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 December 31, 2015

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.)**

NEWS CORPORATION

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

	Notes	For the three months ended December 31, 2015	For the three months ended December 31, 2014	For the six months ended December 31, 2015	For the six months ended December 31, 2014
Revenues:					
Advertising		$ 976	$ 1,038	$ 1,856	$ 1,958
Circulation and Subscription		621	644	1,260	1,316
Consumer		429	448	821	838
Other		135	128	238	254
Total Revenues		2,161	2,258	4,175	4,366
Operating expenses		(1,193)	(1,251)	(2,392)	(2,533)
Selling, general and administrative		(688)	(655)	(1,338)	(1,287)
Depreciation and amortization		(123)	(127)	(244)	(251)
Impairment and restructuring charges	4	(22)	(17)	(39)	(21)
Equity earnings of affiliates	5	15	16	23	41
Interest, net		11	13	23	30
Other, net	14	(6)	10	(1)	58
Income from continuing operations before income tax (expense) benefit		155	247	207	403
Income tax (expense) benefit	12	(49)	(65)	42	(112)
Income from continuing operations		106	182	249	291
(Loss) income from discontinued operations, net of tax	3	(24)	(19)	22	(40)
Net income		82	163	271	251
Less: Net income attributable to noncontrolling interests		(19)	(20)	(33)	(43)
Net income attributable to News Corporation stockholders		$ 63	$ 143	$ 238	$ 208
Basic and diluted earnings (loss) per share:					
Income from continuing operations available to News Corporation stockholders per share		$ 0.15	$ 0.27	$ 0.37	$ 0.43
(Loss) income from discontinued operations available to News Corporation stockholders per share		(0.04)	(0.03)	0.04	(0.07)
Net income available to News Corporation stockholders per share		$ 0.11	$ 0.24	$ 0.41	$ 0.36

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

NEWS CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited; millions)

For the three months ended December 31,

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

	Notes	As of December 31, 2015	As of June 30, 2015
		(unaudited)	(audited)
Assets:			
Current assets:			
Cash and cash equivalents		$ 1,883	$ 1,951
Amounts due from 21st Century Fox		60	63
Receivables, net	14	1,349	1,283
Other current assets	14	503	717
Total current assets		3,795	4,014
Non-current assets:			
Investments	5	2,288	2,379
Property, plant and equipment, net		2,554	2,690
Intangible assets, net		2,164	2,203
Goodwill		3,090	3,063
Other non-current assets	14	984	686
Total assets		$14,875	$15,035
Liabilities and Equity:			
Current liabilities:			
Accounts payable		$ 248	$ 238
Accrued expenses		1,108	1,125
Deferred revenue		337	346
Other current liabilities	14	403	401
Total current liabilities		2,096	2,110
Non-current liabilities:			
Retirement benefit obligations	11	291	305
Deferred income taxes		145	166
Other non-current liabilities		344	318
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		12,441	12,433
Retained earnings		268	88
Accumulated other comprehensive loss		(923)	(582)
Total News Corporation stockholders' equity		11,792	11,945
Noncontrolling interests		187	171
Total equity	7	11,979	12,116
Total liabilities and equity		$14,875	$15,035

(a) **Class A common stock,** $0.01 par value per share ("Class A Common Stock"), 1,500,000,000 shares authorized, 381,625,223 and 381,914,964 shares issued and outstanding, net of 27,368,413 treasury shares at par, at December 31, 2015 and June 30, 2015, 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 December 31, 2015 and June 30, 2015, respectively.

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; millions)

	Notes	For the six months ended December 31, 2015	2014
Operating activities:			
Net income		$ 271	$ 251
Less: Income (loss) from discontinued operations, net of tax		22	(40)
Income from continuing operations:		249	291
Adjustments to reconcile income from continuing operations to cash provided by operating activities:			
Depreciation and amortization		244	251
Equity earnings of affiliates	5	(23)	(41)
Cash distributions received from affiliates		30	68
Other, net	14	1	(58)

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

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

During the first quarter of fiscal 2016, management approved a plan to dispose of the Company's digital education business. As a result of the plan and the discontinuation of further significant business activities in the Digital Education segment, the assets and liabilities of this segment were classified as held for sale and the results of operations have been classified as discontinued operations for all periods presented. Unless indicated otherwise, the information in the notes to the unaudited Consolidated Financial Statements relates to the Company's continuing operations. (See Note 3—Discontinued Operations).

Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company, which are referred to herein as the "Financial Statements," have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting only of normal recurring adjustments necessary for a fair presentation have been reflected in these Financial Statements. Operating results for the interim period presented are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2016. The preparation of the Company's Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the Financial Statements and accompanying disclosures. Actual results could differ from those estimates.

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

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

The accompanying Financial Statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2015 as filed with the Securities and Exchange Commission ("SEC") on August 13, 2015 (the "2015 Form 10-K").

Certain reclassifications have been made to the prior period financial statements to conform to the current year presentation. The financial results of the Digital Education segment have been recorded as discontinued operations for all periods presented (See Note 3—Discontinued Operations).

The Company's fiscal year ends on the Sunday closest to June 30. Fiscal 2016 and fiscal 2015 include 53 and 52 weeks, respectively. All references to the three months ended December 31, 2015 and 2014 relate to the

three months ended December 27, 2015 and December 28, 2014, respectively. For convenience purposes, the Company continues to date its financial statements as of December 31.

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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. ASU 2014-09 will require companies to use more judgment and make more estimates, such as identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation, when determining the amount of revenue to recognize. On July 9, 2015, the FASB approved a one-year deferral of ASU 2014-09. ASU 2014-09 is effective for the Company for annual and interim periods beginning July 1, 2018. Once effective, ASU 2014-09 can be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initial adoption recognized at the date of initial application. The Company is currently evaluating the method of adoption to be utilized as well as the impact ASU 2014-09 will have on its Financial Statements.

In June 2014, the FASB issued ASU 2014-12, "Compensation—Stock Compensation (Topic 718)" ("ASU 2014-12"). ASU 2014-12 clarifies guidance and eliminates diversity in practice on how to account for share-based payments in which the terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period. That is, the employee would be eligible to vest in the award regardless of whether the employee is rendering service on the date the performance target is achieved. ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for the Company for annual and interim periods beginning July 1, 2016, however, early adoption is permitted. The Company does not expect the adoption of ASU 2014-12 to have a significant impact on its Financial Statements.

In April 2015, the FASB issued ASU 2015-04, "Compensation—Retirement Benefits (Topic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets" ("ASU 2015-04"). ASU 2015-04 allows reporting entities with fiscal year-ends that do not coincide with a month-end to measure defined benefit plan assets and obligations using the month-end that is closest to the entity's fiscal year-end and apply this practical expedient consistently from year to year. The practical expedient should be applied consistently to all plans if an entity has more than one plan. ASU 2015-04 is effective for public business entities for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. ASU 2015-04 should be applied prospectively. The Company does not expect the adoption of ASU 2015-04 to have a significant impact on its Financial Statements.

In April 2015, the FASB issued ASU 2015-05, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement" ("ASU 2015-05"). ASU 2015-05 clarifies guidance about whether a customer's cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance will not change GAAP for customer's accounting for service contracts. In addition, the guidance in this update supersedes paragraph 350-40-25-16. Consequently, all software

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life of 6 years and $67 million has been allocated to goodwill. The values assigned to the acquired assets and liabilities are based on estimates of fair value available as of the date of this filing and will 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. Unruly is a leading global video distribution platform that is focused on delivering branded video advertising across websites and mobile devices. Unruly's results of operations are included within the Company's News and Information Services segment, and it is considered a separate reporting unit for purposes of the Company's annual goodwill impairment review.

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Harlequin Enterprises Limited

In August 2014, the Company acquired Harlequin Enterprises Limited ("Harlequin") from Torstar Corporation for $414 million in cash, net of $19 million of cash acquired. Harlequin is a leading publisher of women's fiction and extends HarperCollins' global platform, particularly in Europe and Asia Pacific. Harlequin is a subsidiary of HarperCollins, and its results are included within the Book Publishing segment. As a result of the acquisition, the Company recorded net tangible assets of approximately $115 million, primarily consisting of accounts receivable, accounts payable, author advances, property, plant and equipment and inventory, at their estimated fair values at the date of acquisition. In addition, the Company recorded approximately $165 million of intangible assets, comprised of approximately $105 million of imprints which have an indefinite life and $60 million related to finite lived intangible assets with a weighted average life of approximately 5 years, and recorded an associated deferred tax liability of approximately $35 million. In accordance with ASC 350, the excess of the purchase price over the fair values of the net tangible and intangible assets of approximately $185 million was recorded as goodwill on the transaction.

Move, Inc.

In November 2014, the Company acquired all of the outstanding shares of Move, Inc. ("Move"), which was a publicly traded company, for $21.00 per share in cash. Move is a leading provider of online real estate services, and the acquisition expanded the Company's digital real estate services business into the U.S., one of the largest real estate markets. Move primarily operates realtor.com®, a premier real estate information and services marketplace. Move also offers a number of professional software and services products, including Top Producer®, TigerLead® and ListHub™. Move's results of operations are included within the Digital Real Estate Services segment, and it is considered a separate reporting unit for purposes of the Company's annual goodwill impairment review.

The aggregate cash payment at closing to acquire the outstanding shares of Move was approximately $864 million, which was funded with cash on hand. The Company also assumed outstanding Move equity-based

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Changes in restructuring program liabilities were as follows:

	For the three months ended December 31,							
	2015				2014			
	One time employee termination benefits	Facility related costs	Other costs	Total	One time employee termination benefits	Facility related costs	Other costs	Total
	(in millions)							
Balance, beginning of period	$ 34	$ 5	$ 6	$ 45	$14	$ 6	$ —	$20
Additions	21	1	—	22	10	—	7	17
Payments	(28)	—	—	(28)	(5)	—	—	(5)
Other	—	—	—	—	(2)	—	(1)	(3)
Balance, end of period	$ 27	$ 6	$ 6	$ 39	$17	$ 6	$ 6	$29

	For the six months ended December 31,							
	2015				2014			
	One time employee termination benefits	Facility related costs	Other costs	Total	One time employee termination benefits	Facility related costs	Other costs	Total
	(in millions)							
Balance, beginning of period	$ 47	$ 5	$ 6	$ 58	$ 21	$ 7	$ —	$ 28
Additions	38	1	—	39	14	—	7 —	7 — O t h e r

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volumes, the public launch of Triple Play and continued investment in Presto, partially offset by lower depreciation expense resulting from Foxtel's reassessment of the useful lives of cable and satellite installations due to lower subscriber churn. Net income decreased as a result of the lower operating income noted above, partially offset by lower income tax expense.

NOTE 6. CREDIT FACILITY

The Company's Credit Agreement (as amended, the "Credit Agreement") provides for an unsecured $650 million revolving credit facility (the "Facility") that can be used for general corporate purposes. The Facility has a sublimit of $100 million available for issuances of letters of credit. Under the Credit Agreement, the Company may request increases in the amount of the Facility up to a maximum amount of $900 million. Subject to certain conditions stated in the Credit Agreement, the Company may borrow, prepay and reborrow amounts under the Facility during the term of the Credit Agreement.

