UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2017**

or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from______ to______**

Commission file number 001-32352

TWENTY-FIRST CENTURY FOX, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**26-0075658** **(I.R.S. Employer Identification No.)**
1211 Avenue of the Americas, New York, New York **(Address of Principal Executive Offices)**	**10036** **(Zip Code)**

Registrant's telephone number, including area code (212) 852-7000

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

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

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

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

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

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

As of November 3, 2017, 1,054,008,837 shares of Class A Common Stock, par value $0.01 per share, and 798,520,953 shares of Class B Common Stock, par value $0.01 per share, were outstanding.

TWENTY-FIRST CENTURY FOX, INC.

FORM 10-Q

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TWENTY-FIRST CENTURY FOX, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	For the three months ended September 30,	
	2017	2016
Revenues	$ 7,002	$ 6,506
Operating expenses	(4,381)	(3,915)
Selling, general and administrative	(848)	(815)
Depreciation and amortization	(142)	(135)
Impairment and restructuring charges	(21)	(137)
Equity earnings of affiliates	60	35
Interest expense, net	(313)	(300)
Interest income	10	9
Other, net	(72)	(11)
Income from continuing operations before income tax expense	1,295	1,237
Income tax expense	(391)	(343)
Income from continuing operations	904	894
Income (loss) from discontinued operations, net of tax	16	(6)
Net income	920	888
Less: Net income attributable to noncontrolling interests	(65)	(67)
Net income attributable to Twenty-First Century Fox, Inc. stockholders	$ 855	$ 821
EARNINGS PER SHARE DATA		
Income from continuing operations attributable to Twenty-First Century Fox, Inc. stockholders - basic and diluted	$ 839	$ 827
Weighted average shares		
Basic	1,852	1,861
Diluted	1,853	1,863
Income from continuing operations attributable to Twenty-First Century Fox, Inc. stockholders per share - basic and diluted	$ 0.45	$ 0.44
Net income attributable to Twenty-First Century Fox, Inc. stockholders per share - basic and diluted	$ 0.46	$ 0.44

The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.

TWENTY-FIRST CENTURY FOX, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN MILLIONS)

	For the three months ended September 30, 2017	2016
Net income	$ 920	$ 888
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	41	2
Cash flow hedges	-	8
Unrealized holding gains on securities	82	-
Benefit plan adjustments	6	9
Equity method investments	22	(59)
Other comprehensive income (loss), net of tax	151	(40)
Comprehensive income	1,071	848
Less: Net income attributable to noncontrolling interests[a]	(65)	(67)
Less: Other comprehensive income attributable to noncontrolling interests	(9)	(1)
Comprehensive income attributable to Twenty-First Century Fox, Inc. stockholders	$ 997	$ 780

(a) Net income attributable to noncontrolling interests includes $29 million and $27 million for the three months ended September 30, 2017 and 2016, respectively, relating to redeemable noncontrolling interests.

The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.

TWENTY-FIRST CENTURY FOX, INC.

CONSOLIDATED BALANCE SHEETS
(IN MILLIONS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	As of September 30, 2017 (unaudited)	As of June 30, 2017 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,901	$ 6,163
Receivables, net	6,619	6,477
Inventories, net	2,856	3,101
Other	622	545
Total current assets	16,998	16,286
Non-current assets		
Receivables, net	684	543
Investments	4,066	3,902
Inventories, net	8,019	7,452
Property, plant and equipment, net	1,779	1,781
Intangible assets, net	6,289	6,574
Goodwill	12,779	12,792
Other non-current assets	1,414	1,394
Total assets	$ 52,028	$ 50,724
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings	$ 707	$ 457
Accounts payable, accrued expenses and other current liabilities	3,966	3,451
Participations, residuals and royalties payable	1,604	1,657
Program rights payable	1,228	1,093
Deferred revenue	671	580
Total current liabilities	8,176	7,238
Non-current liabilities		
Borrowings	19,142	19,456
Other liabilities	3,654	3,616
Deferred income taxes	2,801	2,782
Redeemable noncontrolling interests	699	694
Commitments and contingencies		
Equity		
Class A common stock(a)	11	11
Class B common stock(b)	8	8
Additional paid-in capital	12,345	12,406
Retained earnings	5,816	5,315
Accumulated other comprehensive loss	(1,876)	(2,018)
Total Twenty-First Century Fox, Inc. stockholders' equity	16,304	15,722
Noncontrolling interests	1,252	1,216
Total equity	17,556	16,938
Total liabilities and equity	$ 52,028	$ 50,724

(a) **Class A common stock**, $0.01 par value per share, 6,000,000,000 shares authorized, 1,054,008,837 shares and 1,052,536,963 shares issued and outstanding, net of 123,687,371 treasury shares at par as of September 30, 2017 and June 30, 2017, respectively.

(b) **Class B common stock**, $0.01 par value per share, 3,000,000,000 shares authorized, 798,520,953 shares issued and outstanding, net of 356,993,807 treasury shares at par as of September 30, 2017 and June 30, 2017.

The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.

TWENTY-FIRST CENTURY FOX, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

	For the three months ended September 30,	
	2017	2016
OPERATING ACTIVITIES		
Net income	$ 920	$ 888
Less: Income (loss) from discontinued operations, net of tax	16	(6)
Income from continuing operations	904	894
Adjustments to reconcile income from continuing operations to cash provided by operating activities		
Depreciation and amortization	142	135
Amortization of cable distribution investments	18	15
Impairment and restructuring charges	21	137
Equity-based compensation	27	42
Equity earnings of affiliates	(60)	(35)
Cash distributions received from affiliates	5	2
Other, net	72	11
Deferred income taxes and other taxes	(11)	(12)
Change in operating assets and liabilities, net of acquisitions and dispositions		
Receivables	(287)	86
Inventories net of program rights payable	(183)	(294)
Accounts payable and accrued expenses	(100)	(22)
Other changes, net	200	31
Net cash provided by operating activities from continuing operations	748	990
INVESTING ACTIVITIES		
Property, plant and equipment	(81)	(53)
Investments in equity affiliates	(101)	(6)
Proceeds from dispositions, net	362	1
Other investments	(29)	(64)
Net cash provided by (used in) investing activities from continuing operations	151	(122)
FINANCING ACTIVITIES		
Borrowings	-	37
Repayment of borrowings	(67)	(105)
Repurchase of shares	-	(467)
Dividends paid and distributions	(67)	(54)
Other financing activities, net	(32)	(29)
Net cash used in financing activities from continuing operations	(166)	(618)
Net decrease in cash and cash equivalents from discontinued operations	(9)	(6)
Net increase in cash and cash equivalents	724	244
Cash and cash equivalents, beginning of year	6,163	4,424
Exchange movement on cash balances	14	13
Cash and cash equivalents, end of period	$ 6,901	$ 4,681

The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.

NOTE 1. BASIS OF PRESENTATION

Twenty-First Century Fox, Inc., a Delaware corporation, and its subsidiaries (together, “Twenty-First Century Fox” or the “Company”) is a diversified global media and entertainment company, which currently manages and reports its businesses in the following four segments: Cable Network Programming, Television, Filmed Entertainment and Other, Corporate and Eliminations.

The accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“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 Unaudited Consolidated Financial Statements. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2018.

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

The Unaudited Consolidated Financial Statements include the accounts of Twenty-First Century Fox. All significant intercompany accounts and transactions have been eliminated in consolidation, including the intercompany portion of transactions with equity method investees. Investments in and advances to entities or joint ventures in which the Company has significant influence, but less than a controlling voting interest, are accounted for using the equity method. Investments in which the Company has no significant influence are designated as available-for-sale investments if readily determinable market values are available. If an investment’s fair value is not readily determinable, the Company accounts for its investment at cost.

The preparation of the Company’s consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the consolidated financial statements and accompanying disclosures. Actual results may differ from those estimates.

Certain fiscal 2017 amounts have been reclassified to conform to the fiscal 2018 presentation. Unless indicated otherwise, the information in the notes to the Unaudited Consolidated Financial Statements relates to the Company’s continuing operations.

The Company has reclassified certain fiscal 2017 amounts for development and certain other costs from Selling, general and administrative to Operating expenses within the Consolidated Statement of Operations to conform to the fiscal 2018 presentation. These reclassifications did not affect previously reported Revenue, Income from continuing operations before income tax expense or Net income in the Consolidated Statement of Operations.

Recently Adopted and Recently Issued Accounting Guidance

Adopted

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-09, “Compensation —Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting” (“ASU 2016-09”). The amendments in ASU 2016-09 simplify various aspects related to how share-based payments are accounted for and presented in the financial statements, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. On July 1, 2017, the Company adopted ASU 2016-09. In accordance with ASU 2016-09, the Company will prospectively recognize all excess tax benefits and tax deficiencies in Income tax expense in the Statements of Operations. In the statement of cash flows, all excess tax benefits are presented retrospectively in Net cash provided by operating activities from continuing operations. In addition, the Company retrospectively adopted the guidance that requires cash paid by the Company when directly withholding shares for tax withholding purposes to be classified as a financing activity in the statement of cash flows. The adoption of ASU 2016-09 resulted in an increase in Net cash provided by operating activities from continuing operations and a corresponding increase in Net cash used in financing activities from continuing operations in the Statement of Cash Flows for fiscal 2017. The other aspects of ASU 2016-09 did not have a material effect on the Company’s consolidated financial statements.

On July 1, 2017, the Company early adopted ASU 2017-07, “Compensation–Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost” (“ASU 2017-07”). ASU 2017-07 requires an employer to report the service cost component of net benefit cost in the same line item as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. ASU 2017-07 did not have a material effect on the Company’s consolidated financial statements.

Issued

In August 2017, the FASB issued ASU 2017-12, “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities” (“ASU 2017-12”). The objective of ASU 2017-12 is to better align an entity’s risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. In addition, ASU 2017-12 simplifies the assessment of hedge effectiveness. ASU 2017-12 is effective for the Company for annual and interim reporting periods beginning July 1, 2019. Early adoption is permitted in an interim period. The Company is currently evaluating the impact ASU 2017-12 will have on its consolidated financial statements.

NOTE 2. ACQUISITIONS, DISPOSALS AND OTHER TRANSACTIONS

The Company’s acquisitions support the Company’s strategic priority of increasing its brand presence and reach in key domestic and international markets and acquiring greater control of investments that complement its portfolio of businesses.

Fiscal 2018

Announced Acquisitions

Sky

In December 2016, the Company announced it reached agreement with Sky plc (“Sky”), in which the Company currently has an approximate 39% interest, on the terms of a recommended pre-conditional cash offer by the Company for the fully diluted share capital of Sky which the Company does not already own, at a price of £10.75 per Sky share (approximately $16 billion in the aggregate) (the “Sky Acquisition”). The independent committee of Sky’s Board of Directors announced that it intends to unanimously recommend that unaffiliated Sky shareholders vote in favor of the Sky Acquisition. The Sky Acquisition remains subject to certain customary closing conditions, including approval by the UK Secretary of State for Digital, Culture, Media and Sport and the requisite approval of Sky shareholders unaffiliated with the Company. The Sky Acquisition has received unconditional clearance by all competent competition authorities including the European Commission, and has been cleared on public interest and plurality grounds in all of the markets in which Sky operates outside of the UK, including Austria, Germany, Italy and the Republic of Ireland. Subject to satisfaction of the outstanding conditions and any further delays in the UK decision-making process, the Sky Acquisition is expected to close by June 30, 2018.

Also in December 2016, the Company entered into a co-operation agreement with Sky (the “Co-Operation Agreement”) pursuant to which the Company and Sky agreed to take certain steps to facilitate completion of the Sky Acquisition. The Co-Operation Agreement provides for a £200 million (approximately $270 million) break fee payable by the Company in the event that regulatory approvals are not obtained prior to August 15, 2018, or in certain other circumstances described in the Co-Operation Agreement.

To provide financing in connection with the Sky Acquisition, the Company and 21st Century Fox America, Inc. (“21CFA”), a wholly-owned subsidiary of the Company, entered into a bridge credit agreement with the lenders party thereto (the “Bridge Credit Agreement”). The Bridge Credit Agreement provides for borrowings of up to £12.2 billion (approximately $16 billion). Fees under the Bridge Credit Agreement are based on the Company’s long-term senior unsecured non-credit enhanced debt ratings. Given the current debt ratings, 21CFA pays a commitment fee on undrawn funds of 0.1% and the initial interest rate on advances will be London Interbank Offered Rate (“LIBOR”) plus 1.125% with subsequent increases every 90 days up to LIBOR plus 1.875%. 21CFA has also agreed to pay a duration fee on each of the 90th, 180th and 270th day after the funding of the loans in an amount equal to 0.50%, 0.75%, and 1.00%, respectively, of the aggregate principal amount of the advances and undrawn commitments outstanding at the time. The terms of the

Bridge Credit Agreement also include the requirement that 21CFA maintain a certain leverage ratio and limitations with respect to secured indebtedness. While the Company has entered into the Bridge Credit Agreement, the Company intends to finance the Sky Acquisition by using a significant portion of the available cash on its balance sheet and obtaining permanent financing in the capital markets. The Company purchased a foreign currency exchange option in February 2017, which was subsequently modified in September 2017, to limit its foreign currency exchange rate risk in connection with the Sky Acquisition. (See Note 5 – Fair Value under the heading “Foreign Currency Contracts” and Note 11 – Additional Financial Information under the heading “Other, net” for additional information).

