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 December 31, 2015**

or

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

Commission file number 001-32352

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 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 or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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 February 3, 2016, 1,119,446,970 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

TABLE OF CONTENTS

TWENTY-FIRST CENTURY FOX, INC.

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

	For the three months ended December 31,		For the six months ended December 31,	
	2015	2014	2015	2014
Revenues	$ 7,375	$ 8,055	$ 13,452	$ 15,942
Operating expenses	(4,757)	(5,366)	(8,430)	(10,418)
Selling, general and administrative	(903)	(988)	(1,792)	(2,067)
Depreciation and amortization	(130)	(201)	(258)	(477)
Equity earnings of affiliates	12	250	47	629
Interest expense, net	(298)	(310)	(593)	(615)
Interest income	7	9	16	23
Other, net	(142)	5,040	(225)	5,075
Income from continuing operations before income tax expense	1,164	6,489	2,217	8,092
Income tax expense	(414)	(189)	(727)	(692)
Income from continuing operations	750	6,300	1,490	7,400
Loss from discontinued operations, net of tax	(2)	(16)	(5)	(23)
Net income	748	6,284	1,485	7,377
Less: Net income attributable to noncontrolling interests	(76)	(77)	(138)	(133)
Net income attributable to Twenty-First Century Fox, Inc. stockholders	$ 672	$ 6,207	$ 1,347	$ 7,244
Earnings per share data				
Income from continuing operations attributable to Twenty-First Century Fox, Inc. stockholders - basic and diluted	$ 674	$ 6,223	$ 1,352	$ 7,267
Weighted average shares:				
Basic	1,958	2,150	1,983	2,170
Diluted	1,958	2,152	1,985	2,173
Income from continuing operations attributable to Twenty-First Century Fox, Inc. stockholders per share:				
Basic	$ 0.34	$ 2.89	$ 0.68	$ 3.35
Diluted	$ 0.34	$ 2.89	$ 0.68	$ 3.34
Net income attributable to Twenty-First Century Fox, Inc. stockholders per share:				
Basic	$ 0.34	$ 2.89	$ 0.68	$ 3.34
Diluted	$ 0.34	$ 2.88	$ 0.68	$ 3.33

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 December 31, 2015	For the three months ended December 31, 2014	For the six months ended December 31, 2015	For the six months ended December 31, 2014
Net income	$ 748	$ 6,284	$ 1,485	$ 7,377
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	(231)	(712)	(375)	(1,612)
Gains on interest rate swap contracts	5	-	-	-
Unrealized holding losses on securities	-	(47)	(4)	(57)
Benefit plan adjustments	6	8	10	14
Other comprehensive loss, net of tax	(220)	(751)	(369)	(1,655)
Comprehensive income	528	5,533	1,116	5,722
Less: Net income attributable to noncontrolling interests[a]	(76)	(77)	(138)	(133)
Less: Other comprehensive loss attributable to noncontrolling interests	-	32	-	214
Comprehensive income attributable to Twenty-First Century Fox, Inc. stockholders	$ 452	$ 5,488	$ 978	$ 5,803

(a) Net income attributable to noncontrolling interests includes $32 million and $29 million for the three months ended December 31, 2015 and 2014, respectively, and $60 million and $53 million for the six months ended December 31, 2015 and 2014, 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 December 31, 2015 (unaudited)	As of June 30, 2015 (audited)
Assets:		
Current assets:		
Cash and cash equivalents	$ 4,293	$ 8,428
Receivables, net	6,842	5,912
Inventories, net	3,305	2,749
Other	386	287
Total current assets	14,826	17,376
Non-current assets:		
Receivables, net	410	394
Investments	4,053	4,529
Inventories, net	6,815	6,411
Property, plant and equipment, net	1,668	1,722
Intangible and other long-term assets, net	6,764	6,320
Goodwill	12,716	12,513
Other non-current assets	844	786
Total assets	$ 48,096	$ 50,051
Liabilities and Equity:		
Current liabilities:		
Borrowings	$ 486	$ 244
Accounts payable, accrued expenses and other current liabilities	3,359	3,937
Participations, residuals and royalties payable	1,781	1,632
Program rights payable	1,098	1,001
Deferred revenue	544	448
Total current liabilities	7,268	7,262
Non-current liabilities:		
Borrowings	19,251	18,795
Other liabilities	3,190	3,105
Deferred income taxes	2,275	2,082
Redeemable noncontrolling interests	617	621
Commitments and contingencies		
Equity:		
Class A common stock[(a)]	11	12
Class B common stock[(b)]	8	8
Additional paid-in capital	12,573	13,427
Retained earnings	3,851	5,343
Accumulated other comprehensive loss	(1,939)	(1,570)
Total Twenty-First Century Fox, Inc. stockholders' equity	14,504	17,220
Noncontrolling interests	991	966
Total equity	15,495	18,186
Total liabilities and equity	$ 48,096	$ 50,051

(a) **Class A common stock**, $0.01 par value per share, 6,000,000,000 shares authorized, 1,132,707,782 shares and 1,239,971,838 shares issued and outstanding, net of 123,687,371 treasury shares at par as of December 31, 2015 and June 30, 2015, 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 December 31, 2015 and June 30, 2015.