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, amounts under the Credit Agreement are now due on October 23, 2020, unless the commitments are terminated earlier either at the request of the Company or, if an event of default occurs, by the designated agent at the request or with the consent of the lenders (or automatically in the case of certain bankruptcy-related events). 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 certain customary affirmative and negative covenants and events of default, with customary exceptions, including limitations on the ability of the Company and the Company's 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 taken as a whole. 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 December 31, 2015,

NOTE 7. EQUITY

The following table summarizes changes in equity:

	For the six months ended December 31,			
	2015			2014
	News Corporation stockholders	Noncontrolling Interests	Total Equity	

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, 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.

In connection with the acquisition of Move, the Company assumed Move’s equity incentive plans and substantially all of the awards outstanding under such plans. The stock options, RSUs and restricted stock awards that were assumed continue to have the same terms and conditions that applied to those awards immediately prior to the acquisition, except that such assumed awards were converted into awards with the right to be settled in, or by reference to, the Company’s Class A Common Stock in accordance with the acquisition agreement, using a formula designed to preserve the value of the awards based on the price per share paid in the acquisition. The Company assumed and converted approximately 4.3 million stock options and approximately 2.5 million RSUs and restricted stock awards in connection with the transaction. During the three and six months ended December 31, 2015, approximately 0.1 million and 0.3 million of the assumed options were exercised, respectively. Approximately 0.1 million of the assumed RSUs and restricted stock awards vested during the three and six months ended December 31, 2015.

The Company recognized $14 million and $31 million of equity-based compensation expense for the three and six months ended December 31, 2015, respectively, and $9 million and $21 million for the corresponding periods of fiscal 2015, respectively.

Performance Stock Units

Fiscal 2016

During the three and six months ended December 31, 2015, the Company granted 0.3 million and 4.0 million PSUs, respectively, at target, of which 0.3 million and 2.9 million, respectively, will be settled in Class A Common Stock with the remaining, having been granted to executive directors and to employees in certain foreign locations, being settled in cash. Cash settled awards are marked-to-market each reporting period.

During the six months ended December 31, 2015, approximately 1.2 million PSUs vested, of which approximately 1.0 million were settled in shares of Class A Common Stock before statutory tax withholdings. The remaining 0.2 million PSUs settled during the six months ended December 31, 2015 were settled in cash for approximately $3.3 million before statutory tax withholdings.

Fiscal 2015

During the six months ended December 31, 2014, the Company granted 3.1 million PSUs at target, of which 2.0 million will be settled in Class A Common Stock with the remaining, having been granted to executive directors and to employees in certain foreign locations, being settled in cash. Cash settled awards are marked-to-market each reporting period.

During the six months ended December 31, 2014, approximately 2.0 million PSUs vested, of which approximately 1.5 million were settled in shares of Class A Common Stock before statutory tax withholdings. The remaining 0.5 million PSUs settled during the six months ended December 31, 2014 were settled in cash for approximately $8.2 million before statutory tax withholdings.

Restricted Stock Units

Fiscal 2016

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.

NOTE 10. COMMITMENTS AND CONTINGENCIES

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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. Except as noted below, the Company’s commitments as of December 31, 2015 have not changed significantly from the disclosures included in the 2015 Form 10-K.

In November 2015, the Company entered into a sports programming rights agreement with the National Rugby League to license certain media rights for a five year period from 2018 to 2022 for approximately $775 million (A$1.1 billion).

In August 2015, the Company entered into a sports programming rights agreement with the Australian Football League to license certain media rights for a six year period from 2017 to 2022 for approximately $850 million (A$1.2 billion).

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

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

U.K. Newspaper Matters and Related Investigations and Litigation

On July 19, 2011, a purported class action lawsuit captioned Wilder v. News Corp., et al. was filed on behalf of all purchasers of 21st Century Fox’s common stock between March 3, 2011 and July 11, 2011, in the U.S. District Court for the Southern District of New York (the “Wilder Litigation”). The plaintiff brought claims under Section 10(b) and Section 20(a) of the Securities Exchange Act, alleging that false and misleading statements were issued regarding alleged acts of voicemail interception at *The News of the World*. The suit

On June 5, 2012, the District Court issued an order appointing the Avon Pension Fund ("Avon") as lead plaintiff and Robbins Geller Rudman & Dowd as lead counsel. Avon filed an amended consolidated complaint on July 31, 2012, which among other things, added as defendants the Company's subsidiary, NI Group Limited (now known as News Corp UK & Ireland Limited), and Les Hinton, and expanded the class period to comprise February 15, 2011 to July 18, 2011. Defendants filed motions to dismiss the litigation, which were granted by the District Court on March 31, 2014. Plaintiffs were allowed to amend their complaint, and on April 30, 2014, plaintiffs filed a second amended consolidated complaint, which generally repeated the allegations of the amended consolidated complaint and also expanded the class period to comprise July 8, 2009 to July 18, 2011. Defendants moved to dismiss the second amended consolidated complaint, and on September 30, 2015, the District Court granted defendants' motions in their entirety and dismissed all of plaintiffs' claims. In its memorandum, opinion and order relating to the dismissal, the District Court gave plaintiffs until November 6, 2015 to file a motion for leave to amend their complaint. On October 21, 2015, plaintiffs filed a motion for reconsideration of the District Court's memorandum, opinion and order, which defendants have opposed. The Company's management believes these claims are entirely without merit and intends to vigorously defend this action. As described below, the Company will be indemnified by 21st Century Fox for certain payments made by the Company that relate to, or arise from, the U.K. Newspaper Matters, including all payments in connection with the Wilder Litigation.

In addition, governmental authorities in the U.K. conducted various investigations beginning in 2011 relating to voicemail interception, illegal data access and inappropriate payments to public officials at the Company's former publication, *The News of the World*, and related matters, as well as various investigations at *The Sun* (the "U.K. Newspaper Matters"). On December 11, 2015, the U.K.'s Crown Prosecution Service announced that it would not bring any charges against the Company relating to voicemail interception at *The News of the World*. The Metropolitan Police Service previously notified the Company that it had concluded its corporate investigation relating to payments to public officials at *The News of the World* and at *The Sun*. All criminal investigations of the Company relating to the U.K. Newspaper Matters have now been concluded.

Civil claims have also been brought against the Company with respect to certain U.K. Newspaper Matters. The Company has admitted liability in many civil cases and has settled a number of cases. The Company has also settled a number of claims through a private compensation scheme established by the Company under which parties could pursue claims against it. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

In connection with the Company's separation of its businesses (the "Separation") from 21st Century Fox on June 28, 2013 (the "Distribution Date"), the Company and 21st Century Fox agreed in the Separation and Distribution Agreement that 21st Century Fox will 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 criminal matters, other than fees, expenses and costs relating to employees (i) who are not directors, officers or certain designated employees or (ii) with

The publishers, including HarperCollins, entered into various settlement agreements to resolve these matters. These included a settlement with the DOJ, which, among other things, required that HarperCollins terminate its agreements with certain e-book retailers and placed certain restrictions on any agreements subsequently entered into with such retailers. Additional information about this settlement can be found on the DOJ's website. The publishers, including HarperCollins, also entered into substantially similar settlements with the European Commission and the Canadian Competition Bureau ("CCB"). The settlements with the DOJ and the European Commission received final approval in September and December 2012, respectively. The consent agreement with respect to the settlement with the CCB was registered with the Competition Tribunal on February 7, 2014. However, on February 21, 2014, Kobo Inc. ("Kobo") filed an application to rescind or vary the consent agreement with the Competition Tribunal, and, on March 18, 2014, the Competition Tribunal issued an order staying the registration of the consent agreement. The stay will remain in effect pending further order of the Competition Tribunal or final disposition of Kobo's application.

The Company is not able to predict the ultimate outcome or cost of the unresolved HarperCollins matter described above. The legal and professional fees and settlement costs incurred in connection with the other settlements referred to above were not material.

News America Marketing

In-Store Marketing and FSI Purchasers

On April 8, 2014, in connection with a pending action in the U.S. District Court for the Southern District of New York in which The Dial Corporation, Henkel Consumer Goods, Inc., H.J. Heinz Company, H.J. Heinz Company, L.P., Foster Poultry Farms, Smithfield Foods, Inc., HP Hood LLC and BEF Foods, Inc. (collectively, the "Named Plaintiffs") allege various claims under federal and state antitrust law against News Corporation, News America Incorporated ("NAI"), News America Marketing FSI L.L.C. ("NAM FSI"), and News America Marketing In-Store Services L.L.C. ("NAM In-Store Services" and, together with News Corporation, NAI and NAM FSI, the "NAM Group"), the Named Plaintiffs filed a fourth amended complaint on consent of the parties. The fourth amended complaint asserts federal and state antitrust claims both individually and on behalf of two putative classes in connection with the purchase of in-store marketing services and free-standing insert coupons. The complaint seeks treble damages, injunctive relief and attorneys' fees.

On August 11, 2014, the Named Plaintiffs filed a motion seeking certification of a class of all persons residing in the United States who purchased in-store marketing services on or after April 5, 2008, and have not purchased those services pursuant to contracts with mandatory arbitration clauses. The Named Plaintiffs did not, however, move to certify a class of purchasers of free-standing insert coupons. On June 18, 2015, the District Court granted the Named Plaintiffs' motion for class certification, and on July 2, 2015, the NAM Group filed a petition for leave to appeal the District Court's decision to the U.S. Court of Appeals for the Second Circuit, which the Named Plaintiffs opposed. On November 10, 2015, the Court of Appeals for the Second Circuit denied the NAM Group's petition.

On September 10, 2015, the District Court granted a stipulation dismissing with prejudice the Named Plaintiffs' claims relating to free-standing insert coupons, and on September 30, 2015, the NAM Group moved for summary judgment on all remaining claims in the fourth amended complaint. On January 15, 2016, the District Court denied the motion, and trial is scheduled to begin on February 29, 2016.

While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, the NAM Group believes it has been compliant with applicable antitrust laws and intends to defend itself vigorously.

Other

The Company's operations are subject to tax in various domestic and international jurisdictions and as a matter of course, it is regularly audited by federal, state and foreign tax authorities. The Company believes it has appropriately accrued for the expected outcome of all pending tax matters and does not currently anticipate that the ultimate resolution of pending tax matters will have a material adverse effect on its financial condition, future results of operations or liquidity. 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 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 December 31,					
	2015	2014	2015	2014	2015	2014
	(in millions)					
Service cost benefits earned during the period	$ —	$ —	$ 3	$ 3	$ —	$ —
Interest costs on projected benefit obligations	4	4	12	13	1	2
Expected return on plan assets	(5)	(6)	(16)	(18)	—	—
Amortization of deferred losses	1	1	3	3	—	—
Amortization of prior service (credits)	—	—	—	—	(2)	(3)
Settlements, curtailments and other	—	—	—	—	—	—
Net periodic benefits costs	$ —	$ (1)	$ 2	$ 1	$ (1)	$ (1)

NEWS CORPORATION

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Company paid gross income taxes of $57 million and $50 million during the six months ended December 31, 2015 and 2014, respectively, and received income tax refunds of $1 million and $3 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 global print and digital product offerings of *The Wall Street Journal* and *Barron's* publications, MarketWatch, and the Company's suite of professional information products, including Factiva, Dow Jones Risk & Compliance, Dow Jones Newswires, Dow Jones Private Markets and DJX.