The Company believes the Sky Acquisition will result in enhanced capabilities of the combined company, underpinned by a more geographically diverse and stable revenue base, and an improved balance between subscription, affiliate fee, advertising and content revenues.

Other

In February 2017, the Company announced that it anticipated receiving approximately $350 million in proceeds resulting from the Federal Communications Commission’s (the “FCC”) completed reverse auction for broadcast spectrum. Consequently, the Company will relinquish spectrum used by its television stations affiliated with both The CW Television Network and Master Distribution Service, Inc. (“MyNetworkTV”) in Chicago, IL and MyNetworkTV in the Washington, DC and Charlotte, NC designated market areas, in which the Company operates duopolies. These stations will continue broadcasting using the spectrum of the existing FOX Broadcasting Company (“FOX”) owned and operated station in that market. The proceeds were received in July 2017 and the Company recorded a deferred gain on this transaction which will be recognized upon relinquishing the spectrum to the FCC.

NOTE 3. INVENTORIES, NET

The Company's inventories were comprised of the following:

	As of September 30, 2017	As of June 30, 2017
	(in millions)	
Programming rights		
Sports Programming rights	$ 3,289	$ 3,201
Entertainment Programming rights[(a)]	3,186	3,232
Filmed entertainment costs		
Films		
Released, less accumulated amortization	1,244	1,112
Completed, not released	72	398
In production	1,543	1,094
In development or preproduction	166	295
	3,025	2,899
Television productions		
Released, less accumulated amortization	704	838
In production, development or preproduction	671	383
	1,375	1,221
Total filmed entertainment costs, less accumulated amortization[(b)]	4,400	4,120
Total inventories, net	10,875	10,553
Less: current portion of inventories, net[(c)]	(2,856)	(3,101)
Total non-current inventories, net	$ 8,019	$ 7,452

(a) Includes DVDs, Blu-rays and other merchandise.
(b) Does not include $234 million and $241 million of net intangible film library costs as of September 30, 2017 and June 30, 2017, respectively, which were included in intangible assets subject to amortization in the Consolidated Balance Sheets.
(c) Current portion of inventories, net as of September 30, 2017 and June 30, 2017 was comprised of programming rights ($2,784 million and $3,037 million, respectively), DVDs, Blu-rays and other merchandise.

NOTE 4. INVESTMENTS

The Company's investments were comprised of the following:

		Ownership percentage as of September 30, 2017	As of September 30, 2017	As of June 30, 2017
			(in millions)	
Sky[(a)(b)]	European direct broadcast satellite operator	39%	$ 3,226	$ 3,175
Endemol Shine Group[(b)]	Global multi-platform content provider	50%	273	262
Other investments		various	567	465
Total investments			$ 4,066	$ 3,902

(a) The Company's investment in Sky had a market value of $8.2 billion as of September 30, 2017 determined using its quoted market price on the London Stock Exchange (a Level 1 measurement as defined in Note 5 – Fair Value). As part of the agreement for the Sky Acquisition, Sky will not pay any dividends in calendar year 2017. However, if the Sky Acquisition has not closed on or before December 31, 2017, the Sky shareholders will be entitled to receive a special dividend in calendar year 2018 (See Note 2 – Acquisitions, Disposals and Other Transactions under the heading "Sky" for further discussion of this investment).
(b) Equity method investment.

Hulu

The Company owns an equity interest in Hulu, LLC (“Hulu”). In August 2016, Hulu issued a 10% equity interest to a new investor thereby diluting the Company’s ownership to 30%. For a period of up to 36 months, under certain limited circumstances arising from regulatory review, the new investor may put its shares to Hulu or Hulu may call the shares from the new investor. If Hulu is required to fund the repurchase of shares from the new investor, the Company has agreed to make an additional capital contribution of up to approximately $300 million to Hulu. As a result of these conditions, the Company will record a gain on the dilution of its ownership interest upon resolution of the contingency. The Company will continue to account for its interest in Hulu as an equity method investment.

The Company has committed to an additional investment of approximately $200 million in fiscal 2018, of which approximately $100 million was funded in August 2017. The remaining amount was funded subsequent to September 30, 2017.

NOTE 5. FAIR VALUE

In accordance with ASC 820, “Fair Value Measurement,” fair value measurements are required to be disclosed using a three-tiered fair value hierarchy which distinguishes market participant assumptions into the following categories: (i) inputs that are quoted prices in active markets (“Level 1”); (ii) inputs other than quoted prices included within Level 1 that are observable, including quoted prices for similar assets or liabilities (“Level 2”); and (iii) inputs that require the entity to use its own assumptions about market participant assumptions (“Level 3”).

The tables below present information about financial assets and liabilities carried at fair value on a recurring basis.

	Fair value measurements As of September 30, 2017			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Assets				
Investments[a]	$ 160	$ 160	$ -	$ -
Derivatives[b]	133	-	133	-
Other[c]	61	-	-	61
Redeemable noncontrolling interests	(699)	-	-	(699)
Total	$ (345)	$ 160	$ 133	$ (638)

	As of June 30, 2017			
	Total	Level 1	Level 2	Level 3
	(in millions)			
Assets				
Derivatives[b]	$ 48	$ -	$ 48	$ -
Other[c]	43	-	-	43
Liabilities				
Derivatives[b]	(9)	-	(9)	-
Redeemable noncontrolling interests	(694)	-	-	(694)
Total	$ (612)	$ -	$ 39	$ (651)

(a) Represents an available-for-sale security.
(b) Represents derivatives associated with the Company’s foreign currency forward and option contracts and interest rate swap contracts.
(c) Primarily relates to past acquisitions, including contingent consideration arrangements.

Redeemable Noncontrolling Interests

The Company accounts for redeemable noncontrolling interests in accordance with ASC 480-10-S99-3A, "Distinguishing Liabilities from Equity" ("ASC 480-10-S99-3A"), because their exercise is outside the control of the Company. The redeemable noncontrolling interests recorded at fair value are put arrangements held by the noncontrolling interests in certain of the Company's majority-owned sports networks. The Company utilizes the market, income or cost approaches or a combination of these valuation techniques for its Level 3 fair value measures, using observable inputs such as market data obtained from independent sources. To the extent observable inputs are not available, the Company utilizes unobservable inputs based upon the assumptions market participants would use in valuing the asset (liability). Two minority shareholders' put rights will become exercisable in March 2018 and one minority shareholder's put right will become exercisable in July 2018. The remaining redeemable noncontrolling interests are currently not exercisable.

Financial Instruments

The carrying value of the Company's financial instruments, such as cash and cash equivalents, receivables, payables and cost method investments, approximates fair value.

	As of September 30, 2017	As of June 30, 2017
	(in millions)	
Borrowings		
Fair value	$ 23,846	$ 23,853
Carrying value	$ 19,849	$ 19,913

Fair value is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market (a Level 1 measurement).

Foreign Currency Contracts

The Company uses foreign currency forward contracts primarily to hedge certain exposures to foreign currency exchange rate risks associated with revenues and the cost of producing or acquiring films and television programming. The Company also entered into a foreign currency option contract to limit its foreign currency exchange rate risk in connection with the Sky Acquisition. For accounting purposes, the option contract does not qualify for hedge accounting and therefore has been treated as an economic hedge (See Note 2 – Acquisitions, Disposals and Other Transactions under the heading "Sky").

	As of September 30, 2017	As of June 30, 2017
	(in millions)	
Cash Flow Hedges		
Notional amount	$ 214	$ 209
Fair value	$ 7	$ -

For foreign currency forward contracts designated as cash flow hedges, the Company expects to reclassify the cumulative changes in fair values, included in Accumulated other comprehensive loss, within the next two years.

	As of September 30, 2017	As of June 30, 2017
	(in millions)	
Economic Hedges		
Notional amount[(a)]	$ 12,538	$ 12,371
Fair value[(a)]	$ 125	$ 38

(a) Includes the foreign currency option contract to limit the foreign currency exchange rate risk in connection with the Sky Acquisition. The foreign currency option contract has a notional amount of $12.5 billion and consists of the foreign currency option and a premium payable of approximately $310 million due on the option expiration date. As of September 30, 2017, the foreign currency option had a fair value of $125 million.

Interest Rate Swap Contracts

The Company uses interest rate swap contracts to hedge certain exposures to interest rate risks associated with certain borrowings.

	As of September 30, 2017	As of June 30, 2017
	(in millions)	
Cash Flow Hedges		
Notional amount	$ 649	$ 663
Fair value	$ 1	$ 1

For interest rate swap contracts designated as cash flow hedges, the Company expects to reclassify the cumulative changes in fair values, included in Accumulated other comprehensive loss, within the next two years.

Concentrations of Credit Risk

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

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

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

NOTE 6. BORROWINGS

Borrowings include bank loans and public debt.

Current Borrowings

Included in Borrowings within Current liabilities as of September 30, 2017 was $350 million of 7.25% Senior Notes that are due in May 2018, $250 million of 8.25% Senior Notes that are due in August 2018 and principal payments on the Yankees Entertainment and Sports Network term loan facilities of $107 million that are due in the next 12 months.

Bridge Credit Agreement

See Note 2 – Acquisitions, Disposals and Other Transactions under the heading "Sky".

NOTE 7. STOCKHOLDERS' EQUITY

The following table summarizes changes in stockholders' equity:

	For the three months ended September 30,					
	2017			2016		
	Twenty-First Century Fox stockholders	Noncontrolling interests	Total equity	Twenty-First Century Fox stockholders	Noncontrolling interests	Total equity
	(in millions)					
Balance, beginning of period	$ 15,722	$ 1,216	$ 16,938	$ 13,661	$ 1,220	$ 14,881
Net income	855	36 (a)	891	821	40 (a)	861
Other comprehensive income (loss)	142	9	151	(41)	1	(40)
Issuance (cancellation) of shares, net	41	-	41	(390)	-	(390)
Dividends declared	(333)	-	(333)	(335)	-	(335)
Other	(123)	(9) (b)	(132)	91	(13) (b)	78
Balance, end of period	$ 16,304	$ 1,252	$ 17,556	$ 13,807	$ 1,248	$ 15,055

(a) Net income attributable to noncontrolling interests excludes $29 million and $27 million for the three months ended September 30, 2017 and 2016, respectively, relating to redeemable noncontrolling interests which are reflected in temporary equity.

(b) Other activity attributable to noncontrolling interests excludes $(24) million and $(26) million for the three months ended September 30, 2017 and 2016, respectively, relating to redeemable noncontrolling interests.

Comprehensive Income

Comprehensive income is reported in the Unaudited Consolidated Statements of Comprehensive Income and consists of Net income and Other comprehensive income (loss), including foreign currency translation adjustments, losses and gains on cash flow hedges, unrealized holding gains and losses on securities, benefit plan adjustments and the Company's share of other comprehensive income of equity method investees, which affect stockholders' equity, and under GAAP, are excluded from Net income.

The following table summarizes the activity within Other comprehensive income (loss):

	For the three months ended September 30,					
	2017			2016		
	Before tax	Tax (provision) benefit	Net of tax	Before tax	Tax (provision) benefit	Net of tax
	(in millions)					
Foreign currency translation adjustments						
Unrealized gains	$ 41	$ -	$ 41	$ 2	$ -	$ 2
Other comprehensive income	$ 41	$ -	$ 41	$ 2	$ -	$ 2
Cash flow hedges						
Unrealized gains	$ 8	$ (3)	$ 5	$ 11	$ (4)	$ 7
Amount reclassified on hedging activity[a]	(8)	3	(5)	2	(1)	1
Other comprehensive income	$ -	$ -	$ -	$ 13	$ (5)	$ 8
Gains on securities						
Unrealized gains	$ 129	$ (47)	$ 82	$ -	$ -	$ -
Other comprehensive income	$ 129	$ (47)	$ 82	$ -	$ -	$ -
Benefit plan adjustments						
Reclassification adjustments realized in net income[b]	$ 10	$ (4)	$ 6	$ 14	$ (5)	$ 9
Other comprehensive income	$ 10	$ (4)	$ 6	$ 14	$ (5)	$ 9
Equity method investments						
Unrealized gains (losses) and reclassifications	$ 34	$ (12)	$ 22	$ (67)	$ 8	$ (59)
Other comprehensive income (loss)	$ 34	$ (12)	$ 22	$ (67)	$ 8	$ (59)

(a) Reclassifications of amounts related to hedging activity are included in Revenues, Operating expenses, Selling, general and administrative expenses, Interest expense, net or Other, net, as appropriate, in the Unaudited Consolidated Statements of Operations (See Note 5 – Fair Value for additional information regarding hedging activity).

