months ended March 31, 2017 to ($19) million from $362 million in the corresponding period of fiscal 2016, primarily due to lower cash provided by operating activities as discussed above and higher REA Group free cash flow, partially offset by lower capital expenditures.

Revolving Credit Agreement

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 March 31, 2017, the Company was in compliance with all of the applicable debt covenants.

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

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, 2016:

	U.S. Dollars	Australian Dollars	British Pound Sterling
Fiscal year ended June 30, 2016			
Revenues	47%	28%	20%
Operating and Selling, general, and administrative expenses	48%	24%	21%

Based on the year ended June 30, 2016, 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 $11 million, respectively, for each currency on an annual basis, and would have impacted Total Segment EBITDA by approximately $7 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 $100 million as of March 31, 2017. A hypothetical decrease in the market price of these investments of 10% would result in a decrease in comprehensive income (loss) of approximately $10 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 March 31, 2017 or June 30, 2016 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 March 31, 2017 and June 30, 2016, 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

PART II

ITEM 1. LEGAL PROCEEDINGS

The following information supplements the discussion set forth under "Legal Proceedings" in the Company's 2016 Form 10-K.

Valassis Communications, Inc.

As reported in the 2016 Form 10-K, Valassis Communications, Inc. ("Valassis") initiated two separate legal proceedings against certain of the Company's subsidiaries on November 8, 2013. In the first proceeding ("Valassis I"), Valassis filed a motion for expedited discovery in a previously settled case involving NAI, NAM FSI and NAM In-Store Services 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 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, it recommended that the Notice in 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, and the parties are awaiting the District Court's order of dismissal. However, Valassis filed a motion with the District Court asserting that the referral of Valassis II to the Antitrust

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.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

(a) Exhibits.

10.1	Separation Agreement and General Release, dated February 24, 2017, by and between Bedi Ajay Singh and News Corporation.*
10.2	Consulting Agreement, dated February 24, 2017, by and between Bedi Ajay Singh and News Corporation.*
10.3	Employment Agreement, dated February 23, 2017, between News Corporation and Susan Panuccio.*
31.1	Chief Executive Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
31.2	Chief Financial Officer Certification required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended.*
32.1	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.**
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 formatted in eXtensible Business Reporting Language: (i) Consolidated Statements of Operations for the three and nine months ended March 31, 2017 and 2016 (unaudited); (ii) Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended March 31, 2017 and 2016 (unaudited); (iii) Consolidated Balance Sheets at March 31, 2017 (unaudited) and June 30, 2016 (audited); (iv) Consolidated Statements of Cash Flows for the nine months ended March 31, 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.

Exhibit 10.1

SEPARATION AGREEMENT AND GENERAL RELEASE

A A A A A A (A) 24, 2017 B A (,) ( ).

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1. : 1, 2017 ( ). , , . , , , , . A , . , A , ., 9, 2016 (A) .

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( ) 30, 2019, ($1,300,000) , , ;

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… A. This Section 3(d), however, will not apply to any claim you may bring to enforce your rights under the ADEA.

( ) A … A …

( ) A … It does not apply to any claim that may arise under the ADEA after the date that you sign this Agreement.

( ) … 1542 …:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

4. … 21 … A … A … 21 … A … 21 … A … A.

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22. A : B A ,

I, Bedi Ajay Singh, acknowledge that I have carefully read and considered this Agreement; that I have been given the opportunity to review this Agreement with legal or other advisors of my choice; that I understand that by signing this Agreement I RELEASE legal claims and WAIVE certain rights; and that I freely and voluntarily consent to all terms of this Agreement with full understanding of what they mean. I further acknowledge and agree that I am signing this Agreement based solely on the statements contained herein and not in reliance on any statements made to me that are not set forth in this Agreement.

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Exhibit 10.2

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APPENDIX A

CONSULTING SERVICES

Exhibit 10.3

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (A), 23, 2017 1, 2017 ( ), , ( ), 1211 A A , ,

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Exhibit 31.1

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

Exhibit 31.2

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

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Exhibit 32.1

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 March 31, 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.

May 10, 2017

By: /s/ Robert J. Thomson
Robert J. Thomson
Chief Executive Officer and Director

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