  The Company also owns, among other publications, *The Australian, The Daily Telegraph, Herald Sun* and *The Courier Mail* in Australia, *The Times, The Sunday Times, The Sun* and *The Sun on Sunday* in the U.K. and the *New York Post* in the U.S. This segment also includes both News America Marketing, a leading provider of free-standing inserts, in-store marketing products and services and digital marketing solutions, including Checkout 51's mobile application, as well as Unruly, a leading global video advertising distribution platform.

- ***Book Publishing***—The Book Publishing segment consists of HarperCollins, the second largest consumer book publisher in the world, with operations in 18 countries and particular strengths in general fiction, nonfiction, children's and religious publishing. HarperCollins includes over 120 branded publishing imprints, including Avon, Harper, HarperCollins Children's Books, William Morrow, Harlequin and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as Harper Lee, Mitch Albom, Veronica R in

The Company has determined its operating segments in accordance with its internal management structure, which is organized based on operating activities, and has aggregated its newspaper and information services business with its integrated marketing services business into one reportable segment due to their similarities. The Company evaluates performance based upon several factors, of which the primary financial measure is Segment EBITDA.

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: Depreciation and amortization; impairment and restructuring charges; equity earnings of affiliates; interest, net; other, net; income tax (expense) benefit and net income

Management believes that Segment EBITDA is an appropriate measure for evaluating the operating performance of the Company's business. Segment EBITDA provides management, investors and equity analysts with a measure to analyze operating performance of the Company's business and its enterprise value against historical data and competitors' data, although historical results, including Segment EBITDA, may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences). The following table reconciles Total Segment EBITDA to Income from continuing operations.

	For the three months December 31,		For the six months ended December 31,	
	2015	2014	2015	2014
	(in millions)			
Revenues:				
News and Information Services	$1,400	$1,523	$2,690	$2,974
Book Publishing	446	469	855	875
Digital Real Estate Services	208	154	399	266
Cable Network Programming	106	112	230	251
Other	1	—	1	—
Total Revenues	2,161	2,258	4,175	4,366
Segment EBITDA:				
News and Information Services	$ 158	$ 216	$ 241	$ 321
Book Publishing	57	77	99	132
Digital Real Estate Services	73	57	130	114
Cable Network Programming	39	54	67	86
Other	(47)	(52)	(92)	(107)
Total Segment EBITDA	280	352	445	546
Depreciation and amortization	(123)	(127)	(244)	(251)
Impairment and restructuring charges	(22)	(17)	(39)	(21)
Equity earnings of affiliates	15	16	23	41
Interest, net	11	13	23	30
Other, net	(6)	10	(1)	58
Income from continuing operations before income tax (expense) benefit	155	247	207	403
Income tax (expense) benefit	(49)	(65)	42	(112)
Income from continuing operations	$ 106	$ 182	$ 249	$ 291

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Total assets:		
News and Information Services	$ 6,768	$ 6,749
Book Publishing	2,016	2,022
Digital Real Estate Services	1,271	1,278
Cable Network Programming	1,070	1,163
Other[(a)]	1,462	1,352
Investments	2,288	2,379
Assets held for sale	—	92
Total assets	$14,875	$15,035

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

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Goodwill and intangible assets, net:		
News and Information Services	$2,678	$2,593
Book Publishing	856	896
Digital Real Estate Services	834	835
Cable Network Programming	883	938
Other	3	4
Total goodwill and intangible assets, net	$5,254	$5,266

NOTE 14. ADDITIONAL FINANCIAL INFORMATION

Receivables

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

Receivables, net consist of:

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Receivables	$1,587	$1,503
Allowances for returns and doubtful accounts	(238)	(220)
Receivables, net	$1,349	$1,283

The Company's receivables did not contain significant concentrations of credit risk as of December 31, 2015 or June 30, 2015 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

Other Current Assets

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

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Inventory[(a)]	$254	$299
Deferred tax assets	—	63
Assets held for sale	—	92
Prepayments and other current assets	249	263
Total Other current assets	$503	$717

(a) Inventory at December 31, 2015 and June 30, 2015 was primarily comprised of books, newsprint, printing ink and programming rights.

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

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Royalty advances to authors	$296	$304
Notes receivable[a]	36	39
Deferred tax assets	518	219
Other	134	124
Total Other non-current assets	$984	$686

[a] Notes receivable relates to the Company's sale of its former U.K. newspaper division headquarters.

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

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Current tax payable	$ 28	$ 27
Royalties and commissions payable	201	163
Other	174	211
Total Other current liabilities	$403	$401

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

	For the three months ended December 31,		For the six months ended December 31,	
	2015	2014	2015	2014
	(in millions)			
Gain on sale of marketable securities[a]	$ —	$ —	$ —	$ 29
Dividends received from cost method investments	—	3	—	20
Other, net	(6)	7	(1)	9
Total Other, net	$ (6)	$ 10	$ (1)	$ 58

[a] In August 2014, REA Group completed the sale of a minority interest held in marketable securities for total cash consideration of $104 million. As a result of the sale, REA Group recognized a pre-tax gain of $29 million, which was reclassified out of accumulated other comprehensive income and included in Other, net in the Statement of Operations.

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

- ***Results of Operations***—This section provides an analysis of the Company's results of operations for the three and six months ended December 31, 2015 and 2014. 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 six months ended December 31, 2015 and 2014 as well as a discussion of the Company's financial arrangements and outstanding commitments, both firm and contingent, that existed during fiscal 2016.

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 global print and digital product offerings of *The Wall Street Journal* and *Barron's* publications, MarketWatch, and the Company's suite of professional information products, including Factiva, Dow Jones Risk & Compliance, Dow Jones Newswires, Dow Jones Private Markets and DJX.

  The Company also owns, among other publications, *The Australian, The Daily Telegraph, Herald Sun* and *The Courier Mail* in Australia, *The Times, The Sunday Times, The Sun* and *The Sun on Sunday* in the U.K. and the *New York Post* in the U.S. This segment also includes both News America Marketing, a leading provider of free-standing inserts, in-store marketing products and services and digital marketing solutions, including Checkout 51's mobile application, as well as Unruly, a leading global video advertising distribution platform.
- ***Book Publishing***—The Book Publishing segment consists of HarperCollins, the second largest consumer book publisher in the world, with operations in 18 countries and particular strengths in general fiction, nonfiction, children's and religious publishing. HarperCollins includes over 120 branded publishing imprints, including Avon, Harper, HarperCollins Children's Books, William Morrow, Harlequin and Christian publishers Zondervan and Thomas Nelson, and publishes works by well-known authors such as Harper Lee, Mitch Albom, Veronica Roth, Rick Warren and Agatha Christie and popular titles such as *The Hobbit*, *Goodnight Moon*, *eondervanMorrothoArcandDnwaYo(tha3.8650TD[4.260/F51T9(a)-2.1.27*

News and Information Services

Revenue at the News and Information Services segment is derived from the sale of advertising, circulation and subscriptions, as well as licensing. Adverse changes in general market conditions for advertising continue to affect revenues. Advertising revenues at the News and Information Services segment are also subject to seasonality, with revenues typically being highest in the Company's second fiscal quarter due to the end-of-year holiday season in its main operating geographies. Circulation and subscription revenues can be greatly affected by changes in the prices of the Company's and/or competitors' products, as well as by promotional activities.

Operating expenses include costs related to paper, production, distribution, third party printing, editorial and commissions. Selling, general and administrative expenses include promotional expenses, salaries, employee benefits, rent and other routine overhead.

The News and Information Services segment's advertising volume, circulation and the price of paper are the key variables whose fluctuations can have a material effect on the Company's operating results and cash flow. The Company has to anticipate the level of advertising volume, circulation and paper prices in managing its businesses to maximize operating profit during expanding and contracting economic cycles. The Company

previously purchased a 17.22% interest in iProperty in July 2014 for total cash consideration of approximately $100 million. In December 2014, REA Group sold Squarefoot, its Hong Kong based business, to iProperty in exchange for an additional 2.2% interest in iProperty. As of December 31, 2015, REA Group owned an approximate 22.7% interest in iProperty.

On September 30, 2015, the Company acquired Unruly Holdings Limited ("Unruly") for approximately £60 million (approximately $90 million) in cash and up to £56 million (approximately $86 million) in future cash consideration related to payments primarily contingent upon the achievement of certain performance objectives. Unruly is a leading global video distribution platform that is focused on delivering branded video advertising across websites and mobile devices. Unruly's results of operations are included within the Company's News and Information Services segment, and it is considered a separate reporting unit for purposes of the Company's annual goodwill impairment review.

In July 2015, the Company acquired Checkout 51 Mobile Apps ULC ("Checkout 51") for approximately $13 million in cash at closing and up to approximately $28 million in future cash consideration related to payments contingent upon the achievement of certain performance objectives. Checkout 51 is a data-driven digital coupon company that provides News America Marketing with a leading receipt recognition mobile app which enables retailers to reach consumers with highly personalized marketing campaigns. Checkout 51's results are included within the Company's News and Information Services segment.

In November 2014, the Company completed its acquisition of Move, a leading provider of online real estate services. The acquisition expanded the Company's digital real estate services business into the U.S., one of the largest real estate markets. The aggregate cash payment at closing to acquire the outstanding shares of Move was approximately $864 million, which was funded with cash on hand. The Company also assumed equity-based compensation awards with a fair value of $67 million, of which $28 million was allocated to pre-combination services and included in total consideration transferred for Move. The remaining $39 million was allocated to future services and is being expensed over the weighted average remaining service period of 2.5 years. In addition, the Company assumed Move's outstanding indebtedness of approximately $129 million, which the Company settled following the acquisition, and acquired approximately $108 million of cash.

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

Cash paid for Move equity	$ 864
Assumed equity-based compensation awards—pre-combination services	28
Total consideration transferred	$ 892
Plus: Assumed debt	129
Plus: Assumed equity-based compensation awards—post-combination services	39
Less: Cash acquired	(108)
Total transaction value	$ 952

Move's results of operations are included within the Digital Real Estate Services segment, and is considered a separate reporting unit for purposes of the Company's annual goodwill impairment review.

In November 2014, SEEK Asia Limited ("SEEK Asia"), in which the Company owned a 12.1% interest, acquired the online employment businesses of JobStreet Corporation Berhad ("JobStreet"), which were combined with JobsDB, Inc., SEEK Asia's existing online employment business. The transaction was funded primarily through additional contributions by SEEK Asia shareholders which did not have an impact on the Company's ownership. The Company's share of the funding contribution was approximately $60 million. In June 2015, the Company purchased an additional 0.8% interest in SEEK Asia for approximately $7 million, which increased the Company's investment to approximately 12.9%.

In August 2014, the Company acquired Harlequin Enterprises Limited ("Harlequin") from Torstar Corporation for $414 million in cash, net of $19 million of cash acquired. Harlequin is a leading publisher of women's fiction and extends HarperCollins' global platform, particularly in Europe and Asia Pacific. Harlequin is a subsidiary of HarperCollins, and its results are included within the Book Publishing segment.

RESULTS OF OPERATIONS

Results of Operations—For the three and six months ended December 31, 2015 versus the three and six months ended December 31, 2014

The following table sets forth the Company's operating results for the three and six months ended December 31, 2015 as compared to the three and six months ended December 31, 2014.