(b) Reclassifications of amounts related to benefit plan adjustments are included in Other, net in the Unaudited Consolidated Statements of Operations.

Earnings Per Share Data

The following table sets forth the Company's computation of Income from continuing operations attributable to Twenty-First Century Fox stockholders:

	For the three months ended September 30,	
	2017	2016
	(in millions)	
Income from continuing operations	$ 904	$ 894
Less: Net income attributable to noncontrolling interests	(65)	(67)
Income from continuing operations attributable to Twenty-First Century Fox stockholders	$ 839	$ 827

Stock Repurchase Program

See Note 12 – Stockholders' Equity in the 2017 Form 10-K under the heading "Stock Repurchase Program".

The Company did not repurchase any of its Class A Common Stock or Class B Common Stock during the three months ended September 30, 2017.

Dividends

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

	For the three months ended September 30,	
	2017	2016
Cash dividend per share	$ 0.18	$ 0.18

The Company declared a dividend of $0.18 per share on both the Class A Common Stock and Class B Common Stock in the three months ended September 30, 2017, which was paid in October 2017 to the stockholders of record on September 13, 2017.

NOTE 8. EQUITY-BASED COMPENSATION

The following table summarizes the Company's equity-based compensation activity:

	For the three months ended September 30,	
	2017	2016
	(in millions)	
Equity-based compensation	$ 27	$ 42
Intrinsic value of all settled equity-based awards	$ 74	$ 69
Tax benefit on vested equity-based awards	$ 27	$ 25

As of September 30, 2017, the Company's total estimated compensation cost related to equity-based awards, not yet recognized, was approximately $240 million, and is expected to be recognized over a weighted average period between one and two years. Compensation expense on all equity-based awards is generally recognized on a straight-line basis over the vesting period of the entire award.

Performance Stock Units

The Company's stock based awards are granted in Class A Common Stock. During the three months ended September 30, 2017, approximately 6.6 million performance stock units ("PSUs") were granted and approximately 2.6 million PSUs vested.

During the three months ended September 30, 2016, approximately 6.1 million PSUs were granted and approximately 2.6 million PSUs vested.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements ("firm commitments") to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The total firm commitments and future debt payments as of September 30, 2017 and June 30, 2017 were approximately $83 billion and $82 billion, respectively. The increase from June 30, 2017 was primarily due to a new agreement for the Indian Premier League's ("IPL") Global Media and Digital cricket broadcast rights for the five-year period from 2018 to 2022 partially offset by payments related to sports programming rights. In addition, the Company has made an offer to purchase the fully diluted share capital of Sky which the Company does not already own (See Note 2 – Acquisitions, Disposals and Other Transactions under the heading "Sky").

Contingent Guarantees

The Company's contingent guarantees as of September 30, 2017 and June 30, 2017 were approximately $1.1 billion and $500 million, respectively. The increase from June 30, 2017 was primarily due to a bank guarantee covering the Company's new IPL programming rights obligations.

Hulu

The Company has guaranteed $113 million of Hulu's $338 million five-year term loan due in August 2022 which is included in the contingent guarantees above. The fair value of this guarantee was calculated using Level 3 inputs and was included in the Consolidated Balance Sheets in Other liabilities.

In addition to the contingent guarantees mentioned above, the Company is party to a capital funding agreement related to Hulu (See Note 4 – Investments under the heading "Hulu").

Contingencies

Fox News Channel

The Company and certain of its current and former employees have been subject to allegations of sexual harassment and discrimination and racial discrimination relating to alleged misconduct at the Company's Fox News Channel business. The Company has settled some of these claims and is contesting other claims in litigation. To date, none of the amounts paid in settlements or reserved for pending or future claims, is individually or in the aggregate, material to the Company. The Company has also received regulatory and investigative inquiries relating to these matters and stockholder demands to inspect the books and records of the Company which could lead to future litigation. Due to the early stage of these matters, the amount of liability, if any, that may result from these or related matters cannot be estimated at this time. However, the Company does not currently anticipate that the ultimate resolution of any such pending matters will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity. Since July 2016, the CEO of Fox News Channel resigned and there have been other significant changes in the management of the business unit. In addition, the network's primetime lineup has significantly changed which could have a negative impact on our ratings.

U.K. Newspaper Matters Indemnity

In connection with the Separation (as defined in Note 4 – Discontinued Operations in the 2017 Form 10-K under the heading "Separation of News Corp"), the Company and News Corporation ("News Corp") agreed in the Separation and Distribution Agreement that the Company will indemnify News Corp, on an after-tax basis, for payments made after the Separation arising out of civil claims and investigations relating to phone hacking, illegal data access and inappropriate payments to public officials that occurred at subsidiaries of News Corp, as well as legal and professional fees and expenses paid in connection with the related criminal matters, other than fees, expenses and costs relating to employees who are not (i) directors, officers or certain designated employees or (ii) with respect to civil matters, co-defendants with News Corp (the "Indemnity"). The liability related to the Indemnity, recorded in the Consolidated Balance Sheets, was approximately $60 million and $80 million as of September 30, 2017 and June 30, 2017, respectively.

Other

Equity purchase arrangements that are exercisable by the counter-party to the agreement, and that are outside the sole control of the Company, are accounted for in accordance with ASC 480-10-S99-3A and are classified as Redeemable noncontrolling interests in the Consolidated Balance Sheets. Other than the arrangements classified as Redeemable noncontrolling interests, the Company is also a party to several other purchase and sale arrangements which become exercisable at various points in time. However, these arrangements are currently either not exercisable in the next twelve months or are not material.

The Company establishes an accrued liability for legal claims when the Company 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. Any fees, expenses, fines, penalties, judgments or settlements which might be incurred by the Company in connection with the various proceedings could affect the Company's results of operations and financial condition. For the contingencies disclosed above for which there is at least a reasonable possibility that a loss may be incurred, other than the accrual provided, the Company was unable to estimate the amount of loss or range of loss.

The Company's operations are subject to tax in various domestic and international jurisdictions and as a matter of course, the Company 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 consolidated financial condition, future results of operations or liquidity.

NOTE 10. SEGMENT INFORMATION

The Company is a diversified global media and entertainment company, which manages and reports its businesses in the following four segments:

- **Cable Network Programming**, which principally consists of the production and licensing of programming distributed primarily through cable television systems, direct broadcast satellite operators, telecommunication companies and online video distributors in the U.S. and internationally.
- **Television**, which principally consists of the broadcasting of network programming in the U.S. and the operation of 28 full power broadcast television stations, including 11 duopolies, in the U.S. (of these stations, 17 are affiliated with FOX, nine are affiliated with MyNetworkTV, one is affiliated with both The CW Television Network and MyNetworkTV and one is an independent station).
- **Filmed Entertainment**, which principally consists of the production and acquisition of live-action and animated motion pictures for distribution and licensing in all formats in all entertainment media worldwide, and the production and licensing of television programming worldwide.
- **Other, Corporate and Eliminations**, which principally consists of corporate overhead and eliminations.

The Company's operating segments have been determined in accordance with the Company's internal management structure, which is organized based on operating activities. The Company evaluates performance based upon several factors, of which the primary financial measure is Segment OIBDA. Due to the integrated nature of these operating segments, estimates and judgments are made in allocating certain assets, revenues and expenses.

Segment OIBDA is defined as Revenues less Operating expenses and Selling, general and administrative expenses. Segment OIBDA does not include: Amortization of cable distribution investments, Depreciation and amortization, Impairment and restructuring charges, Equity earnings of affiliates, Interest expense, net, Interest income, Other, net, Income tax expense, Income (loss) from discontinued operations, net of tax and Net income attributable to noncontrolling interests. Management believes that Segment OIBDA 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 to the Company's businesses.

Management believes that information about Total Segment OIBDA assists all users of the Company's Unaudited Consolidated Financial Statements by allowing them to evaluate changes in the operating results of the Company's portfolio of businesses separate from non-operational factors that affect net income, thus providing insight into both operations and the other factors that affect reported results. Total Segment OIBDA provides management, investors and equity analysts a measure to analyze the operating performance of the Company's business and its enterprise value against historical data and competitors' data, although historical results, including Segment OIBDA and Total Segment OIBDA, may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

Total Segment OIBDA may be considered 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 charges, which are significant components in assessing the Company's financial performance.

The following table reconciles Income from continuing operations before income tax expense to Total Segment OIBDA for the three months ended September 30, 2017 and 2016:

	For the three months ended September 30,	
	2017	2016
	(in millions)	
Income from continuing operations before income tax expense	$ 1,295	$ 1,237
Add		
Amortization of cable distribution investments	18	15
Depreciation and amortization	142	135
Impairment and restructuring charges	21	137
Equity earnings of affiliates	(60)	(35)
Interest expense, net	313	300
Interest income	(10)	(9)
Other, net	72	11
Total Segment OIBDA	$ 1,791	$ 1,791

The following tables set forth the Company's Revenues and Segment OIBDA for the three months ended September 30, 2017 and 2016:

	For the three months ended September 30,	
	2017	2016
	(in millions)	
Revenues		
Cable Network Programming	$ 4,196	$ 3,810
Television	1,065	1,038
Filmed Entertainment	1,963	1,907
Other, Corporate and Eliminations	(222)	(249)
Total revenues	$ 7,002	$ 6,506
Segment OIBDA		
Cable Network Programming	$ 1,511	$ 1,384
Television	122	191
Filmed Entertainment	256	311
Other, Corporate and Eliminations	(98)	(95)
Total Segment OIBDA	$ 1,791	$ 1,791

Intersegment revenues, generated by the Filmed Entertainment segment, of $195 million and $233 million for the three months ended September 30, 2017 and 2016, respectively, have been eliminated within the Other, Corporate and Eliminations segment. The balance of intersegment revenues is primarily related to the Cable Network Programming segment.

	For the three months ended September 30,	
	2017	2016
	(in millions)	
Depreciation and amortization		
Cable Network Programming	$ 85	$ 82
Television	27	29
Filmed Entertainment	23	20
Other, Corporate and Eliminations	7	4
Total depreciation and amortization	$ 142	$ 135

Depreciation and amortization includes the amortization of definite lived intangible assets of $65 million and $66 million for the three months ended September 30, 2017 and 2016, respectively.

	As of September 30, 2017	As of June 30, 2017
	(in millions)	
Assets		
Cable Network Programming	$ 24,987	$ 24,913
Television	6,685	6,775
Filmed Entertainment	11,067	10,312
Other, Corporate and Eliminations	5,223	4,822
Investments	4,066	3,902
Total assets	$ 52,028	$ 50,724

Revenues by Component

	For the three months ended September 30,	
	2017	2016
	(in millions)	
Revenues		
Affiliate fee	$ 3,236	$ 2,923
Advertising	1,623	1,591
Content	2,019	1,869
Other	124	123
Total revenues	$ 7,002	$ 6,506

NOTE 11. ADDITIONAL FINANCIAL INFORMATION

Impairment and restructuring charges

Impairment and restructuring charges were $21 million and $137 million for the three months ended September 30, 2017 and 2016, respectively. The impairment and restructuring charges for the three months ended September 30, 2016 were primarily comprised of costs in connection with management and employee transitions and restructuring at several of the Company's business units.

Other, net

The following table sets forth the components of Other, net included in the Unaudited Consolidated Statements of Operations:

	For the three months ended September 30,	
	2017	2016
	(in millions)	
Acquisition related and other transaction costs[a]	$ (54)	$ -
Other[b]	(18)	(11)
Total other, net	$ (72)	$ (11)

(a) The acquisition related and other transaction costs for the three months ended September 30, 2017 primarily represent the change in fair value of a foreign currency option contract to limit the foreign currency exchange rate risk in connection with the Sky Acquisition (See Note 2 – Acquisitions, Disposals and Other Transactions under the heading "Sky" for further discussion).

(b) Other for the three months ended September 30, 2016 included approximately $35 million of costs related to settlements of claims arising out of allegations of sexual harassment at the Company's Fox News Channel business.

Receivables, net

Receivables are presented net of an allowance for returns and doubtful accounts, which is an estimate of amounts that may not be collectible. Allowances for returns and doubtful accounts as of September 30, 2017 and June 30, 2017 were $506 million and $537 million, respectively.