	For the three months ended December 31,				For the six months ended December 31,			
	2015	**2014**	**Change**	**% Change**	**2015**	**2014**	**Change**	**% Change**
(in millions, except %)			**Better/(Worse)**				**Better/(Worse)**	
Revenues:								
Advertising	$ 976	$ 1,038	$(62)	(6)%	$ 1,856	$ 1,958	$(102)	(5)%
Circulation and Subscription	621	644	(23)	(4)%	1,260	1,316	(56)	(4)%
Consumer	429	448	(19)	(4)%	821	838	(17)	(2)%
Other	135	128	7	5%	238	254	(16)	(6)%
Total Revenues	2,161	2,258	(97)	(4)%	4,175	4,366	(191)	(4)%
Operating expenses	(1,193)	(1,251)	58	5%	(2,392)	(2,533)	141	6%
Selling, general and administrative	(688)	(655)	(33)	(5)%	(1,338)	(1,287)	(51)	(4)%
Depreciation and amortization	(123)	(127)	4	3%	(244)	(251)	7	3%
Impairment and restructuring charges	(22)	(17)	(5)	(29)%	(39)	(21)	(18)	(86)%
Equity earnings of affiliates	15	16	(1)	(6)%	23	41	(18)	(44)%
Interest, net	11	13	(2)	(15)%	23	30	(7)	(23)%
Other, net	(6)	10	(16)	**	(1)	58	(59)	**
Income from continuing operations before income tax (expense) benefit	**155**	**247**	**(92)**	**(37)%**	**207**	**403**	**(196)**	**(49)%**
Income tax (expense) benefit	(49)	(65)	16	25%	42	(112)	154	**
Income from continuing operations	**106**	**182**	**(76)**	**(42)%**	**249**	**291**	**(42)**	**(14)%**
(Loss) income from discontinued operations, net of tax	(24)	(19)	(5)	(26)%	22	(40)	62	**
Net income	82	163	(81)	(50)%	271	251	20	8%
Less: Net income attributable to noncontrolling interests	(19)	(20)	1	5%	(33)	(43)	10	23%
Net income attributable to News Corporation	**$ 63**	**$ 143**	**$(80)**	**(56)%**	**$ 238**	**$ 208**	**$ 30**	**14%**

** not meaningful

Revenues—Revenues decreased $97 million, or 4%, and $191 million, or 4%, for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015.

The revenue decrease for the three months ended December 31, 2015 was mainly due to a decrease in revenues at the News and Information Services segment of $123 million, primarily resulting from the negative impact of foreign currency fluctuations and weakness in the print advertising market. This decrease was offset in part by increased revenues at the Digital Real Estate Services segment of $54 million, primarily as a result of the acquisition of Move in November 2014.

The revenue decrease for the six months ended December 31, 2015 was primarily due to a decrease in revenues at the News and Information Services segment of $284 million, primarily resulting from the negative impact of foreign currency fluctuations and weakness in the print advertising market. The revenue decreases were partially offset by an increase in revenues at the Digital Real Estate Services segment of $133 million, primarily as a result of the acquisition of Move in November 2014.

Operating Expenses—Operating expenses decreased $58 million, or 5%, and $141 million, or 6%, for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015.

The decrease in Operating expenses for the three months ended December 31, 2015 was mainly due to a decrease in operating expenses at the News and Information Services segment of $80 million, primarily as a result of the positive impact of foreign currency fluctuations, lower newsprint, production and distribution costs and the impact of cost savings initiatives. The decrease in Operating expenses was partially offset by higher operating expenses at the Digital Real Estate Services segment due to the acquisition of Move in November 2014 and higher sports rights programming costs at the Cable Network Programming segment primarily related to the Rugby World Cup, which more than offset the positive impact of foreign currency fluctuations. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in an Operating expense decrease of $57 million for the three months ended December 31, 2015 as compared to the corresponding period of fiscal 2015.

The decrease in Operating expenses for the six months ended December 31, 2015 was mainly due to a decrease in operating expenses at the News and Information Services segment of $193 million, primarily as a result of the positive impact of foreign currency fluctuations, lower newsprint, production and distribution costs and the impact of cost savings initiatives. The decrease in Operating expenses was partially offset by higher operating expenses at the Digital Real Estate Services segment due to the acquisition of Move in November 2014 and

depreciation and amortization expense at the News and Information Services segment of $7 million and $20 million, respectively, primarily resulting from the positive impact of foreign currency fluctuations, partially offset by increased depreciation at the Digital Real Estate Services segment due to the acquisition of Move in November 2014. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a depreciation and amortization expense decrease of $8 million and $20 million for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015.

Impairment and restructuring charges—During the three and six months ended December 31, 2015, the Company recorded restructuring charges of $22 million and $39 million, respectively, of which $20 million and $32 million, respectively, related to the News and Information Services segment. The restructuring charges recorded in the three and six months ended December 31, 2015 were primarily for employee termination benefits.

During the three and six months ended December 31, 2014, the Company recorded restructuring charges of $17 million and $21 million, respectively, of which $14 million and $18 million, respectively, related to the News and Information Services segment. The restructuring charges recorded in the three and six months ended December 31, 2014 were primarily for employee termination benefits.

Equity earnings of affiliates—Equity earnings of affiliates decreased $1 million for the three months ended December 31, 2015 as compared to the corresponding period of fiscal 2015 as a result of lower net income at Foxtel due to the negative impact of foreign currency fluctuations. Equity earnings of affiliates decreased $18 million for the six months ended December 31, 2015 as compared to the corresponding period of fiscal 2015 as a result of lower net income at Foxtel, primarily due to the negative impact of foreign currency fluctuations, a planned increase in programming costs to support subscriber growth, increased costs associated with higher sales volumes, the public launch of Triple Play, and continued investment in Presto, partially offset by lower depreciation expense resulting from Foxtel's reassessment of the useful lives of cable and satellite installations due to lower subscriber churn and lower tax expense.

	For the three months ended December 31,				For the six months ended December 31,			
	2015	**2014**	**Change**	**% Change**	**2015**	**2014**	**Change**	**% Change**
(in millions, except %)			**Better/(Worse)**				**Better/(Worse)**	
Foxtel[a]	$13	$15	$(2)	(13)%	$22	$40	$ (18)	(45)%
Other equity affiliates, net	2	1	1	100 %	1	1	—	—

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(in millions)	For the three months ended December 31, 2015	For the three months ended December 31, 2014	For the six months ended December 31, 2015	For the six months ended December 31, 2014
Gain on sale of marketable securities[a]	$ —	$ —	$ —	$29
Dividends received from cost method investments	—	3	—	20
Other, net	(6)	7	(1)	9
Total Other, net	$ (6)	$ 10	$ (1)	$58

(a) In August 2014, REA Group completed the sale of a minority interest held in marketable securities for total cash consideration of $104 million. As a result of the sale, REA Group recognized a pre-tax gain of $29 million, which was reclassified out of accumulated other comprehensive income and included in Other, net in the Statement of Operations.

I ( )—The Company's effective tax rate for the three months ended December 31, 2015 was lower than the U.S. statutory tax rate of 35% primarily due to the impact from foreign operations which are subject to lower tax rates, partially offset by the impact of nondeductible items.

The Company's effective tax rate for the six months ended December 31, 2015 was lower than the U.S. statutory tax rate 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.

The Company's effective tax rate for the three and six months ended December 31, 2014 was lower than the U.S. statutory tax rate primarily due to the impact from foreign operations which are subject to lower tax rates partially offset by the impact of nondeductible items.

(L)—For the three months ended December 31, 2015, the Company recorded a loss from discontinued operations, net of tax, of $24 million as compared to a loss of $19 million in the corresponding period of fiscal 2015. The loss recognized in the three months ended December 31, 2015 was primarily related to severance and lease termination costs of $17 million which were incurred in conjunction with the sale of the Company's Amplify Insight and Amplify Learning businesses. For the six months ended December 31, 2015, the Company recorded income from discontinued operations, net of

N [illegible]—Net income attributable to noncontrolling interests decreased by $1 million and $10 million for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, due to the negative impact of foreign currency fluctuations.

S [illegible] *A* [illegible]

Segment EBITDA is defined as revenues less operating expenses and selling, general and administrative expenses. Segment EBITDA does not include: Depreciation and amortization, impairment and restructuring charges, equity earnings of affiliates, interest, net, other, net, income tax (expense) benefit and net income attributable to noncontrolling interests. Management believes that Segment EBITDA is an appropriate measure for evaluating the operating performance of the Company's business segments because it 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, 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 following table reconciles Total Segment EBITDA to Income from continuing operations.

	For the three months ended December 31,				**For the six months ended December 31,**			
	2015	**2014**	**Change**	**% Change**	**2015**	**2014**	**Change**	**% Change**
(in millions, except %)			**Better/(Worse)**				**Better/(Worse)**	
Revenues	$ 2,161	$ 2,258	$(97)	(4)%	$ 4,175	$ 4,366	$(191)	(4)%
Operating expenses	(1,193)	(1,251)	58	5 %	(2,392)	(2,533)	141	6 %
Selling, general and administrative	(688)	(655)	(33)	(5)%	(1,338)	(1,287)	(51)	(4)%
Total Segment EBITDA	280	352	(72)	(20)%	445	546	(101)	(18)%
Depreciation and amortization	(123)	(127)	4	3 %	(244)	(251)	7	3 %
Impairment and restructuring charges	(22)	(17)	(5)	(29)%	(39)	(21)	(18)	(86)%
Equity earnings of affiliates	15	16	(1)	(6)%	23	41	(18)	(44)%
Interest, net	11	13	(2)	(15)%	23	30	(7)	(23)%
Other, net	(6)	10	(16)	**	(1)	58	(59)	**
Income from continuing operations before income tax (expense) benefit	155	247	(92)	(37)%	207	403	(196)	(49)%
Income tax (expense) benefit	(49)	(65)	16	25 %	42	(112)	154	**
Income from continuing operations	$ 106	$ 182	$(76)	(42)%	$ 249	$ 291	$ (42)	(14)%

** not meaningful

For the three months ended December 31,

promotion and marketing costs, a decrease at the Australian newspapers of $22 million, primarily due to lower revenues, which more than offset the impact of lower newsprint, production and distribution costs and cost savings initiatives, and approximately $5 million in costs related to the acquisition of Unruly.

Revenues at the News and Information Services segment decreased $284 million, or 10%, for the six months ended December 31, 2015 as compared to the corresponding period of fiscal 2015. The revenue decrease was primarily due to lower advertising revenues of $210 million as compared to the corresponding period of fiscal 2015, primarily resulting from the negative impact of foreign currency fluctuations and weakness in the print advertising market and at News America Marketing. Circulation and subscription revenues for the six months ended December 31, 2015 decreased $60 million as compared to the corresponding period of fiscal 2015 as a result of the negative impact of foreign currency fluctuations, which more than offset higher circulation and subscription revenues at the Australian newspapers and Dow Jones. Other revenues for the six months ended December 31, 2015 decreased $14 million, primarily due to lower other revenues at the U.K. newspapers and the negative impact of foreign currency fluctuations, partially offset by the acquisition of Unruly in the quarter ended December 31, 2015.

Segment EBITDA at the News and Information Services segment decreased $80 million, or 25%, for the six months ended December 31, 2015 as compared to the corresponding period of fiscal 2015. The decrease was primarily due to a decrease of $46 million at the Australian newspapers, primarily resulting from lower advertising revenues and the negative impact of foreign currency fluctuations, which more than offset the impact of lower newsprint, production and distribution costs. Segment EBITDA was also impacted by a decrease at the U.K. newspapers of $21 million, primarily due to lower revenues and higher promotion and marketing costs, a decrease at News America Marketing of $10 million due to lower revenues, which were partially offset by lower operating expenses, and approximately $5 million in costs related to the acquisition of Unruly.