Supplemental Cash Flows Information

	For the three months ended September 30,	
	2017	2016
	(in millions)	
Supplemental cash flows information		
Cash paid for income taxes	$ (104)	$ (95)
Cash paid for interest	$ (293)	$ (292)

NOTE 12. SUPPLEMENTAL GUARANTOR INFORMATION

The Parent Guarantor presently guarantees the senior public indebtedness of 21CFA and the guarantee is full and unconditional. The supplemental condensed consolidating financial information of the Parent Guarantor should be read in conjunction with these Unaudited Consolidated Financial Statements.

In accordance with rules and regulations of the SEC, the Company uses the equity method to account for the results of all of the non-guarantor subsidiaries, representing substantially all of the Company's consolidated results of operations, excluding certain intercompany eliminations.

The following condensed consolidating financial statements present the results of operations, financial position and cash flows of 21CFA, the Company and the subsidiaries of the Company and the eliminations and reclassifications necessary to arrive at the information for the Company on a consolidated basis.

Supplemental Condensed Consolidating Statement of Operations
For the three months ended September 30, 2017
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	$ -	$ -	$ 7,002	$ -	$ 7,002
Expenses	(76)	-	(5,316)	-	(5,392)
Equity earnings of affiliates	-	-	60	-	60
Interest expense, net	(430)	(205)	(22)	344	(313)
Interest income	-	5	349	(344)	10
Earnings from subsidiary entities	1,591	1,039	-	(2,630)	-
Other, net	(13)	-	(59)	-	(72)
Income from continuing operations before income tax expense	1,072	839	2,014	(2,630)	1,295
Income tax expense	(324)	-	(608)	541	(391)
Income from continuing operations	748	839	1,406	(2,089)	904
Income from discontinued operations, net of tax	-	16	-	-	16
Net income	748	855	1,406	(2,089)	920
Less: Net income attributable to noncontrolling interests	-	-	(65)	-	(65)
Net income attributable to Twenty-First Century Fox stockholders	$ 748	$ 855	$ 1,341	$ (2,089)	$ 855
Comprehensive income attributable to Twenty-First Century Fox stockholders	$ 722	$ 997	$ 1,418	$ (2,140)	$ 997

See notes to supplemental guarantor information

TWENTY-FIRST CENTURY FOX, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Operations
For the three months ended September 30, 2016
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	$ -	$ -	$ 6,506	$ -	$ 6,506
Expenses	(142)	-	(4,860)	-	(5,002)
Equity (losses) earnings of affiliates	(1)	-	36	-	35
Interest expense, net	(412)	(188)	(19)	319	(300)
Interest income	1	-	327	(319)	9
Earnings from subsidiary entities	1,615	1,015	-	(2,630)	-
Other, net	(21)	-	10	-	(11)
Income from continuing operations before income tax expense	1,040	827	2,000	(2,630)	1,237
Income tax expense	(288)	-	(554)	499	(343)
Income from continuing operations	752	827	1,446	(2,131)	894
Loss from discontinued operations, net of tax	-	(6)	-	-	(6)
Net income	752	821	1,446	(2,131)	888
Less: Net income attributable to noncontrolling interests	-	-	(67)	-	(67)
Net income attributable to Twenty-First Century Fox stockholders	$ 752	$ 821	$ 1,379	$ (2,131)	$ 821
Comprehensive income attributable to Twenty-First Century Fox stockholders	$ 668	$ 780	$ 1,360	$ (2,028)	$ 780

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Balance Sheet
As of September 30, 2017
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
ASSETS					
Current assets					
Cash and cash equivalents	$ 26	$ 5,325	$ 1,550	$ -	$ 6,901
Receivables, net	25	-	6,595	(1)	6,619
Inventories, net	-	-	2,856	-	2,856
Other	78	-	544	-	622
Total current assets	129	5,325	11,545	(1)	16,998
Non-current assets					
Receivables, net	14	-	670	-	684
Inventories, net	-	-	8,019	-	8,019
Property, plant and equipment, net	305	-	1,474	-	1,779
Intangible assets, net	-	-	6,289	-	6,289
Goodwill	-	-	12,779	-	12,779
Other non-current assets	267	-	1,147	-	1,414
Investments					
Investments in associated companies and other investments	181	160	3,725	-	4,066
Intragroup investments	107,118	60,908	-	(168,026)	-
Total investments	107,299	61,068	3,725	(168,026)	4,066
Total assets	$ 108,014	$ 66,393	$ 45,648	$ (168,027)	$ 52,028
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	$ 600	$ -	$ 107	$ -	$ 707
Other current liabilities	621	390	6,459	(1)	7,469
Total current liabilities	1,221	390	6,566	(1)	8,176
Non-current liabilities					
Borrowings	17,970	-	1,172	-	19,142
Other non-current liabilities	519	45	5,891	-	6,455
Intercompany	40,262	49,654	(89,916)	-	-
Redeemable noncontrolling interests	-	-	699	-	699
Total equity	48,042	16,304	121,236	(168,026)	17,556
Total liabilities and equity	$ 108,014	$ 66,393	$ 45,648	$ (168,027)	$ 52,028

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Balance Sheet
As of June 30, 2017
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
ASSETS					
Current assets					
Cash and cash equivalents	$ 40	$ 4,882	$ 1,241	$ -	$ 6,163
Receivables, net	6	-	6,472	(1)	6,477
Inventories, net	-	-	3,101	-	3,101
Other	49	-	496	-	545
Total current assets	95	4,882	11,310	(1)	16,286
Non-current assets					
Receivables, net	13	-	530	-	543
Inventories, net	-	-	7,452	-	7,452
Property, plant and equipment, net	297	-	1,484	-	1,781
Intangible assets, net	-	-	6,574	-	6,574
Goodwill	-	-	12,792	-	12,792
Other non-current assets	261	-	1,133	-	1,394
Investments					
Investments in associated companies and other investments	179	37	3,686	-	3,902
Intragroup investments	105,516	59,926	-	(165,442)	-
Total investments	105,695	59,963	3,686	(165,442)	3,902
Total assets	$ 106,361	$ 64,845	$ 44,961	$ (165,443)	$ 50,724
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	$ 350	$ -	$ 107	$ -	$ 457
Other current liabilities	643	72	6,067	(1)	6,781
Total current liabilities	993	72	6,174	(1)	7,238
Non-current liabilities					
Borrowings	18,217	-	1,239	-	19,456
Other non-current liabilities	522	-	5,876	-	6,398
Intercompany	39,629	49,051	(88,680)	-	-
Redeemable noncontrolling interests	-	-	694	-	694
Total equity	47,000	15,722	119,658	(165,442)	16,938
Total liabilities and equity	$ 106,361	$ 64,845	$ 44,961	$ (165,443)	$ 50,724

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Cash Flows
For the three months ended September 30, 2017
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
OPERATING ACTIVITIES					
Net cash provided by operating activities from continuing operations	$ 29	$ 443	$ 276	$ -	$ 748
INVESTING ACTIVITIES					
Property, plant and equipment	(14)	-	(67)	-	(81)
Investments	(9)	-	241	-	232
Net cash (used in) provided by investing activities from continuing operations	(23)	-	174	-	151
FINANCING ACTIVITIES					
Repayment of borrowings	-	-	(67)	-	(67)
Dividends paid and distributions	-	-	(67)	-	(67)
Other financing activities, net	(11)	-	(21)	-	(32)
Net cash used in financing activities from continuing operations	(11)	-	(155)	-	(166)
Discontinued operations					
Net decrease in cash and cash equivalents from discontinued operations	(9)	-	-	-	(9)
Net (decrease) increase in cash and cash equivalents	(14)	443	295	-	724
Cash and cash equivalents, beginning of year	40	4,882	1,241	-	6,163
Exchange movement on cash balances	-	-	14	-	14
Cash and cash equivalents, end of period	$ 26	$ 5,325	$ 1,550	$ -	$ 6,901

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Cash Flows
For the three months ended September 30, 2016
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
OPERATING ACTIVITIES					
Net cash (used in) provided by operating activities from continuing operations	$ (105)	$ 688	$ 407	$ -	$ 990
INVESTING ACTIVITIES					
Property, plant and equipment	(3)	-	(50)	-	(53)
Investments	(28)	-	(41)	-	(69)
Net cash used in investing activities from continuing operations	(31)	-	(91)	-	(122)
FINANCING ACTIVITIES					
Borrowings	-	-	37	-	37
Repayment of borrowings	-	-	(105)	-	(105)
Repurchase of shares	-	(467)	-	-	(467)
Dividends paid and distributions	-	-	(54)	-	(54)
Other financing activities, net	(9)	-	(20)	-	(29)
Net cash used in financing activities from continuing operations	(9)	(467)	(142)	-	(618)
Discontinued operations					
Net decrease in cash and cash equivalents from discontinued operations	(6)	-	-	-	(6)
Net (decrease) increase in cash and cash equivalents	(151)	221	174	-	244
Cash and cash equivalents, beginning of year	661	2,019	1,744	-	4,424
Exchange movement on cash balances	-	-	13	-	13
Cash and cash equivalents, end of period	$ 510	$ 2,240	$ 1,931	$ -	$ 4,681

See notes to supplemental guarantor information

Notes to Supplemental Guarantor Information

(1) Investments in the Company's subsidiaries, for purposes of the supplemental consolidating presentation, are accounted for by their parent companies under the equity method of accounting whereby earnings of subsidiaries are reflected in the respective parent company's investment account and earnings.

(2) The guarantees of 21CFA's senior public indebtedness constitute senior indebtedness of the Company, and rank pari passu with all present and future senior indebtedness of the Company. Because the factual basis underlying the obligations created pursuant to the various facilities and other obligations constituting senior indebtedness of the Company differ, it is not possible to predict how a court in bankruptcy would accord priorities among the obligations of the Company.

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

This document 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. 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 document and include statements regarding the intent, belief or current expectations of Twenty-First Century Fox, Inc., its directors or its officers with respect to, among other things, trends affecting Twenty-First Century Fox, Inc.'s financial condition or results of operations. The readers of this document are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties. More information regarding these risks, uncertainties and other factors is set forth under the heading Part II "Other Information," Item 1A "Risk Factors" in this report. Twenty-First Century Fox, Inc. does not ordinarily make projections of its future operating results and undertakes no obligation (and expressly disclaims any obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers should carefully review this document and the other documents filed by Twenty-First Century Fox, Inc. with the Securities and Exchange Commission (the "SEC"). This section should be read together with the Unaudited Consolidated Financial Statements of Twenty-First Century Fox, Inc. and related notes set forth elsewhere herein and Twenty-First Century Fox, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, ("fiscal") 2017 as filed with the SEC on August 14, 2017 (the "2017 Form 10-K").

INTRODUCTION

Management's discussion and analysis of financial condition and results of operations is intended to help provide an understanding of Twenty-First Century Fox, Inc. and its subsidiaries' (together, "Twenty-First Century Fox" or the "Company") financial condition, changes in financial condition and results of operations. This discussion is organized as follows:

- ***Results of Operations*** - This section provides an analysis of the Company's results of operations for the three months ended September 30, 2017 and 2016. This analysis is presented on both a consolidated and a segment basis. In addition, a brief description is provided of significant transactions and events that impact the comparability of the results being analyzed.
- ***Liquidity and Capital Resources*** - This section provides an analysis of the Company's cash flows for the three months ended September 30, 2017 and 2016, as well as a discussion of the Company's outstanding debt and commitments, both firm and contingent, that existed as of September 30, 2017. Included in the discussion of outstanding debt is a discussion of the amount of financial capacity available to fund the Company's future commitments and obligations, as well as a discussion of other financing arrangements.

RESULTS OF OPERATIONS

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

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

	For the three months ended September 30,		
	2017	2016	% Change
	(in millions, except %)		
Revenues			
Affiliate fee	$ 3,236	$ 2,923	11 %
Advertising	1,623	1,591	2 %
Content	2,019	1,869	8 %
Other	124	123	1 %
Total revenues	7,002	6,506	8 %
Operating expenses	(4,381)	(3,915)	12 %
Selling, general and administrative	(848)	(815)	4 %
Depreciation and amortization	(142)	(135)	5 %
Impairment and restructuring charges	(21)	(137)	(85) %
Equity earnings of affiliates	60	35	71 %
Interest expense, net	(313)	(300)	4 %
Interest income	10	9	11 %
Other, net	(72)	(11)	**
Income from continuing operations before income tax expense	1,295	1,237	5 %
Income tax expense	(391)	(343)	14 %
Income from continuing operations	904	894	1 %
Income (loss) from discontinued operations, net of tax	16	(6)	**
Net income	920	888	4 %
Less: Net income attributable to noncontrolling interests	(65)	(67)	(3) %
Net income attributable to Twenty-First Century Fox stockholders	$ 855	$ 821	4 %

** not meaningful

Overview – The Company's revenues increased 8% for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, primarily due to higher affiliate fee and content revenues. The increase in affiliate fee revenue was primarily attributable to contractual rate increases at the domestic channels. The increase in content revenue was primarily attributable to higher syndication revenues from television productions and the sublicensing of sports programming rights to third party networks both domestically and internationally.

Operating expenses increased 12% for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, primarily due to higher programming rights amortization at the Cable Network Programming and Television segments and higher production amortization and participation costs related to television productions at the Filmed Entertainment segment.

Selling, general and administrative expenses increased 4% for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, primarily due to higher compensation expense and the effect of the acquisition of new businesses in fiscal 2017.

Impairment and restructuring charges – See Note 11 – Additional Financial Information to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Impairment and restructuring charges".

Equity earnings of affiliates – Equity earnings of affiliates increased $25 million for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017. The increase was primarily due to improved results at Endemol Shine Group and higher earnings for Sky plc ("Sky") partially offset by higher losses at Hulu, LLC ("Hulu").

	For the three months ended September 30,		
	2017	2016	% Change
	(in millions, except %)		
Sky	$ 110	$ 97	13 %
Hulu	(62)	(39)	(59) %
Other equity affiliates	12	(23)	**
Equity earnings of affiliates	$ 60	$ 35	71 %

** not meaningful

Other, net – See Note 11 – Additional Financial Information to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Other, net".

Income tax expense – The Company's effective income tax rate for the three months ended September 30, 2017 was 30%, which was lower than the statutory rate of 35% primarily due to a 4% benefit related to the Company's foreign operations and a 3% benefit from domestic production activities partially offset by other items.

The Company's effective income tax rate for the three months ended September 30, 2016 was 28%, which was lower than the statutory rate of 35% primarily due to a 4% benefit related to the Company's foreign operations and a 3% benefit from domestic production activities and other items.

Net income – Net income increased for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, primarily due to lower impairment and restructuring charges partially offset by other transaction costs related to the Sky acquisition (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Sky").

Segment Analysis

The Company's operating segments have been determined in accordance with the Company's internal management structure, which is organized based on operating activities. The Company evaluates performance based upon several factors, of which the primary financial measure is Segment OIBDA. Due to the integrated nature of these operating segments, estimates and judgments are made in allocating certain assets, revenues and expenses.

Segment OIBDA is defined as Revenues less Operating expenses and Selling, general and administrative expenses. Segment OIBDA does not include: Amortization of cable distribution investments, Depreciation and amortization, Impairment and restructuring charges, Equity earnings of affiliates, Interest expense, net, Interest income, Other, net, Income tax expense, Income (loss) from discontinued operations, net of tax and Net income attributable to noncontrolling interests. Management believes that Segment OIBDA 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 to the Company's businesses.

Management believes that information about Total Segment OIBDA assists all users of the Company's Unaudited Consolidated Financial Statements by allowing them to evaluate changes in the operating results of the Company's portfolio of businesses separate from non-operational factors that affect net income, thus providing insight into both operations and the other factors that affect reported results. Total Segment OIBDA provides management, investors and equity analysts a measure to analyze the operating performance of the Company's business and its enterprise value against historical data and competitors' data, although historical results, including Segment OIBDA and Total Segment OIBDA, may not be indicative of future results (as operating performance is highly contingent on many factors, including customer tastes and preferences).

Total Segment OIBDA may be considered 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 U.S. generally accepted accounting principles ("GAAP"). In addition, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment charges, which are significant components in assessing the Company's financial performance.

The following table reconciles Income from continuing operations before income tax expense to Total Segment OIBDA for the three months ended September 30, 2017, as compared to the three months ended September 30, 2016:

	For the three months ended September 30,		
	2017	2016	% Change
	(in millions, except %)		
Income from continuing operations before income tax expense	$ 1,295	$ 1,237	5 %
Add			
Amortization of cable distribution investments	18	15	20 %
Depreciation and amortization	142	135	5 %
Impairment and restructuring charges	21	137	(85) %
Equity earnings of affiliates	(60)	(35)	71 %
Interest expense, net	313	300	4 %
Interest income	(10)	(9)	11 %
Other, net	72	11	**
Total Segment OIBDA	$ 1,791	$ 1,791	- %

** not meaningful

The following table sets forth the computation of Total Segment OIBDA for the three months ended September 30, 2017, as compared to the three months ended September 30, 2016:

	For the three months ended September 30,		
	2017	2016	% Change
	(in millions, except %)		
Revenues	$ 7,002	$ 6,506	8 %
Operating expenses	(4,381)	(3,915)	12 %
Selling, general and administrative	(848)	(815)	4 %
Amortization of cable distribution investments	18	15	20 %
Total Segment OIBDA	$ 1,791	$ 1,791	- %

The following tables set forth the Company’s Revenues and Segment OIBDA for the three months ended September 30, 2017, as compared to the three months ended September 30, 2016:

	For the three months ended September 30,		
	2017	2016	% Change
	(in millions, except %)		
Revenues			
Cable Network Programming	$ 4,196	$ 3,810	10 %
Television	1,065	1,038	3 %
Filmed Entertainment	1,963	1,907	3 %
Other, Corporate and Eliminations	(222)	(249)	11 %
Total revenues	$ 7,002	$ 6,506	8 %

	For the three months ended September 30,		
	2017	2016	% Change
	(in millions, except %)		
Segment OIBDA			
Cable Network Programming	$ 1,511	$ 1,384	9 %
Television	122	191	(36) %
Filmed Entertainment	256	311	(18) %
Other, Corporate and Eliminations	(98)	(95)	(3) %
Total Segment OIBDA	$ 1,791	$ 1,791	- %

Cable Network Programming (60% and 59% of the Company's consolidated revenues in the first three months of fiscal 2018 and 2017, respectively)

For the three months ended September 30, 2017, revenues at the Cable Network Programming segment increased $386 million, or 10%, as compared to the corresponding period of fiscal 2017, primarily due to higher affiliate fee, advertising and content and other revenues as shown below:

	For the three months ended September 30, 2017 % Increase		
	Domestic	**International**	**Consolidated**
Affiliate fee	11 %	11 %	11 %
Advertising	3 %	10 %	6 %
Content and other	9 %	35 %	16 %
Total	9 %	13 %	10 %

For the three months ended September 30, 2017, Cable Network Programming Segment OIBDA increased $127 million, or 9%, as compared to the corresponding period of fiscal 2017, primarily due to the revenue increases noted above partially offset by higher expenses of $259 million, or 11%. The increase in expenses was primarily due to higher programming rights amortization.

Domestic Channels

For the three months ended September 30, 2017, domestic affiliate fee revenue increased, as compared to the corresponding period of fiscal 2017, primarily due to contractual rate increases led by Fox News Channel, the Regional Sports Networks and FS1 partially offset by the impact of lower average subscribers at Fox News Channel. Also contributing to the increase was FX Networks due to contractual rate increases and higher average subscribers. For the three months ended September 30, 2017, domestic advertising revenue increased, as compared to the corresponding period of fiscal 2017, primarily due to higher viewership at the domestic sports channels led by the addition of the broadcast of Big Ten college football and CONCACAF Gold Cup soccer matches on FS1. The increase in domestic content and other revenues for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, was primarily due to the sublicensing of Big Ten programming rights to third party networks.

For the three months ended September 30, 2017, domestic channels OIBDA increased 11%, as compared to the corresponding period of fiscal 2017, primarily due to the revenue increases noted above partially offset by higher expenses. Operating expenses increased approximately $100 million for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, primarily due to higher sports programming rights amortization, including Big Ten, Major League Baseball and CONCACAF Gold Cup, and higher programming rights amortization at the National Geographic Channels. Partially offsetting these increases in operating expenses were lower marketing costs at FX Networks.

International Channels

For the three months ended September 30, 2017, international affiliate fee revenue increased, as compared to the corresponding period of fiscal 2017, led by higher rates and additional subscribers at Fox Networks Group International ("FNGI") in Latin America and Europe and at STAR India ("STAR"). For the three months ended September 30, 2017, international advertising revenue increased, as compared to the corresponding period of fiscal 2017, primarily due to higher revenue at STAR led by the number and mix of cricket matches broadcast in the current period compared to the prior year and at FNGI led by Latin America. The increase in international content and other revenues for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, was primarily due to the sublicensing of soccer programming rights in Latin America.

For the three months ended September 30, 2017, international channels OIBDA remained relatively constant, as compared to the corresponding period of fiscal 2017, as the revenue increases noted above were offset by higher expenses. Operating expenses increased approximately $130 million for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, primarily due to higher entertainment and sports programming rights amortization at STAR and at FNGI, including higher soccer programming rights at FNGI led by CONMEBOL and the new Argentine Football Association rights.

Television (15% and 16% of the Company's consolidated revenues in the first three months of fiscal 2018 and 2017, respectively)

For the three months ended September 30, 2017, revenues at the Television segment increased $27 million, or 3%, as compared to the corresponding period of fiscal 2017, primarily due to higher affiliate fee revenue partially offset by lower advertising revenue. Affiliate fee revenue increased 9% for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, as a result of contractual rate increases. Advertising revenue decreased 2% for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, primarily due to a decrease in political advertising revenue, primarily related to the 2016 presidential election, partially offset by an increase in sports advertising revenue as a result of a higher volume of college football and National Football League games.

For the three months ended September 30, 2017, Television Segment OIBDA decreased $69 million, or 36%, as compared to the corresponding period of fiscal 2017, primarily due to higher expenses of $96 million, or 11%, partially offset by the revenue increases noted above. Operating expenses increased approximately $100 million for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, primarily due to higher sports programming rights and production costs, including costs for the broadcast of a higher volume of football games.

Filmed Entertainment (28% and 29% of the Company's consolidated revenues in the first three months of fiscal 2018 and 2017, respectively)

For the three months ended September 30, 2017, revenues at the Filmed Entertainment segment increased $56 million, or 3%, as compared to the corresponding period of fiscal 2017, primarily due to higher syndication revenue from television productions, led by the licensing of *Futurama*, and higher home entertainment revenue from motion picture productions partially offset by lower international television revenue from motion picture productions.

The following feature film titles contributed significant revenues for the three months ended September 30, 2017 and 2016:

	For the three months ended September 30,	
	2017	**2016**
Worldwide theatrical performances	*War for the Planet of the Apes*	*Ice Age: Collision Course*
	Kingsman: The Golden Circle	*Independence Day: Resurgence*
Worldwide home entertainment performances	*The Boss Baby*	*Deadpool*
	Alien: Covenant	*Kung Fu Panda 3*

For the three months ended September 30, 2017, Filmed Entertainment Segment OIBDA decreased $55 million, or 18%, as compared to the corresponding period of fiscal 2017, primarily due to higher expenses of $111 million, or 7%, partially offset by the revenue increases noted above. Operating expenses increased approximately $100 million for the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, primarily due to higher production amortization and participation costs related to television productions and higher home entertainment marketing and manufacturing costs related to motion picture productions as a result of a higher number of releases in the current year period as compared to the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company's principal source of liquidity is internally generated funds. The Company also has an unused $1.4 billion revolving credit facility, as amended, which expires in May 2020, and has access to various film co-financing alternatives to supplement its cash flows. In addition, the Company has access to the worldwide capital markets, subject to market conditions. As of September 30, 2017, the Company was in compliance with all of the covenants under the revolving credit facility, and it does not anticipate any violation of such covenants. The Company's internally generated funds are highly dependent upon the state of the advertising markets and public acceptance of its film and television productions.

The principal uses of cash that affect the Company's liquidity position include the following: investments in the production and distribution of new motion pictures and television programs; the acquisition of rights and related payments for entertainment and sports programming; operational expenditures including employee costs; capital expenditures; interest expenses; income tax payments; investments in associated entities; dividends; acquisitions; debt repayments; and stock repurchases.

In addition to the acquisitions, sales and possible acquisitions disclosed elsewhere, the Company has evaluated, and expects to continue to evaluate, possible acquisitions and dispositions of certain businesses and assets. Such transactions may be material and may involve cash, the Company's securities or the assumption of additional indebtedness (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Sky").

Sources and Uses of Cash

Net cash provided by operating activities for the three months ended September 30, 2017 and 2016 was as follows (in millions):

For the three months ended September 30,	2017	2016
Net cash provided by operating activities from continuing operations	$ 748	$ 990

The decrease in net cash provided by operating activities during the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, primarily reflects lower cash receipts and higher receivables from theatrical and home entertainment revenues related to motion picture productions as a result of release schedules and performance partially offset by lower restructuring payments.