News Corp Australia

Revenues at the Australian newspapers for the three months ended December 31, 2015 decreased 21% compared to the corresponding period of fiscal 2015, with the impact of foreign currency fluctuations of the U.S. dollar against the Australian dollar resulting in a revenue decrease of $64 million, or 15%. Advertising revenues decreased $73 million, primarily as a result of the negative impact of foreign currency fluctuations and weakness in the print advertising market in Australia. Circulation and subscription revenues decreased $16 million due to the negative impact of foreign currency fluctuations, as price increases and digital subscriber growth offset print volume declines.

Revenues at the Australian newspapers for the six months ended December 31, 2015 decreased 23% compared to the corresponding period of fiscal 2015, with the impact of foreign currency fluctuations of the U.S. dollar against the Australian dollar resulting in a revenue decrease of $151 million, or 17%. Advertising revenues declined $157 million, primarily as a result of the negative impact of foreign currency fluctuations and weakness in the print advertising market in Australia. Circulation and subscription revenues declined $37 million due to the negative impact of foreign currency fluctuations, as price increases and digital subscriber growth offset volume declines.

News UK

For the three months ended December 31, 2015, revenues at the U.K. newspapers decreased 10% as compared to the corresponding period of fiscal 2015. Advertising revenues decreased $16 million, primarily due to print market declines and the negative impact of foreign currency fluctuations. Circulation and subscription revenues decreased $11 million, primarily due to the negative impact of foreign currency fluctuations, the change in the digital strategy at *The Sun* and single-copy volume declines. These decreases were partially offset by cover price increases and higher subscriptions at *The Times* and *The Sunday Times.* Other revenues decreased $11 million due to a reduction in newsprint sales to third parties. The impact of the revenue decrease was offset in large part by lower operating expenses. The impact of foreign currency fluctuations of the U.S. dollar against the British pound resulted in a revenue decrease of $15 million, or 4%, for the three months ended December 31, 2015 as compared to the corresponding period of fiscal 2015.

For the six months ended December 31, 2015, revenues at the U.K. newspapers decreased 11% as compared to the corresponding period of fiscal 2015. Advertising revenues decreased $27 million, primarily due to the negative impact of foreign currency fluctuations and print market declines. Circulation and subscription revenues decreased $26 million, primarily due to the negative impact of foreign currency fluctuations, single-copy volume declines, primarily at *The Sun,* as well as the change in the digital strategy at *The Sun*. These decreases were partially offset by cover price increases and higher subscriptions at *The Times* and *The Sunday Times.* Other revenues decreased $26 million due to a reduction in newsprint sales to third parties. The impact of the revenue decrease was offset in large part by lower operating expenses. The impact of foreign currency fluctuations of the U.S. dollar against the British pound resulted in a revenue decrease of $41 million, or 6%, for the six months ended December 31, 2015 as compared to the corresponding period of fiscal 2015.

Dow Jones

Revenues at Dow Jones decreased modestly for the three months ended December 31, 2015 as compared to the corresponding period of fiscal 2015. Advertising revenues decreased $12 million, as weakness in the print advertising market was partially offset by higher digital advertising revenues. This decrease was partially offset by growth in circulation revenues at *The Wall Street Journal* and modest growth in subscription revenues in the professional information business, partially offset by the negative 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 $4 million, or 1%, for the three months ended December 31, 2015 as compared to the corresponding period of fiscal 2015.

Revenues at Dow Jones decreased modestly for the six months ended December 31, 2015 as compared to the corresponding period of fiscal 2015. Advertising revenues decreased $10 million, as lower print advertising was partially offset by higher digital advertising revenues. This decrease was partially offset by higher circulation and subscription revenues, primarily due to price increases and digital volume growth at *The Wall Street Journal* and increased subscription revenues in the professional information business, partially offset by the negative impact of foreign currency fluctuations. The impact of foreign currency fluctuations resulted in a revenue decrease of $9 million, or 1%, for the six months ended December 31, 2015 as compared to the corresponding period of fiscal 2015.

News America Marketing

Revenues at News America Marketing decreased 3% and 4% for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to decreased revenues for free-standing insert products of $16 million and $25 million, respectively, partially offset by higher domestic in-store product revenues and digital revenues.

B [illegible] ***P***[illegible] (20% of the Company’s consolidated revenues in the six months ended December 31, 2015 and 2014)

	For the three months ended December 31,				For the six months ended December 31,			
	2015	2014	Change	% Change	2015	2014	Change	% Change
(in millions, except %)			Better/(Worse)				Better/(Worse)	
Revenues:								
Consumer	$ 429	$ 448	$(19)	(4)%	$ 821	$ 838	$(17)	(2)%
Other	17	21	(4)	(19)%	34	37	(3)	(8)%
Total Revenues	**446**	**469**	**(23)**	**(5)%**	**855**	**875**	**(20)**	**(2)%**
Operating expenses	(307)	(306)	(1)	—	(597)	(577)	(20)	(3)%
Selling, general and administrative	(82)	(86)	4	5%	(159)	(166)	7	4%
Segment EBITDA	**$ 57**	**$ 77**	**$(20)**	**(26)%**	**$ 99**	**$ 132**	**$(33)**	**(25)%**

Revenues at the Book Publishing segment decreased $23 million, or 5%, for the three months ended December 31, 2015 as compared to the corresponding period of fiscal 2015. The decrease was primarily the result of an industry-wide decline in e-book sales and the negative impact of foreign currency fluctuations, as lower revenues from the *Divergent* series by Veronica Roth were more than offset by higher print book sales, primarily related to sales of *The Pioneer Woman Cooks: Dinnertime* by Ree Drummond. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of $12 million, or 3%, for the three months ended December 31, 2015 as compared to the corresponding period of fiscal 2015. Digital sales, which consist of revenues generated through the sale of e-books and digital audio books, represented 16% of Consumer revenues during the three months ended December 31, 2015. Digital sales decreased 19% as compared to the corresponding period of fiscal 2015 due to an industry-wide decline in e-book sales and the lower contribution from the *Divergent* series.

Segment EBITDA at the Book Publishing segment decreased $20 million, or 26%, for the three months ended December 31, 2015 as compared to the corresponding period of fiscal 2015. The decrease was primarily due to an industry-wide decline in e-book sales, the mix of titles sold and lower contribution from the *Divergent* series.

Revenues at the Book Publishing segment decreased $20 million, or 2%, for the six months ended December 31, 2015 as compared to the corresponding period of fiscal 2015. The decrease was primarily the result of lower revenues from the *Divergent* series by Veronica Roth of $30 million, an industry-wide decline in e-book sales and the negative impact of foreign currency fluctuations. These decreases were partially offset by higher print book sales, primarily related to sales of *Go Set a Watchman* by Harper Lee of $42 million and *The Pioneer Woman Cooks: Dinnertime* by Ree Drummond, and $23 million related to the acquisition of Harlequin in August 2014. The company sold one million net units of the *Divergent* series in the six months ended December 31, 2015 as compared to 5.2 million net units in the corresponding period of fiscal 2015. The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a revenue decrease of $27 million, or 3%, for the six months ended December 31, 2015 as compared to the corresponding period of fiscal 2015. Digital sales represented 18% of Consumer revenues during the six months ended December 31, 2015. Digital sales decreased 15% as compared to the corresponding period of fiscal 2015 due to an industry-wide decline in e-book sales and the lower contribution from the *Divergent* series. During the six months ended December 31, 2015, HarperCollins had 114 titles on The New York Times Bestseller List, with 15 titles reaching the number one position.

Segment EBITDA at the Book Publishing segment decreased $33 million, or 25%, for the six months ended December 31, 2015 as compared to the corresponding period of fiscal 2015. The decrease was primarily due to the industry-wide decline in e-book sales and lower contribution from the *Divergent* series, partially offset by the contribution of *Go Set a Watchman* by Harper Lee.

D[illegible] R[illegible], E[illegible], S[illegible]. (10% and 6% of the Company's consolidated revenues in the six months ended December 31, 2015 and 2014, respectively)

For the three months ended December 31,				For the six months ended December 31,			
2015	2014	Change	% Change	2015	2014	Change	% Change

C , N, P (6% of the Company’s consolidated revenues in the six months ended December 31, 2015 and 2014)

(in millions, except %)	For the three months ended December 31, 2015	2014	Change	% Change	For the six months ended December 31, 2015	2014	Change	% Change
			Better/(Worse)				Better/(Worse)	
Revenues:								
Advertising	$ 15	$ 14	$ 1	7%	$ 38	$ 39	$ (1)	(3)%
Circulation and Subscription	90	97	(7)	(7)%	190	210	(20)	(10)%
Other	1	1	—	—	2	2	—	—
Total Revenues	**106**	**112**	**(6)**	**(5)%**	**230**	**251**	**(21)**	**(8)%**
Operating expenses	(62)	(54)	(8)	(15)%	(152)	(155)	3	2%
Selling, general and administrative	(5)	(4)	(1)	(25)%	(11)	(10)	(1)	(10)%
Segment EBITDA	**$ 39**	**$ 54**	**$ (15)**	**(28)%**	**$ 67**	**$ 86**	**$ (19)**	**(22)%**

For the three months ended December 31, 2015, revenues and Segment EBITDA at the Cable Network Programming segment decreased $6 million, or 5%, and $15 million, or 28%, respectively, as compared to the corresponding period of fiscal 2015. The revenue decrease was due to the negative impact of foreign currency fluctuations, which more than offset higher affiliate and advertising revenues. The decrease in Segment EBITDA

duly appointed committee of the Board of Directors and management. The committee's decisions regarding

S C F D 31, 2015 D 31, 2014

Net cash provided by operating activities for the six months ended December 31, 2015 and 2014 was as follows (in millions):

For the six months ended December 31,	2015	2014
Net cash provided by operating activities from continuing operations	$346	$544

Net cash provided by operating activities decreased $198 million for the six months ended December 31, 2015 as compared to the corresponding period of fiscal 2015. The decrease was primarily due to lower Total Segment EBITDA, lower dividends received of $38 million, including the absence of dividends received from cost method investments of $20 million during the six months ended December 31, 2014, as well as higher restructuring payments of $37 million.

Net cash used in investing activities for the six months ended December 31, 2015 and 2014 was as follows (in millions):

For the six months ended December 31,	2015	2014
Net cash used in investing activities from continuing operations	$(250)	$(1,465)

The Company had net cash used in investing activities of $250 million for the six months ended December 31, 2015 as compared to net cash used in investing activities of $1,465 million for the corresponding period of fiscal 2015. During the six months ended December 31, 2015, the Company had capital expenditures of $120 million and used $101 million of cash for acquisitions, primarily the acquisitions of Unruly and Checkout 51.

During the six months ended December 31, 2014, the Company used $1,183 million of cash for acquisitions, primarily the acquisitions of Move and Harlequin, and used $246 million of cash for investments, primarily consisting of approximately $100 million for its investment in iProperty and approximately $60 million for its investment in SeekAsia. The Company also had capital expenditures of $150 million which included $41 million related to the relocation of the Company's operations to a new site in London. The net cash used in investing activities for the six months ended December 31, 2014 was partially offset by proceeds from dispositions of $114 million, primarily resulting from the sale of marketable securities.