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

For the three months ended September 30,	2017	2016
Net cash provided by (used in) investing activities from continuing operations	$ 151	$ (122)

The change in net cash provided by (used in) investing activities during the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, was primarily due to cash received from the Federal Communications Commission's completed reverse auction for broadcast spectrum (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Other") partially offset by an additional investment in Hulu.

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

For the three months ended September 30,	2017	2016
Net cash used in financing activities from continuing operations	$ (166)	$ (618)

The decrease in net cash used in financing activities during the three months ended September 30, 2017, as compared to the corresponding period of fiscal 2017, was primarily due to the Company not repurchasing any of its common stock during the three months ended September 30, 2017.

Stock Repurchase Program

See Note 7 – Stockholders' Equity to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Stock Repurchase Program".

Debt Instruments

The following table summarizes cash from borrowings and cash used in repayment of borrowings for the three months ended September 30, 2017 and 2016:

	For the three months ended September 30, 2017	2016
	(in millions)	
Borrowings		
Bank loans[a]	$ -	$ 37
Total borrowings	$ -	$ 37
Repayment of borrowings		
Bank loans[a]	$ (67)	$ (105)
Total repayment of borrowings	$ (67)	$ (105)

(a) The fiscal 2018 activity includes $40 million in repayments under the Yankees Entertainment and Sports Network (the "YES Network") secured revolving credit facility. The fiscal 2017 borrowings and repayments were related to the YES Network secured revolving credit facility.

Ratings of the public debt

The following table summarizes the Company's credit ratings as of September 30, 2017:

Rating Agency	Senior Debt	Outlook
Moody's	Baa1	Stable
Standard & Poor's	BBB+	Watch negative

Revolving Credit Agreement

See Note 11 – Borrowings in the 2017 Form 10-K under the heading "Revolving Credit Agreement".

Bridge Credit Agreement

See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Sky".

Commitments, Contingent Guarantees and Contingencies

See Note 9 – Commitments and Contingencies to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the headings "Commitments", "Contingent Guarantees" and "Contingencies".

Recent Accounting Pronouncements

See Note 1 – Basis of Presentation to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Recently Adopted and Recently Issued Accounting Guidance".

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has exposure to several types of market risk: changes in foreign currency exchange rates, interest rates and stock prices. The Company neither holds nor issues financial instruments for trading purposes.

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

Foreign Currency Exchange Rates

The U.S. dollar is the functional currency of the Company's U.S. operations and continues to be the principal currency in which the Company conducts its operations. For operations outside the U.S., the respective local currency is generally the functional currency. In most regions where the Company operates, the net earnings of wholly owned subsidiaries are reinvested locally and working capital requirements are met from existing liquid funds. To the extent such funds are not sufficient to meet working capital requirements, draw downs in the appropriate local currency are available from intercompany borrowings. The Company uses foreign currency forward contracts, primarily denominated in Pounds Sterling and Canadian Dollars to hedge certain exposures to foreign currency exchange rate risks associated with revenues, the cost of producing or acquiring films and television programming. The Company also entered into a foreign currency option contract to limit its foreign currency exchange rate risk in connection with the Sky Acquisition. For accounting purposes, the option contract does not qualify for hedge accounting and therefore has been treated as an economic hedge (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Sky"). Information on the derivative financial instruments with exposure to foreign currency exchange rate risk is presented below:

	As of September 30, 2017	As of June 30, 2017
	(in millions)	
Notional Amount (Foreign currency purchases and sales, including options)		
Foreign currency purchases	$ 12,724	$ 12,529
Foreign currency sales	28	51
Aggregate notional amount	$ 12,752	$ 12,580
Notional Amount (Hedge type)		
Cash flow hedges	$ 214	$ 209
Economic hedges	12,538	12,371
Aggregate notional amount	$ 12,752	$ 12,580
Fair Value		
Total fair value of financial instruments with foreign currency exchange rate risk: asset (liability)	$ 132	$ 38
Sensitivity Analysis		
Potential change in fair values resulting from a 10% adverse change in quoted foreign currency exchange rates: loss	$ (142)	$ (53)

Interest Rates

The Company's current financing arrangements and facilities include approximately $18.7 billion of outstanding fixed-rate debt and, at the Yankees Entertainment and Sports Network, approximately $1.3 billion of outstanding variable-rate bank debt, before adjustments for unamortized discount and debt issuance costs. As of September 30, 2017, the notional amount of interest rate swap contracts outstanding was $649 million and the fair value of the interest rate swap contracts outstanding was an asset of $1 million.

Fixed and variable-rate debts are impacted differently by changes in interest rates. A change in the interest rate or yield of fixed-rate debt will only impact the fair market value of such debt, while a change in the interest rate of variable-rate debt will impact interest expense, as well as the amount of cash required to service such debt. As of September 30, 2017, all of the Company's financial instruments with exposure to interest rate risk were denominated in U.S. dollars. Information on financial instruments with exposure to interest rate risk is presented below:

	As of September 30, 2017	As of June 30, 2017
	(in millions)	
Fair Value		
Total fair value of financial instruments with exposure to interest rate risk: liability[(a)]	$ (23,845)	$ (23,852)
Sensitivity Analysis		
Potential change in fair values resulting from a 10% adverse change in quoted interest rates: loss	$ (842)	$ (859)

(a) The fair values of the Company's financial instruments with exposure to interest rate risk remained relatively constant as the effect of lower average debt outstanding was offset by changes in interest rates.

Stock Prices

The Company has common stock investments in publicly traded companies that are subject to market price volatility. These investments principally represent the Company's investment in an equity method affiliate. Information on the Company's investments with exposure to stock price risk is presented below:

	As of September 30, 2017	As of June 30, 2017
	(in millions)	
Fair Value		
Total fair value of common stock investments	$ 8,408	$ 8,713
Sensitivity Analysis		
Potential change in fair values resulting from a 10% adverse change in quoted market prices: loss[(a)]	$ (841)	$ (871)

(a) A hypothetical decrease would not result in a material before tax adjustment recognized in the Unaudited Consolidated Statements of Operations, as any changes in fair value of the Company's equity method affiliates are not recognized unless the fair value declines below the investment's carrying value and the decline is deemed other-than-temporary.

Concentrations of Credit Risk

See Note 5 – Fair Value to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Concentrations of Credit Risk".

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

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

(b) Internal Control Over Financial Reporting

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

PART II

ITEM 1. LEGAL PROCEEDINGS

Fox News Channel

The Company and certain of its current and former employees have been subject to allegations of sexual harassment and discrimination and racial discrimination relating to alleged misconduct at the Company's Fox News Channel business. The Company has settled some of these claims and is contesting other claims in litigation. To date, none of the amounts paid in settlements or reserved for pending or future claims, is individually or in the aggregate, material to the Company. The Company has also received regulatory and investigative inquiries relating to these matters and stockholder demands to inspect the books and records of the Company which could lead to future litigation. Due to the early stage of these matters, the amount of liability, if any, that may result from these or related matters cannot be estimated at this time. However, the Company does not currently anticipate that the ultimate resolution of any such pending matters will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity.

Other

The Company's operations are subject to tax in various domestic and international jurisdictions and as a matter of course, the Company 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 consolidated financial condition, future results of operations or liquidity.

ITEM 1A. RISK FACTORS

Prospective investors should consider carefully the risk factors set forth below before making an investment in the Company's securities.

The Company Must Respond to Changes in Consumer Behavior as a Result of New Technologies in Order to Remain Competitive.

Technology, particularly digital technology used in the entertainment industry, continues to evolve rapidly, leading to alternative methods for the delivery and storage of digital content. These technological advancements have driven changes in consumer behavior and have empowered consumers to seek more control over when, where and how they consume digital content. Content owners are increasingly delivering their content directly to consumers over the Internet and innovations in distribution platforms have enabled consumers to view such Internet-delivered content on televisions and portable devices. The growth of direct to consumer video offerings, including video-on-demand, downloadable content and simultaneous live streaming of broadcast content, offerings by cable providers of smaller packages of programming to customers at price points lower than traditional cable distribution offerings and the trend of consumers "cord-cutting" or cancelling their multi-channel video programming distributors ("MVPD") subscriptions could adversely affect demand for our cable channels. Enhanced Internet capabilities and other new media may reduce television viewership, the demand for DVDs and Blu-rays and the desire to see motion pictures in theaters, which could negatively affect the Company's revenues. In addition, increased video consumption through streaming apps and digital MVPD services with no advertising or less advertising than on video programming networks, time shifted viewing of television programming and the use of DVRs to skip advertisements could also negatively affect the Company's advertising revenues. There is a risk that the Company's responses to these changes and strategies to remain competitive, or failure to effectively anticipate or adapt to new market changes, could adversely affect our business. The Company's failure to protect and exploit the value of its content, while responding to and developing new technology and business models to take advantage of advancements in technology and the latest consumer preferences, could have a significant adverse effect on the Company's businesses, asset values and results of operations.

Acceptance of the Company's Content, Including Its Films and Television Programming, by the Public is Difficult to Predict, Which Could Lead to Fluctuations in Revenues.

Feature film and television production and distribution are speculative businesses since the revenues derived from the production and distribution of a feature film or television series depend primarily upon its acceptance by the public, which is difficult to predict. The commercial success of a feature film or television program also depends upon the quality and acceptance of other competing films and television programming released into the marketplace at or near the same time, the availability of a growing number of alternative forms of entertainment and leisure time activities, general economic conditions and their effects on consumer spending and other tangible and intangible factors, all of which can change and cannot be predicted with certainty. Further, the theatrical success of a feature film and the audience ratings for a television program are generally key factors in generating revenues from other distribution channels, such as home entertainment and premium pay television, with respect to feature films, and content licensing and syndication, with respect to television programming. In addition, a decline in the ratings or popularity of the Company's entertainment, sports or news television programming, which could be a result of the loss of talent or rights to certain programming, could adversely affect advertising revenues in the near term and, over a longer period of time, adversely affect affiliate revenues.

The Company's Businesses Operate in Highly Competitive Industry.

The Company competes with other media companies for content to achieve large audiences and distribution relationships, and to generate advertising revenue. The Company also competes for distribution on various multichannel video programming distributors and other third-party digital platforms. The Company's ability to attract viewers and advertisers and obtain favorable distribution depends in part on its ability to provide popular television programming and motion pictures and adapt to new technologies and distribution platforms, which are increasing the number of media and entertainment choices available to audiences. Competition for audiences and/or advertising comes from: broadcast television networks; cable television systems and networks; film studios; Internet-delivered free, advertising supported, subscription and rental services; other sources of information and entertainment; radio; print and other media. Increased competition from additional entrants into the market for development and production of original programming may increase our costs of development and production including obtaining creative and technical personnel. Increased competition in the acquisition of programming may also affect the scope of rights we are able to acquire and the cost of such rights, and the value of the rights we acquire or retain cannot be predicted with certainty in the future. The Company cannot be assured that it will be able to compete successfully in the future against existing or potential competitors, or that competition or consolidation in the marketplace will not have a material adverse effect on its business, financial condition or results of operations.

The Inability to Renew Sports Programming Rights Could Cause the Company's Affiliate and Advertising Revenue to Decline Significantly in any Given Period or in Specific Markets.

The sports rights contracts between the Company, 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 or renewal on less favorable terms could impact the extent of the sports coverage offered by the Company and its affiliates, as it relates to FOX, and could adversely affect the Company's advertising and affiliate revenues. Upon renewal, the Company's results could be adversely affected if escalations in sports programming rights costs are unmatched by increases in advertising rates and, in the case of cable networks, subscriber fees.

A Decline in Advertising Expenditures Could Cause the Company's 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 on or in its television stations and broadcast and cable networks. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, as well as budgeting and buying patterns. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities. Demand for the Company's products is also a factor in determining advertising rates. For example, ratings points for the Company's television stations and broadcast and cable networks are factors that are weighed when determining advertising rates, and with respect to the Company's television stations and broadcast and television networks, when determining the affiliate rates received by the Company. In addition, newer technologies, including new video formats, streaming and downloading capabilities via the Internet, video-on-demand, personal video recorders and other devices and technologies are increasing the number of media and entertainment choices available to audiences. Some of these devices and technologies allow users to view television or motion pictures from a remote location or on a time-delayed basis and provide users the ability to fast-forward, rewind, pause and skip programming and advertisements. These technological developments could affect the attractiveness of the Company's offerings to viewers, advertisers and/or distributors. Failure to effectively anticipate or adapt to emerging technologies or changes in consumer behavior could have an adverse effect on our business. Further, a decrease in advertising expenditures, reduced demand for the Company's offerings or the inability to obtain market ratings that adequately measure demand for the Company's content on personal video recorders and mobile devices could lead to a reduction in pricing and advertising spending, which could have an adverse effect on the Company's businesses and assets.

The Loss of Carriage Agreements Could Cause the Company's Revenue and Operating Results to Decline Significantly in any Given Period or in Specific Markets.

The Company's broadcast stations and cable networks maintain affiliation and carriage arrangements that enable them to reach a large percentage of cable and direct broadcast satellite households across the United States. The loss of a significant number of these arrangements or the loss of carriage on basic programming tiers could reduce the distribution of the Company's broadcast stations and cable networks, which may adversely affect those networks' revenues from affiliate fees and their ability to sell national and local advertising time. The Company is dependent upon the maintenance of affiliation agreements with third party owned television stations and there can be no assurance that these affiliation agreements will be renewed in the future on terms acceptable to the Company. The loss of a significant number of these affiliation arrangements could reduce the distribution of FOX and MyNetworkTV and adversely affect the Company's ability to sell national advertising time.

The Company Relies on Network and Information Systems and Other Technology Whose Degradation, Failure or Misuse, Could Cause a Disruption of Services or Improper Disclosure of Personal Data, Business Information, Including Intellectual Property, or Other Confidential Information, Resulting in Increased Costs or Loss of Revenue.

Network and information systems and other technologies, including those related to the Company's network management, are important to its business activities. Network and information systems-related events, such as computer hacking and phishing, theft, computer viruses, ransomware, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, malicious social engineering or other malicious activities, or any combination of the foregoing, as well as power outages, natural or other disasters (including extreme weather), terrorist activities or human error that may affect such systems, could result in disruption of our services or improper disclosure of personal data, business information, including intellectual property, or other confidential information. In recent years, there has been a rise in the number of sophisticated cyber attacks on network and information systems, and as a result, the risks associated with such an event continue to increase. The Company has experienced, and expects to continue to be subject to, cybersecurity threats and incidents, none of which has been material to the Company to date. While we continue to develop, implement and maintain security measures seeking to prevent unauthorized access to or misuse of our network and information systems, such efforts may not be successful in preventing these events from occurring given that the techniques used to access, disable or degrade service, or sabotage systems change frequently. The development and maintenance of these measures is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Significant security breaches, such as misappropriation, misuse, alteration, theft, loss, leakage, falsification, accidental or premature release, or otherwise improper disclosure of information maintained in the Company's information systems and networks or those of our vendors, including financial, personal, confidential and proprietary information relating to personnel, customers, vendors and our business, including our intellectual property, or a degradation or interruption in the technologies and networks that facilitate content distribution could result in a disruption of our operations, customer or advertiser dissatisfaction, damage to our reputation or brands, regulatory investigations, claims, lawsuits or loss of customers or revenue. In addition, the Company may be subject to liability under relevant contractual obligations and laws and regulations protecting personal data and privacy, and may require us to expend significant resources to remedy any such security breach.

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

Content piracy and signal theft present a threat to the Company's revenues from products and services, including, but not limited to, films, television shows, cable and other programming, as well as pre-release content. The Company seeks to limit the threat of content piracy as well as cable and direct broadcast satellite programming signal theft; however, policing unauthorized use of the Company's products and services and related intellectual property is often difficult and the steps taken by the Company may not in every case prevent infringement. Developments in technology, including digital copying, file compression technology, growing penetration of high-bandwidth Internet connections, increased availability and speed of mobile data networks, and new devices and applications that enable unauthorized access to content, increase the threat of content piracy by making it easier to access, duplicate, widely distribute and store high-quality pirated material. In addition, developments in software or devices that circumvent encryption technology and the falling prices of devices incorporating such technologies increase the threat of unauthorized use and distribution of direct broadcast satellite programming signals and the proliferation of user-generated content sites and live and stored video streaming sites, which deliver unauthorized copies of copyrighted content, including those emanating from other countries in various languages, may adversely impact the Company's businesses. The proliferation of unauthorized distribution and use of the Company's content could have an adverse effect on the Company's businesses and profitability because it reduces the revenue that the Company could potentially receive from the legitimate sale and distribution of its products and services.

The Company has taken, and will continue to take, a variety of actions to combat piracy and signal theft, 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 the Company's rights as defined by applicable laws in the United States 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 intellectual property may decrease, or the cost of obtaining and enforcing our rights may increase. A change in the laws of one jurisdiction may also have an impact on the Company's overall ability to protect its intellectual property rights across other jurisdictions. In addition, many parts of the world where piracy is prevalent lack effective copyright and other legal protections or enforcement measures. 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 or signal theft. Further, while piracy and the proliferation of piracy-enabling technology tools continue to escalate, if any U.S. or international laws intended to combat piracy and protect intellectual property are repealed or weakened or not adequately enforced, or if the applicable legal systems fail to evolve and adapt to new technologies that facilitate piracy, we may be unable to effectively protect our rights and the value of our intellectual property may be negatively impacted, and our costs of enforcing our rights could increase.

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

The Company has significant operations in a number of foreign jurisdictions and certain of the Company's operations are conducted in foreign currencies. The Company has acquired and may in the future acquire assets and businesses using foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. As a result, the Company is exposed to exchange rate fluctuations, which could have an adverse effect on its cash flows and results of operations in a given period or in specific markets. As part of the Sky Acquisition, the Company will be obligated to pay the Sky shareholders cash consideration in Pounds Sterling thereby increasing the Company's exposure to exchange rate fluctuations for Pounds Sterling. Even though the Company uses foreign currency derivative instruments to hedge certain exposures to foreign currency exchange rate risks, and has purchased a foreign currency exchange option to limit its foreign currency exchange rate risk in connection with the Sky Acquisition, the use of such derivative instruments may not be effective in reducing the adverse financial effects of unfavorable movements in foreign exchange rates. In addition, countries where we have operations, including in Latin America, may be classified in the future to be highly inflationary economies, requiring special accounting and financial reporting treatment for such operations.

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

In a variety of the Company's businesses, the Company and its partners engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements, including employees of the Company's film and television studio operations. If the Company or its partners are 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.

Changes in U.S. or Foreign Regulations May Have an Adverse Effect on the Company's Business.

The Company is subject to a variety of U.S. and foreign regulations in the jurisdictions in which its businesses operate. In general, the television broadcasting and multichannel video programming and distribution industries in the United States are highly regulated by federal laws and regulations issued and administered by various federal agencies, including the Federal Communications Commission (the "FCC"). The FCC generally regulates, among other things, the ownership of media, broadcast and multichannel video programming and technical operations of broadcast licensees. Our program services and online properties are subject to a variety of laws and regulations, including those relating to issues such as content regulation, user privacy and data protection, and consumer protection, among others. Further, the United States Congress, the FCC and state legislatures currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters, including technological changes and measures relating to privacy and data security, which could, directly or indirectly, affect the operations and ownership of the Company's U.S. media properties. Similarly, new laws or regulations or changes in interpretations of law or in regulations imposed by governments in other jurisdictions in which the Company, or entities in which the Company has an interest, operate could require changes in the operations or ownership of our media properties. In addition, laws in non-U.S. jurisdictions which regulate, among other things, licensing arrangements, local content requirements, carriage requirements regarding pricing and distribution, and limitations on advertising time, may impact the operations and results of our international businesses.

In addition, changes in laws, regulations or the interpretations thereof in the U.S. and other jurisdictions in which the Company has operations could affect the Company's results of operations.

U.S. Citizenship Requirements May Limit Common Stock Ownership and Voting Rights.

The Company owns broadcast station licensees in connection with its ownership and operation of U.S. television stations. Under U.S. law, no broadcast station licensee may be owned by a corporation if more than 25% of its stock is owned or voted by non-U.S. persons, their representatives, or by any other corporation organized under the laws of a foreign country. The Company's Restated Certificate of Incorporation authorizes the Board of Directors to prevent, cure or mitigate the effect of stock ownership above the applicable foreign ownership threshold by taking any action including: refusing to permit any transfer of common stock to or ownership of common stock by a non-U.S. stockholder; voiding a transfer of common stock to a non-U.S. stockholder; suspending rights of stock ownership if held by a non-U.S. stockholder; or redeeming common stock held by a non-U.S. stockholder. The Company is currently in compliance with applicable U.S. law and continues to monitor its foreign ownership based on its assessment of the information reasonably available to it, but it is not able to predict whether it will need to take action pursuant to its Restated Certificate of Incorporation. The FCC could review the Company's compliance with applicable U.S. law in connection with its consideration of the Company's renewal applications for licenses to operate the broadcast stations the Company owns.

The Company Could Be Subject to Significant Additional Tax Liabilities.

We are subject to taxation in U.S. federal, state and local jurisdictions and many non-U.S. jurisdictions. Changes in tax laws, regulations, practices or the interpretations thereof could affect the Company's results of operations. Judgment is required in evaluating and estimating our provision and accruals for taxes. In addition, transactions occur during the ordinary course of business or otherwise for which the ultimate tax determination is uncertain.

Our tax returns are routinely audited, tax-related litigation or settlements may occur, and U.S. or foreign jurisdictions may assess additional income tax liabilities against us. The final outcomes of tax audits, investigations, and any related litigation could result in materially different tax recognition from our historical tax provisions and accruals. These outcomes could conflict with private letter rulings, opinions of counsel or other interpretations provided to the Company. If these matters are adversely resolved, we may be required to recognize additional charges to our tax provisions and pay significant additional amounts with respect to current or prior periods or our taxes in the future could increase, which could affect our operating results and financial condition.

In connection with the Separation, the Company received a private letter ruling from the IRS and an opinion from Hogan Lovells US LLP confirming the tax-free status of the distribution and related internal transactions for U.S. federal income tax purposes. Notwithstanding the private letter ruling and the opinion, the IRS could determine on audit that the distribution or the internal transactions should be treated as taxable transactions if it determines that any of these facts, assumptions or representations relied upon for the private letter ruling is not correct or has been violated. If these transactions are determined to be taxable, the Company would recognize gains on the internal reorganization and/or recognize gain in an amount equal to the excess of the fair market value of shares of the News Corp common stock distributed to our stockholders on the distribution date over our tax basis in such shares of our common stock. In addition, other tax authorities could determine on audit that the distribution or the related internal reorganizations should be treated as taxable transactions.

In addition, under the terms of a tax sharing and indemnification agreement that we entered into in connection with the Separation, we are required to indemnify News Corp against U.S. consolidated and combined tax liabilities attributable to all tax periods or portions thereof prior to June 29, 2013. Disputes or assessments could arise during future audits by the IRS that could give rise to indemnification obligations under this agreement in amounts that we cannot quantify.

The Company is Exposed to Risks Associated with Weak Domestic and Global Economic Conditions and Increased Volatility and Disruption in the Financial Markets.

The Company's businesses, financial condition and results of operations may be adversely affected by weak domestic and global economic conditions. Factors that affect economic conditions include the rate of unemployment, the level of consumer confidence and changes in consumer spending habits. The Company also faces risks, including currency volatility and the stability of global local economies, associated with the impact of weak domestic and global economic conditions on advertisers, affiliates, suppliers, wholesale distributors, retailers, insurers, theater operators and others with which it does business.

Increased volatility and disruptions in the financial markets could make it more difficult and more expensive for the Company to refinance outstanding indebtedness and obtain new financing, including financing for the Sky Acquisition. While the Company has entered into the Bridge Credit Agreement, we intend to obtain permanent financing in the capital markets to fund a portion of the purchase price for the Sky Acquisition in lieu of utilizing funds available under the Bridge Credit Agreement, but we cannot guarantee that the Company will obtain such permanent financing on terms that are acceptable to the Company or at all. If we are not successful in obtaining permanent financing due to market conditions or other factors and utilize funds under the Bridge Credit Agreement, we will incur significantly higher borrowing costs, which may have a significant adverse impact on our business. See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Sky".

Disruptions in the financial markets can also adversely affect the Company's lenders, insurers, customers and counterparties, including vendors, retailers and film co-financing partners. For instance, the inability of the Company's counterparties to obtain capital on acceptable terms could impair their ability to perform under their agreements with the Company and lead to negative effects on the Company, including business disruptions, decreased revenues and increases in bad debt expenses.

The Company Could Suffer Losses Due to Asset Impairment Charges for Goodwill, Intangible Assets and Programming.

In accordance with applicable generally accepted accounting principles, the Company performs an annual impairment assessment of its recorded goodwill and indefinite-lived intangible assets, including FCC licenses. The Company also continually evaluates whether current factors or indicators, such as the prevailing conditions in the capital markets, require the performance of an interim impairment assessment of those assets, as well as other investments and other long-lived assets. 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. A downward revision in the fair value of a reporting unit, indefinite-lived intangible assets, investments or long-lived assets could result in an impairment and a non-cash charge would be required. Any such charge could be material to the Company's reported net earnings.

Certain of Our Directors and Officers May Have Actual or Potential Conflicts of Interest Because of Their Equity Ownership in News Corp, and Certain of Our Officers and Directors May Have Actual or Potential Conflicts of Interest Because They Also Serve as Officers and/or on the Board of Directors of News Corp.