Net cash used in financing activities for the six months ended December 31, 2015 and 2014 was as follows (in millions):

For the six months ended December 31,	2015	2014
Net cash used in financing activities from continuing operations	$(99)	$(156)

The Company had net cash used in financing activities of $99 million for the six months ended December 31, 2015 as compared to the net cash used in financing activities of $156 million for the corresponding period of fiscal 2015. During the six months ended December 31, 2015, the Company paid dividends of $58 million to News Corporation stockholders and repurchased News Corp shares for $18 million.

The net cash used in financing activities for the six months ended December 31, 2014 was primarily the result of the repayment of debt assumed in the acquisition of Move of approximately $129 million.

R F C F A N C

Free cash flow available to News Corporation is a non-GAAP financial measure defined as net cash provided by operating activities from continuing operations, less capital expenditures and REA Group free cash flow, plus

cash dividends received from REA Group. Free cash flow available to News Corporation excludes cash flows from discontinued operations.

The Company considers free cash flow available to News Corporation to provide useful information to management and investors about the amount of cash generated by the business after capital expenditures which can then be used for strategic opportunities including, among others, investing in the Company's business, strategic acquisitions, strengthening the Company's balance sheet, 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 six months ended December 31,	
	2015	2014
	(in millions)	
Net cash provided by continuing operating activities	$ 346	$ 544
Less: Capital expenditures	(120)	(150)
	226	394
Less: REA Group free cash flow	(72)	(60)
Plus: Cash dividends received from REA Group	24	26
Free cash flow available to News Corporation	$ 178	$ 360

Free cash flow available to News Corporation decreased $182 million in the six months ended December 31, 2015 to $178 million from $360 million in the corresponding period of fiscal 2015, primarily due to lower cash provided by operating activities as discussed above, partially offset by lower capital expenditures due to the absence of costs associated with the relocation of the Company's operations to a new site in London in fiscal 2015.

The impact of foreign currency fluctuations of the U.S. dollar against local currencies resulted in a decrease of free cash flow available to News Corporation of approximately $30 million, or 9% for the six months ended December 31, 2015.

R[illegible] C[illegible] A[illegible]

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. Subject to certain conditions stated in the Credit Agreement, the Company may borrow, prepay and reborrow amounts under the Facility during the term of the Credit Agreement.

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, amounts under the Credit Agreement are now due on October 23, 2020, unless the commitments are terminated earlier either at the request of the Company or, if an event of default occurs, by the designated agent at the request or with the consent of the lenders (or automatically in the case of certain bankruptcy-related events). 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 certain customary affirmative and negative covenants and events of default, with customary exceptions, including limitations on the ability of the Company and the Company's 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 taken as a whole. 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 December 31, 2015, the Company was in compliance with all of the applicable debt covenants.

Interest on borrowings under the Facility is based on either (a) a Eurodollar Rate formula or (b) the Base Rate formula, each as set forth in the Credit Agreement. The applicable margin and the commitment fee are based on the pricing grid in the Credit Agreement, which varies based on the Company's adjusted operating income leverage ratio. As of December 31, 2015, the Company was paying a commitment fee of 0.225% on any undrawn balance and an applicable margin of 0.50% for a Base Rate borrowing and 1.50% for a Eurodollar Rate borrowing.

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

C

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. Except as noted below, the Company's commitments as of December 31, 2015 have not changed significantly from the disclosures included in the 2015 Form 10-K.

In November 2015, the Company entered into a sports programming rights agreement with the National Rugby League to license certain media rights for a five year period from 2018 to 2022 for approximately $775 million (A$1.1 billion).

In August 2015, the Company entered into a sports programming rights agreement with the Australian Football League to license certain media rights for a six year period from 2017 to 2022 for approximately $850 million (A$1.2 billion).

C

As disclosed in the Financial Statements, governmental authorities in the U.K. conducted various investigations beginning in 2011 with respect to the U.K. Newspaper Matters. On December 11, 2015, the U.K.'s Crown Prosecution Service announced that it would not bring any charges against the Company relating to voicemail interception at *The News of the World*. The Metropolitan Police Service previously notified the Company that it had concluded its corporate investigation relating to payments to public officials at *The News of the World* and at *The Sun*. All criminal investigations of the Company relating to the U.K. Newspaper Matters have now been concluded.

Civil claims have also been brought against the Company with respect to certain U.K. Newspaper Matters. The Company has admitted liability in many civil cases and has settled a number of cases. The Company has also settled a number of claims through a private compensation scheme established by the Company under which parties could pursue claims against it. While additional civil lawsuits may be filed, no additional civil claims may be brought under the compensation scheme after April 8, 2013.

In connection with the Company's separation of its businesses (the "Separation") from 21st Century Fox on

Distribution Agreement (the "Separation and Distribution Agreement") that 21st Century Fox will 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 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. In addition, violations of law may result in criminal fines or penalties for which the Company will not be indemnified by 21st Century Fox. 21st Century Fox's indemnification obligations with respect to these matters will be settled on an after-tax basis.

As of December 31, 2015, 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 $111 million, of which approximately $60 million will be indemnified by 21st Century Fox, and a corresponding receivable was recorded in Amounts due from 21st Century Fox on the Balance Sheet as of December 31, 2015. 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 or criminal matters. It is possible that these proceedings and any adverse resolution thereof, including any fines or other penalties associated with any plea, judgment or similar result for which the Company will not be indemnified, could damage its reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

The Company's operations are subject to tax in various domestic and international jurisdictions and as a matter of course, it is regularly audited by federal, state and foreign tax authorities. The Company believes it has appropriately accrued for the expected outcome of all pending tax matters and does not currently anticipate that the ultimate resolution of pending tax matters will have a material adverse effect on its financial condition, future results of operations or liquidity. 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 are or 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 (the "Tax Sharing and Indemnification Agreement"), 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.

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, stock

Credit Risk

Cash and cash equivalents are maintained with several 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 December 31, 2015 or June 30, 2015 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 December 31, 2015 and June 30, 2015, the Company did not anticipate nonperformance by any of the counterparties.

PART II

ITEM 1. LEGAL PROCEEDINGS

The Company routinely is involved in various legal proceedings, claims and governmental inspections or investigations, including those discussed below.

U.K. Newspaper Matters and Related Investigations and Litigation

On July 19, 2011, a purported class action lawsuit captioned Wilder v. News Corp., et al. was filed on behalf of all purchasers of 21st Century Fox's common stock between March 3, 2011 and July 11, 2011, in the U.S. District Court for the Southern District of New York (the "Wilder Litigation"). The plaintiff brought claims under Section 10(b) and Section 20(a) of the Exchange Act, alleging that false and misleading statements were issued regarding alleged acts of voicemail interception at *The News of the World*. The suit named as defendants

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 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. In addition, violations of law may result in criminal fines or penalties for which the Company will not be indemnified by 21st Century Fox. 21st Century Fox's indemnification obligations with respect to these matters will be settled on an after-tax basis.

The Company incurred gross legal and professional fees related to the U.K. Newspaper Matters and costs for civil settlements totaling approximately $12 million and $23 million for the three months ended December 31, 2015 and 2014, respectively, and approximately $23 million and $51 million for the six months ended December 31, 2015 and 2014, respectively. With respect to the fees and costs incurred during the three months ended December 31, 2015 and 2014, the Company has been or will be indemnified by 21st Century Fox for $5 million, net of tax, and $10 million, net of tax, respectively, pursuant to the indemnification arrangements described above. With respect to the fees and costs incurred during the six months ended December 31, 2015 and 2014, the Company has been or will be indemnified by 21st Century Fox for $11 million, net of tax, and $24 million, net of tax, respectively, pursuant to the indemnification arrangements described above.

As of December 31, 2015, 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 $111 million, of which approximately $60 million will be indemnified by 21st Century Fox, and a corresponding receivable was recorded in Amounts due from 21st Century Fox on the Balance Sheet as of December 31, 2015. 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 or criminal matters. It is possible that these proceedings and any adverse resolution thereof, including any fines or other penalties associated with any plea, judgment or similar result for which the Company will not be indemnified, could damage its reputation, impair its ability to conduct its business and adversely affect its results of operations and financial condition.

HarperCollins

In 2011 and 2012, various civil lawsuits and governmental investigations were commenced against certain publishers, including the Company's subsidiary, HarperCollins, relating to alleged violations of antitrust and unfair competition laws arising out of the decisions by those publishers to sell their e-books pursuant to an agency relationship.

The publishers, including HarperCollins, entered into various settlement agreements to resolve these matters. These included a settlement with the DOJ, which, among other things, required that HarperCollins terminate its agreements with certain e-book retailers and placed certain restrictions on any agreements subsequently entered into with such retailers. Additional information about this settlement can be found on the DOJ's website. The publishers, including HarperCollins, also entered into substantially similar settlements with the European

News America Marketing

In-Store Marketing and FSI Purchasers

On April 8, 2014, in connection with a pending action in the U.S. District Court for the Southern District of New York in which The Dial Corporation, Henkel Consumer Goods, Inc., H.J. Heinz Company, H.J. Heinz Company, L.P., Foster Poultry Farms, Smithfield Foods, Inc., HP Hood LLC and BEF Foods, Inc. (collectively, the “Named Plaintiffs”) allege various claims under federal and state antitrust law against News Corporation, News America Incorporated (“NAI”), News America Marketing FSI L.L.C. (“NAM FSI”), and News America Marketing In-Store Services L.L.C. (“NAM In-Store Services” and, together with News Corporation, NAI and NAM FSI, the “NAM Group”), the Named Plaintiffs filed a fourth amended complaint on consent of the parties. The fourth amended complaint asserts federal and state antitrust claims both individually and on behalf of two putative classes in connection with the purchase of in-store marketing services and free-standing insert coupons. The complaint seeks treble damages, injunctive relief and attorneys’ fees.

On August 11, 2014, the Named Plaintiffs filed a motion seeking certification of a class of all persons residing in the United States who purchased in-store marketing services on or after April 5, 2008, and have not purchased those services pursuant to contracts with mandatory arbitration clauses. The Named Plaintiffs did not, however, move to certify a class of purchasers of free-standing insert coupons. On June 18, 2015, the District Court granted the Named Plaintiffs’ motion for class certification, and on July 2, 2015, the NAM Group filed a petition for leave moto6ppea phe District Court rdecison motohe U.S. Dourt ff fAppeafer the Soeont oCircui, The “amed Plaintiffs oppse On JNve G10 2015, the Nourt ff fAppeafer the Soeont oCircui,-2527wdenid NAM“roupfetition

On October 7, 2014, the NAM Group filed a motion for an order requiring Valassis to show cause why its allegations that the NAM Group engaged in unlawful bundling and tying of in-store marketing

ITEM 1A. RISK FACTORS

You should carefully consider the following risks and other information in this Quarterly Report on Form 10-Q in evaluating the Company and its common stock. Any of the following risks could materially and adversely affect the Company's business, results of operations or financial condition, and could, in turn, impact the trading price of the Company's common stock. The risk factors generally have been separated into three groups: risks related to the Company's business, risks related to the Company's Separation from 21st Century Fox and risks related to the Company's common stock.

Risks Related to the Company's Business

A Decline in Customer Advertising Expenditures in the Company's Newspaper and Other Businesses Could Cause its Revenues and Operating Results to Decline Significantly in any Given Period or in Specific Markets.