Certain of our directors and executive officers own shares of News Corp's common stock, and the individual holdings may be significant for some of these individuals compared to their total assets. In addition, certain of our officers and directors also serve as officers and/or as directors of News Corp, including our Executive Chairmen K. Rupert Murdoch, who serves as News Corp's Executive Chairman, and Lachlan K. Murdoch, who serves as News Corp's Co-Chairman, and our Chief Executive Officer James Murdoch, who serves as a director of News Corp. This ownership or service to both companies may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for News Corp and us. In addition to any other arrangements that the Company and News Corp may agree to implement, the Company and News Corp agreed that officers and directors who serve at both companies will recuse themselves from decisions where conflicts arise due to their positions at both companies.

The Sky Acquisition Involves a Number of Risks, including, among others, the Risk that the Sky Acquisition is Not Completed on a Timely Basis, or at All, and Risks Associated with the Company's Use of a Significant Portion of its Cash and Taking on Significant Additional Indebtedness.

The Sky Acquisition remains subject to certain customary closing conditions, including approval by the UK Secretary of State for Digital, Culture, Media and Sport and the requisite approval of Sky shareholders unaffiliated with the Company, and the scheme of arrangement becoming effective by October 15, 2018. The Sky Acquisition has received unconditional clearance by all competent competition authorities including the European Commission, and has been cleared on public interest and plurality grounds in all of the markets in which Sky operates outside of the UK, including Austria, Germany, Italy and the Republic of Ireland.

The Company cannot predict with certainty whether and when any of the outstanding conditions will be satisfied. If the Sky Acquisition does not receive, or timely receive, the required regulatory approvals and clearances and requisite approval of Sky shareholders unaffiliated with the Company, any delay or failure to complete the acquisition and the acquisition process may cause uncertainty or other negative consequences, including, in the event that certain regulatory approvals are not obtained prior to August 15, 2018, or in certain other circumstances described in the Co-Operation Agreement, the payment of a £200 million break fee payable by the Company, that may materially and adversely affect the Company's business, financial condition and results of operations and the price per share for the Company's common stock could be negatively impacted. If regulatory authorities seek to impose any material conditions in connection with granting any approvals required to complete the Sky Acquisition, our business and results of operations may be adversely affected.

In addition, the Sky Acquisition will require the use of a significant portion of the Company's cash and increase the amount of debt on the Company's balance sheet leading to substantial additional interest expense. These factors could limit the Company's flexibility to respond to changing business and economic conditions and reduce funds available for working capital, capital expenditures, acquisitions and other general corporate purposes. If the Sky Acquisition is completed but the financial performance of the Company after the acquisition does not meet management's current expectations, the Company's ability to reduce its level of indebtedness may be adversely impacted. More information regarding risks related to financing the Sky Acquisition is set forth above in the risk factor describing the Company's exposure to risks associated with weak domestic and global economic conditions and increased volatility and disruption in the financial markets.

Allegations of Misconduct at the Company's Fox News Channel Business Unit Could Impact the Operations and Management of the Business Unit.

The Company and certain of its current and former employees have been subject to allegations of sexual harassment and discrimination and racial discrimination related to alleged misconduct at the Company's Fox News Channel business. The Company has settled some of these claims and is contesting other claims in litigation. To date, none of the amounts paid in settlements or reserved for pending or future claims, is individually or in the aggregate, material to the Company. We have also received regulatory and investigative inquiries and stockholder demands to inspect the books and records of the Company which could lead to future litigation. Since July 2016, the CEO of Fox News Channel resigned and there have been other significant changes in the management of the business unit. In addition, the network's primetime lineup has significantly changed which could have a negative impact on our ratings.

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

The Company's Board of Directors (the "Board") has authorized a stock repurchase program, under which the Company is authorized to acquire Class A Common Stock. In August 2016, the Board authorized the repurchase of an additional $3 billion of Class A Common Stock, excluding commissions. The Company does not have a timeframe over which this buyback authorization is expected to be completed. The program may be modified, extended, suspended or discontinued at any time.

As of September 30, 2017, the Company's remaining buyback authorization was approximately $3.1 billion representing approximately $110 million under the fiscal 2016 authorization and $3 billion under the fiscal 2017 authorization.

The Company did not repurchase any of its Class A Common Stock or Class B Common Stock during the three months ended September 30, 2017.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

(a) Exhibits.

10.2	Letter Agreement, dated April 19, 2017, between 21st Century Fox America, Inc. and Gerson Zweifach.*
12.1	Ratio of Earnings to Fixed Charges.*
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 September 30, 2017 formatted in eXtensible Business Reporting Language: (i) Unaudited Consolidated Statements of Operations for the three months ended September 30, 2017 and 2016; (ii) Unaudited Consolidated Statements of Comprehensive Income for the three months ended September 30, 2017 and 2016; (iii) Consolidated Balance Sheets as of September 30, 2017 (unaudited) and June 30, 2017 (audited); (iv) Unaudited Consolidated Statements of Cash Flows for the three months ended September 30, 2017 and 2016; and (v) Notes to the Unaudited Consolidated Financial Statements.*

* Filed herewith.
** Furnished herewith.

SIGNATURE

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

TWENTY-FIRST CENTURY FOX, INC.
(Registrant)

By: /s/ John P. Nallen
John P. Nallen
Senior Executive Vice President and
Chief Financial Officer

Date: November 8, 2017

Exhibit 10.2

April 19, 2017

Gerson Zweifach
Senior Executive Vice President and Group General Counsel
Twenty-First Century Fox, Inc.
1211 Avenue of the Americas
New York, NY 10036

Dear Gerson:

This letter agreement (the “Letter Agreement”) is intended to constitute a binding modification to your Employment Agreement dated as of February 1, 2012, and as amended on September 26, 2014, (together, the “Agreement”) with 21st Century Fox America, Inc. (the “Company”), a wholly owned subsidiary of Twenty-First Century Fox, Inc. (“21CF”), and shall confirm the terms and conditions which will apply to your Agreement as from July 1, 2017. All terms and conditions set forth in the Agreement remain in effect unless otherwise amended by the terms and conditions outlined below. Capitalized terms used and not defined herein shall have the meanings given such terms in the Agreement.

The Company and you agree that the Agreement is hereby amended as follows:

1. Duties.

   The Company and you hereby agree that Section 1(c) of the Agreement shall be deleted in its entirety and replaced as follows: “in such capacities, report directly to the Chief Executive Officer of 21CF and Lachlan K. Murdoch, the Executive Chairman of 21CF and the Boards of Directors of 21CF, the Company and FEG;”.

2. Term of Employment.

   a. Section 2 of the Agreement states that the Term of Employment shall mean the period from February 1, 2012 through June 30, 2017. The Company and you hereby agree to extend the Term of Employment through June 30, 2020.

   b. The Company and you hereby agree that the following shall be added to the end of Section 2 of the Agreement: “Upon such earlier termination of the Term of Employment by Executive without good reason, the Executive shall provide, upon request by the Company, non-exclusive consulting services to the Company and its affiliates through June 30, 2020.”

3. Compensation.

   a. The Company and you hereby agree to amend Section 4 of the Agreement to include that your Annual Target Bonus for the fiscal years ending June 30, 2018, 2019 and 2020 will be no less than $3,500,000 with a maximum bonus of $7,000,000.

   b. The Company and you hereby agree to amend Section 4 of the Agreement to include that for each of the FY 2018-2020, FY 2019-2021 and FY 2020-2022 performance cycles (collectively, the “2020/2021/2022 PSU Awards”), you shall be awarded a target amount of no less than $3,000,000 and the PSU Maximum Opportunity shall be no greater than 150% of the PSU Target Number where the PSU Target Number for such cycles is determined by dividing $3,000,000 (or such other higher award number) by the 20-day average closing price of 21CF’s Class A common stock, par value $0.01 per share, ending on June 30 of the prior Fiscal Year at the start of the performance cycle.

4. Termination Provisions.

a. The Company and you hereby agree that the last paragraph of Section 4 of the Agreement shall be deleted in its entirety and replaced as follows: "In the case of any termination of the Executive which is on or prior to the last day of the performance period of any outstanding PSU Award, the Executive shall continue to be eligible to earn the full value of such PSU Award which shall be calculated and paid at the end of the applicable performance period as if no termination had occurred, except if the Executive is terminated for cause pursuant to Section 8(c), all benefits under the LTIP, including but not limited to the Performance-Based LTIPs, will be forfeited."

b. The Company and you hereby agree that the following shall be added to the end of Section 4 of the Agreement: "Notwithstanding the foregoing, in the event that the Agreement expires during a performance cycle of a PSU Award, the Executive shall continue to be eligible to earn the full value of such PSU Award."

c. The second proviso of the first sentence of Section 10(d) of the Agreement states that upon the expiration of the Agreement on June 30, 2017, the Executive shall be entitled to the payment of any Unpaid Prior Year Bonus and annual bonus for the fiscal year ending June 30, 2017 and all PSU Awards shall be treated as provided for in Section 4 hereof. The Company and you hereby agree that the reference to "June 30, 2017" shall be amended to reference "June 30, 2020" and the "annual bonus for the fiscal year ending June 30, 2017" in this clause shall be deleted in its entirety and replaced with the "annual bonus for the fiscal year ending June 30, 2020".

5. Confidentiality; Covenants; Restriction on Competition.

a. The Company and you hereby agree that the following shall be added to the end of Section 7(a) of the Agreement: "The Executive understands that notwithstanding the foregoing, nothing in this Agreement prohibits him from truthfully reporting to any governmental agency or governmental entity information concerning possible violations of law, rule or regulation. Pursuant to 18 USC § 1833(b), an individual may not be held liable under any criminal or civil federal or state trade secret law for disclosure of a trade secret: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order."

b. The Company and you hereby agree that Section 7(c)(i) shall be deleted in its entirety and replaced as follows: "Executive covenants that, while he is an Executive of the Company and for a period ending one year after the expiration or termination of this Agreement (whether by the Executive or by the Company for any reason) or, if Executive terminates the Agreement without good reason, June 30, 2020, if later ("Restrictive Period"), he will not engage in or participate in, directly or indirectly, any business in the United States or any other country in which the Company or 21CF is currently doing business or Executive was aware that the Company or 21CF intends to do business (as an agent, officer, executive, employee, partner, consultant, advisor or otherwise), which is in competition with the Company or 21CF; provided, however, that nothing herein contained shall prohibit the Executive from (i) owning not more than five (5%) percent of the outstanding stock of any publicly held corporation or (ii) accepting employment with, or providing services to, any entity that is in competition with the Company or 21CF so long as the Executive works solely in a subsidiary, division or other distinct unit of such entity that does not engage in, and is not actively planning to engage in, such competition with the Company or 21CF."

By counter-signing this letter agreement, you acknowledge and agree to be bound by the terms hereof.

Sincerely,

21ST CENTURY FOX AMERICA, INC.

By: /s/ John Nallen
Name: John Nallen
Title: SEVP, CFO

Acknowledged and Agreed:

/s/ Gerson Zweifach
Gerson Zweifach

Guaranty

The undersigned guarantees the performance of the foregoing amendment in all respects.

TWENTY-FIRST CENTURY FOX, INC.

By: /s/ John Nallen

Name: John Nallen
Title: SEVP, CFO

Exhibit 12.1

Twenty-First Century Fox, Inc.
Computation of Ratio of Earnings to Fixed Charges
(in Millions, Except Ratio Amounts)
(Unaudited)

	For the three months ended September 30, 2017	2016
Earnings		
Income from continuing operations before income tax expense	$ 1,295	$ 1,237
Add		
Equity earnings of affiliates	(60)	(35)
Cash distributions received from affiliates	5	2
Fixed charges, excluding capitalized interest	336	319
Amortization of capitalized interest	8	7
Total earnings available for fixed charges	$ 1,584	$ 1,530
Fixed charges		
Interest on debt and finance lease charges	$ 313	$ 300
Capitalized interest	6	4
Interest element on rental expense	23	19
Total fixed charges	$ 342	$ 323
Ratio of earnings to fixed charges	4.6	4.7

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, James R. Murdoch, certify that:

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

November 8, 2017

By: /s/ James R. Murdoch
James R. Murdoch
Chief Executive Officer

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, John P. Nallen, certify that:

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

November 8, 2017

By: /s/ John P. Nallen
John P. Nallen
Senior Executive Vice President and
Chief Financial Officer

Exhibit 32.1

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

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

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Twenty-First Century Fox, Inc.

November 8, 2017

By: /s/ James R. Murdoch
James R. Murdoch
Chief Executive Officer

By: /s/ John P. Nallen
John P. Nallen
Senior Executive Vice President and
Chief Financial Officer