The Company derives substantial revenues from the sale of advertising through its newspapers, integrated marketing services and digital media properties. The Company and its affiliates also derive revenues from the sale of advertising on their cable channels and pay-TV programming. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, as well as budgeting and buying patterns. National and local economic conditions, particularly in major metropolitan markets, affect the levels of retail, national and classified newspaper advertising revenue. Changes in gross domestic product, consumer spending, housing sales, auto sales, unemployment rates and job creation all impact demand for advertising. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities or result in consolidation or closures across various industries, which may also reduce the Company's overall advertising revenue.

The Company's ability to generate advertising revenue is also dependent on demand for the Company's products and services, demographics of the customer base, advertising rates and results observed by advertisers. For example, circulation levels for the Company's newspapers and ratings points for its cable channels are among the factors that are weighed by advertisers when determining the amount of advertising to purchase from the Company as well as advertising rates. For the Company's digital media properties, advertisers use various metrics to evaluate demand such as the number of visits, number of users, user engagement and, for digital real estate services, the number and quality of leads provided. Demand for the Company's products and services depends in turn upon the Company's ability to differentiate and distinguish those products and services and anticipate and adapt to changes in consumer tastes and behaviors in a timely manner. For example, the Company's newspapers, cable channels and pay-TV programming must continue to provide high-quality content that is interesting and relevant to users in order to retain and grow their audiences. Similarly, the success of the Company's digital real estate services business depends in part on providing more comprehensive, current and accurate real estate listing data than its competitors, which the Company generally obtains through short-term arrangements with MLSs, real estate brokers, real estate agents and other third parties that may not be renewed and/or may be terminated with limited or no notice.

In addition, streaming and downloading capabilities via the Internet and other devices and technologies, as well as higher consumer engagement with other forms of digital media such as online and mobile social networking, are increasing the number of media choices and formats available to audiences, resulting in audience fragmentation and increased competition for advertising. New delivery platforms may also lead to loss of distribution and pricing control and loss of a direct relationship with consumers. These technological and other developments may also cause changes in consumer behavior that could affect the attractiveness of the Company's offerings to advertisers. Furthermore, the range of advertising choices across digital products and platforms and the large inventory of available digital advertising space have historically resulted in significantly lower rates for digital advertising than for print advertising. Digital advertising networks and exchanges, real-time bidding and other programmatic buying channels that allow advertisers to buy audiences at scale are also playing a more significant role in the advertising marketplace and may cause further downward pricing pressure.

Evolving standards for the delivery of digital advertising, such as viewability, could also adversely affect digital advertising revenues. Consequently, the Company's digital advertising revenue may not be able to replace print advertising revenue lost as a result of the shift to digital consumption. A decrease in advertising expenditures by the Company's customers, reduced demand for the Company's offerings or a surplus of advertising inventory could lead to a reduction in pricing and advertising spending, which could have an adverse effect on the Company's businesses and assets.

The Company's Businesses Face Significant Competition from Other Sources of News, Information and Entertainment Content.

The Company's businesses face significant competition from other sources of news, information and entertainment content, including both traditional and new content providers. This competition has intensified as a result of the continued development of new digital and other technologies and platforms, and the Company may be adversely affected if consumers migrate to other media alternatives. For example, advertising and circulation revenues in the Company's News and Information Services segment may continue to decline, reflecting general trends in the newspaper industry, including declining newspaper buying by younger audiences and consumers' increasing reliance on the Internet for the delivery of news and information, often without charge. In recent years, Internet sites devoted to recruitment, automobile sales and real estate services have become significant competitors of the Company's newspapers and websites for classified advertising sales. In addition, due to innovations in content distribution platforms, consumers are now more readily able to watch Internet-delivered content on television sets and mobile devices, in some cases also without charge, which could reduce consumer demand for the Company and its affiliates' television programming and pay-TV services and adversely affect both its subscription revenue and advertisers' willingness to purchase television advertising from the Company. The Company's ability to compete effectively depends on many factors both within and beyond its control, including audience acceptance of its high-quality journalism, book titles, television programming and other products. If the Company is unable to compete successfully against existing or future competitors, its business, results of operations and financial condition could be adversely affected.

The Company Must Respond to New Technologies and Changes in Consumer Behavior and Continue to Innovate and Provide Useful Products in Order to Remain Competitive.

Technology continues to evolve rapidly, and the resulting changes in consumer behavior and preferences create constant opportunities for new and existing competitors that can quickly render our products and services less

In order to succeed, the Company must continue to innovate to ensure that its products and services remain relevant and useful for consumers and customers. The Company may be required to incur significant capital expenditures in order to respond to new technologies, new and enhanced offerings from its competitors, and changes in consumer behavior, and there is a risk that its responses and strategies to remain competitive, including distribution of its content on a "pay" basis, may not be adopted by consumers. The Company's failure to protect and exploit the value of its content, while responding to and developing new technologies, products, services and business models to take advantage of advancements in technology and the latest consumer preferences could cause its customer, audience and/or user base to decline, in some cases precipitously, and could have a significant adverse effect on its businesses, asset values and results of operations.

The Inability to Renew Sports Programming Rights Could Cause the Revenue of Certain of the Company's Australian Operating Businesses to Decline Significantly in any Given Period.

The sports rights contracts between certain of the Company's Australian operating businesses, on the one hand, and various professional sports leagues and teams, on the other, have varying duration and renewal terms. As these contracts expire, renewals on favorable terms may be sought; however, third parties may outbid the current rights holders for the rights contracts. In addition, professional sports leagues or teams may create their own networks or the renewal costs could substantially exceed the original contract cost. The loss of rights could impact the extent of the sports coverage offered by the Company and could adversely affect its revenues. Upon renewal, the Company's results could be adversely affected if escalations in sports programming rights costs are unmatched by increases in subscriber and carriage fees and advertising rates.

Fluctuations in Foreign Currency Exchange Rates Could Have an Adverse Effect on the Company's Results of Operations.

The Company has significant operations in a number of foreign jurisdictions and certain of its operations are conducted in foreign currencies, primarily the Australian dollar and the British pound sterling. Since the Company's financial statements are denominated in U.S. dollars, changes in foreign currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, a currency translation impact on the Company's earnings, which could, in turn, have an adverse effect on its results of operations in a given period or in specific markets.

Weak Domestic and Global Economic Conditions and Volatility and Disruption in the Financial and Other Markets May Adversely Affect the Company's Business.

The U.S. and global economies have undergone economic uncertainty which resulted in, among other things, a general tightening in the credit markets, limited access to the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, lower consumer and business spending, lower consumer net worth and a

credit facility, will give it the ability to meet its financial needs for the foreseeable future, there can be no assurance that any further volatility and disruption in domestic and global capital and credit markets will not impair the Company’s liquidity or increase its cost of borrowing.

The Company Has Made and May Continue to Make Strategic Acquisitions That Introduce Significant Risks and Uncertainties.

In order to position its business to take advantage of growth opportunities, the Company has made and may continue to make strategic acquisitions that involve significant risks and uncertainties. These risks and uncertainties include, among others: (1) the difficulty in integrating newly acquired businesses and operations in an efficient and effective manner, (2) the challenges in achieving strategic objectives, cost savings and other anticipated benefits, (3) the potential loss of key employees of the acquired businesses, (4) the risk of diverting the attention of the Company’s senior management from the Company’s operations, (5) the risks associated with integrating financial reporting and internal control systems, (6) the difficulties in expanding information technology systems and other business processes to accommodate the acquired businesses, (7) potential future impairments of goodwill associated with the acquired business and (8) in some cases, increased regulation.

If any acquired business fails to operate as anticipated or cannot be successfully integrated with the Company’s existing business, the Company’s business, results of operations and financial condition could be adversely affected, and the Company may be required to record non-cash impairment charges for the write-down of certain acquired assets.

The Company Does Not Have the Right to Manage Foxtel, Which Means It is Not Able to Cause Foxtel to Operate or Make Corporate Decisions in a Manner that is Favorable to the Company.

The Company does not have the right to manage the business or affairs of Foxtel. While the Company’s rights include the right to appoint one-half of the board of directors of Foxtel, the Company is not able to cause management or the board of directors to take any specific actions on its behalf, including with regards to declaring and paying dividends.

The Company Relies on Network and Information Systems and Other Technology Whose Failure or Misuse

and proprietary information relating to personnel, customers, vendors and the Company’s business, including its

performs an annual impairment assessment of its recorded goodwill and indefinite-lived intangible assets, including newspaper mastheads and distribution networks, during the fourth quarter of each fiscal year. The Company also continually evaluates whether current factors or indicators, such as prevailing conditions in the capital markets or the economy generally, require the performance of an interim impairment assessment of those assets, as well as other investments and long-lived assets, or require the Company to engage in any additional business restructurings to address these conditions. Any significant shortfall, now or in the future, in advertising revenue and/or the expected popularity of the programming for which the Company has acquired rights could lead to a downward revision in the fair value of certain reporting units. Any downward revisions in the fair value of a reporting unit, indefinite-lived intangible assets, investments or long-lived assets could result in additional impairments for which non-cash charges would be required. Any such charge could be material to the Company's reported results of operations. In the fourth quarter of fiscal 2015, as part of its long-range planning process the Company changed its strategy and related outlook with respect to its Amplify reporting unit, which resulted in a reduction in expected future cash flows. Consequently, the Company determined that the fair value of the Amplify reporting unit had declined below its carrying value and recorded an impairment charge of $371 million in the fiscal year ended June 30, 2015. The Company may also incur additional restructuring charges in the future if it is required to further realign its resources in response to significant shortfalls in revenue or other adverse trends.

The Company's Business Could Be Adversely Impacted by Changes in Governmental Policy and Regulation.

Various aspects of the Company's activities are subject to regulation in numerous jurisdictions around the world, and the introduction of new laws and regulations in countries where the Company's products and services are produced or distributed (and changes in the enforcement of existing laws and regulations in those countries) could have a negative impact on its interests.

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

- anti-siphoning legislation which currently prevents pay-TV providers such as Foxtel from acquiring rights to televise certain listed events (for example, the Olympic Games and certain Australian Rules football and cricket matches) unless:
  - national and commercial television broadcasters have not obtained these rights 12 weeks before the start of the event;
  - the rights to televise are also held by commercial television licensees who have rights to televise the event to more than 50% of the Australian population; or
  - the rights to televise are also held by one of Australia's two major government-funded broadcasters; and
- other parts of the Broadcasting Services Act that regulate ownership interests and control of Australian media organizations. Such legislation may have an impact on the Company's ownership structure and operations and may restrict its ability to take advantage of acquisition or investment opportunities. For example, current media diversity rules would prevent the Company from exercising control of a commercial television broadcasting license, a commercial radio license and a newspaper in the same license area.

In addition, the Company's newspaper businesses in the U.K. are subject to greater regulation and oversight as a result of the implementation of recommendations of the Leveson inquiry into the U.K. press, which was established by Prime Minister David Cameron in mid-2011. The inquiry was triggered by allegations of illegal voicemail interception at the Company's former publication, *The News of the World*. Lord Justice Leveson, Chairman of the Inquiry, concluded the first part of the inquiry and published a report in late November 2012

in doing business internationally, including (1) issues related to managing international operations; (2) economic uncertainty and volatility in local markets and political or social instability; (3) potentially adverse changes in tax laws and regulations; (4) complying with international laws and regulations, including foreign ownership restrictions; (5) complying with anti-corruption laws and regulations such as the Foreign Corrupt Practices Act and the UK Bribery Act; (6) restrictions on repatriation of funds and foreign currency exchange; and (7) complying with local labor laws and regulations. Events or developments related to these and other risks associated with the Company's international operations could result in reputational harm and have an adverse impact on the Company's business, financial condition, operating results and prospects. Challenges associated with operating globally may increase as the Company continues to expand into geographic areas that it believes represent the highest growth opportunities.

There Can Be No Assurance That the Company Will Have Access to the Capital Markets on Terms Acceptable to It.

From time to time the Company may need or desire to access the long-term and short-term capital markets to obtain financing. Although the Company believes that the sources of capital currently in place, including the Company's revolving credit facility, will permit the Company to finance its operations for the foreseeable future on acceptable terms and conditions, the Company's access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including, but not limited to: (1) the Company's financial performance, (2) the Company's credit ratings or absence of a credit rating, (3) the liquidity of the overall capital markets and (4) the state of the economy. There can be no assurance, particularly as a company that currently has no credit rating, that the Company will continue to have access to the capital markets on terms acceptable to it.

Technological Developments May Increase the Threat of Content Piracy and Limit the Company's Ability to Protect Its Intellectual Property Rights.

The Company seeks to limit the threat of content piracy; however, policing unauthorized use of its products and services and related intellectual property is often difficult and the steps taken by the Company may not in every case prevent infringement by unauthorized third parties. Developments in technology increase the threat of content piracy by making it easier to duplicate and widely distribute pirated material. The Company has taken, and will continue to take, a variety of actions to combat piracy, both individually and, in some instances, together with industry associations. However, protection of the Company's intellectual property rights is dependent on the scope and duration of its rights as defined by applicable laws in the U.S. and abroad and the manner in which those laws are construed. If those laws are drafted or interpreted in ways that limit the extent or duration of the Company's rights, or if existing laws are changed, the Company's ability to generate revenue from its intellectual property may decrease, or the cost of obtaining and maintaining rights may increase. There can be no assurance that the Company's efforts to enforce its rights and protect its products, services and intellectual property will be successful in preventing content piracy.

The Company's Business Relies on Certain Intellectual Property and Brands.

The Company's businesses rely on a combination of trademarks, trade names, copyrights, patents and other proprietary rights, as well as contractual arrangements, including licenses, to establish and protect their intellectual property and brand names. The Company believes its proprietary trademarks, trade names, copyrights, patents and other intellectual property rights are important to its continued success and its competitive position. However, the Company cannot ensure that these intellectual property rights will be upheld if challenged or that these rights will protect the Company against infringement claims by third parties. Any failure by the Company to effectively protect its intellectual property or brands could adversely impact the Company's results of operations or financial condition. In addition, the Company may be contractually required to indemnify other parties against liabilities arising out of any third party infringement claims.

The Company's Relationship with NAR is an Important Part of its Digital Real Estate Services Business in the U.S. and this Business Could be Harmed if it were to Lose the Benefits of this Relationship.

Move, the Company's digital real estate services business in the U.S., licenses the realtor.com® trademark and website address, as well as the REALTOR® trademark, from NAR pursuant to a trademark license agreement (the "NAR License"). Move also operates the realtor.com® website under an agreement with NAR that is perpetual in duration. However, NAR may terminate the operating agreement for certain contractually-specified reasons upon expiration of applicable cure periods. If the operating agreement with NAR is terminated, the NAR License would also terminate, and Move would be required to transfer a copy of the software that operates the realtor.com® website to NAR and provide NAR with copies of its agreements with advertisers and data content providers. NAR would then be able to operate a realtor.com® website, either by itself or with another third party.

In addition to the contractual limitations and risks described above, any adverse developments in Move's business relationship with NAR as a result of existing or new areas of conflict or potential conflict between Move's interests and NAR's interests, changes in the real estate industry or other causes could also adversely affect Move's business, particularly as many of its customers and data providers are members of, have interests that are closely aligned with, or are otherwise influenced by, NAR.

Labor Disputes May Have an Adverse Effect on the Company's Business.

In a variety of the Company's businesses, it engages the services of employees who are subject to collective bargaining agreements. If the Company is unable to renew expiring collective bargaining agreements, it is possible that the affected unions could take action in the form of strikes or work stoppages. Such actions, as well as higher costs in connection with these collective bargaining agreements or a significant labor dispute, could have an adverse effect on the Company's business by causing delays in production or by reducing profit margins.

Risks Related to the Company's Separation from 21st Century Fox

If the Separation, Together with Certain Related Transactions, Were Ultimately Determined to be Taxable Transactions for U.S. Federal and/or Other Jurisdictions' Income Tax Purposes, then the Company, 21st Century Fox and Its Stockholders Could Be Subject to Significant Tax Liability, and the Company may be Required to Indemnify 21st Century Fox for Tax-Related Liabilities Incurred by 21st Century Fox.

In connection with the Separation, 21st Century Fox received a private letter ruling from the IRS to the effect that, among other things, the distribution of the Company's Class A Common Stock and Class B Common Stock qualified as tax-free under Sections 368 and 355 of the Code except for cash received in lieu of fractional shares. In addition, 21st Century Fox received an opinion from its tax counsel confirming the tax-free status of the Separation for U.S. federal income tax purposes, including the satisfaction of the requirements under Sections 368 and 355 of the Code not specifically addressed in the IRS private letter ruling. The opinion of 21st Century Fox's tax counsel is not binding on the IRS or the courts, and there is no assurance that the IRS or a court will not take a contrary position.

The private letter ruling and the opinion relied on certain facts and assumptions, and certain representations from the Company and 21st Century Fox regarding the past and future conduct of their respective businesses and other matters. Notwithstanding the receipt of the private letter ruling and the opinion, the IRS and/or other tax authorities could determine on audit that the distribution or the related internal reorganization transactions should be treated as taxable transactions ns, agp.trctionsfrom

The Indemnification Arrangements the Company Entered Into With 21st Century Fox in Connection With the Separation May Require the Company to Divert Cash to Satisfy Indemnification Obligations to 21st Century Fox.

Pursuant to the Separation and Distribution Agreement and certain other related agreements, 21st Century Fox agreed to indemnify the Company for certain liabilities, and the Company agreed to indemnify 21st Century Fox for certain liabilities. As a result, the Company could be required, under certain circumstances, to indemnify 21st Century Fox and its affiliates against certain liabilities to the extent such liabilities result from an action the Company or its affiliates take or from any breach of the Company or its affiliates' representations, covenants or obligations under the Separation and Distribution Agreement, Tax Sharing and Indemnification Agreement or any other agreement the Company entered into in connection with the Separation. The diversion of cash that may occur if the Company is required to indemnify 21st Century Fox under these agreements could limit the Company's ability to grow its businesses or capitalize on acquisition opportunities.

Certain Agreements That the Company Entered Into With 21st Century Fox in Connection With the Separation May Limit Its Ability to Take Certain Actions With Respect to the Civil U.K. Newspaper Matters.

Under the terms of the Separation and Distribution Agreement, in consideration for 21st Century Fox's agreement to certain indemnification arrangements, the Company agreed that 21st Century Fox would have the right to control the Company's defense of civil claims relating to the U.K. Newspaper Matters. In exercising its rights to control the defense of the civil claims relating to the U.K. Newspaper Matters, 21st Century Fox may be guided by interests that are different than or adverse to the Company's interests and the interests of its stockholders and advocate strategies that the Company's management would not otherwise adopt. Furthermore, if the Company fails to comply with these control arrangements or does not consent to settlements with respect to such matters proposed by 21st Century Fox, the Company has agreed with 21st Century Fox that it will, at 21st Century Fox's discretion, forego any indemnification with regard to such or all of these matters. The Company's inability to take actions with respect to these civil matters without 21st Century Fox's consent or the Company's adoption of strategies advocated by 21st Century Fox could damage the Company's reputation or impair the Company's ability to conduct its business while the taking of any such action by the Company without 21st Century Fox's consent in breach of the Company's agreements could increase its liability exposure with regard to such matters and adversely affect the Company's results of operations and financial condition. See Part II, "Item 1. Legal Proceedings" and Note 10 to the Financial Statements for additional information.

The Company Has a Limited Operating History as an Independent, Publicly-Traded Company, and Its Historical Financial Statements for Certain Reporting Periods Are Not Necessarily Representative of the Results It Would Have Achieved as an Independent, Publicly-Traded Company, Do Not Reflect Any Subsequent Changes in Its Cost Structure and May Not Be Reliable Indicators of Its Future Results.

Certain of the Company's historical financial statements do not necessarily reflect the results of operations, cash flows and financial condition that it would have achieved as an independent, publicly-traded company during the applicable period or those that it will achieve in the future. Prior to the Separation, the Company's business was operated by 21st Century Fox as part of its broader corporate organization, rather than as an independent company. During those periods, 21st Century Fox performed various corporate functions for the Company, including, but not limited to, tax administration, treasury activities, accounting, legal, ethics and compliance program administration, investor and public relations, certain governance functions (including internal audit) and external reporting. Certain of the Company's historical financial statements reflect allocations of corporate expenses from 21st Century Fox for these and similar functions. However, these allocations may be more or less than the comparable expenses that the Company would have incurred had it operated as an independent, publicly traded company during those periods. In addition, changes have occurred and may continue to occur in the Company's cost structure, management, financing, business operations, personnel needs, tax and structure as a result of its operation as a public company separate from 21st Century Fox, including the incurrence of costs for compliance with requirements of the Sarbanes-Oxley Act, SEC regulations and NASDAQ and ASX listing rules and potential increased costs associated with reduced economies of scale. Prior to the Separation, the Company

ITEM 6. EXHIBITS

(a) Exhibits.

10.1 Amendment No. 1, dated as of October 23, 2015, to the Credit Agreement, dated as of October 23, 2013, among the Company, as borrower, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A. and Citibank, N.A., as co-administrative agents, JPMorgan Chase Bank, N.A., as designated agent, and the other parties thereto. (Incorporated by reference to Exhibit 10.1 to the Current Report of News Corporation on Form 8-K (File No. 001-35769) filed with the Securities and Exchange Commission on October 26, 2015.)

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 December 31, 2015 formatted in eXtensible Business Reporting Language: (i) Consolidated Statements of Operations for the three and six months ended December 31, 2015 and 2014 (unaudited); (ii) Consolidated Statements of Comprehensive Loss for the three and six months ended December 31, 2015 and 2014 (unaudited); (iii) Consolidated Balance Sheets at December 31, 2015 (unaudited) and June 30, 2015 (audited); (iv) Consolidated Statements of Cash Flows for the six months ended December 31, 2015 and 2014 (unaudited); and (v) Notes to the Unaudited Consolidated Financial Statements.*

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* Filed herewith.

** Furnished herewith.

SIGNATURE

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

NEWS CORPORATION
(Registrant)

By: /s/ Bedi Ajay Singh

Bedi Ajay Singh
Chief Financial Officer

Date: February 5, 2016

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 such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of thersRregistrant’s auditor0(T

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, Bedi Ajay Singh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of News Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 5, 2016

By: /s/ Bedi Ajay Singh

Bedi Ajay Singh
Chief Financial Officer

Exhibit 32.1