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 six months ended December 31, 2015	For the six months ended December 31, 2014
Operating activities:		
Net income	$ 1,485	$ 7,377
Less: Loss from discontinued operations, net of tax	(5)	(23)
Income from continuing operations	1,490	7,400
Adjustments to reconcile income from continuing operations to cash provided by operating activities:		
Depreciation and amortization	258	477
Amortization of cable distribution investments	35	44
Equity-based compensation	119	91
Equity earnings of affiliates	(47)	(629)
Cash distributions received from affiliates	219	221
Other, net	225	(5,075)
CLT20 contract termination costs[a]	(420)	-
Deferred income taxes and other taxes	179	(246)
Change in operating assets and liabilities, net of acquisitions and dispositions:		
Receivables and other assets	(1,035)	(809)
Inventories net of program rights payable	(792)	(940)
Accounts payable and other liabilities	1	318
Net cash provided by operating activities from continuing operations	232	852
Investing activities:		
Property, plant and equipment	(92)	(261)
Acquisitions, net of cash acquired	(908)	-
Investments in equity affiliates	(86)	(1,076)
Other investments	(214)	(39)
Proceeds from dispositions, net	-	8,613
Net cash (used in) provided by investing activities from continuing operations	(1,300)	7,237
Financing activities:		
Borrowings	1,124	2,447
Repayment of borrowings	(439)	(2,059)
Excess tax benefit from equity-based compensation	11	48
Repurchase of shares	(3,202)	(2,730)
Dividends paid and distributions	(419)	(436)
Purchase of subsidiary shares from noncontrolling interests	(62)	(650)
Net cash used in financing activities from continuing operations	(2,987)	(3,380)
Net decrease in cash and cash equivalents from discontinued operations	(10)	(28)
Net (decrease) increase in cash and cash equivalents	(4,065)	4,681
Cash and cash equivalents, beginning of year	8,428	5,415
Exchange movement on cash balances	(70)	(45)
Cash and cash equivalents, end of period	$ 4,293	$ 10,051

(a) See Note 12 – Additional Financial Information.

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 segments: Cable Network Programming, Television, Filmed Entertainment and Other, Corporate and Eliminations.

In addition, the Direct Broadcast Satellite Television (“DBS”) segment consisted of the distribution of programming services via satellite, cable and broadband directly to subscribers in Italy, Germany and Austria. The DBS segment consisted entirely of the operations of Sky Italia and Sky Deutschland AG (“Sky Deutschland”) (collectively the “DBS businesses”). On November 12, 2014, Twenty-First Century Fox completed the sale of Sky Italia and its 57% interest in Sky Deutschland to Sky plc (“Sky”). Sky is a pan-European digital television provider, which operates in Italy, Germany, Austria, the United Kingdom and Ireland. Following the sale of the DBS businesses, the Company continues to report in five segments for comparative purposes, and there is no current activity in the DBS segment.

The accompanying Unaudited Consolidated Financial Statements of the Company have been prepared in accordance with 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, 2016.

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, 2015 as filed with the Securities and Exchange Commission (“SEC”) on August 13, 2015 (the “2015 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 equity 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 could differ from those estimates.

Certain fiscal 2015 amounts have been reclassified to conform to the fiscal 2016 presentation. Unless indicated otherwise, the information in the notes to the Unaudited Consolidated Financial Statements relate to the Company’s continuing operations.

Recently Adopted and Recently Issued Accounting Guidance

Adopted

In April 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-08, “Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)” (“ASU 2014-08”). The amendments in ASU 2014-08 provide guidance for the recognition of discontinued operations, change the requirements for reporting discontinued operations in Accounting Standards Codification (“ASC”) 205-20, “Discontinued Operations” (“ASC 205-20”) and require additional disclosures about discontinued operations. ASU 2014-08 is effective on a prospective basis for the Company for interim reporting periods beginning July 1, 2015. Certain disposals that occurred in the past were not reported as discontinued operations as they did not meet the criteria under the superseded accounting guidance. Such disposals would have met the criteria to be reported as discontinued operations in accordance with ASU 2014-08.

Issued

In September 2015, the FASB issued ASU 2015-16, “Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments” (“ASU 2015-16”). The amendments in ASU 2015-16 require that an acquirer recognize adjustments to provisional amounts, that are identified during the measurement period, in the reporting period in which the adjustment amounts are determined. ASU 2015-16 is effective for the Company for the interim reporting periods beginning July 1, 2016. The Company is currently evaluating the impact ASU 2015-16 will have on its consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). The amendments in ASU 2015-17 require that tax liabilities and assets be classified as noncurrent in a classified statement of financial position. ASU 2015-17 is effective for the Company for the interim reporting periods beginning July 1, 2017.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). The amendments in ASU 2016-01 address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 is effective for the Company for the interim reporting periods beginning July 1, 2018. The Company is currently evaluating the impact ASU 2016-01 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.

For recent acquisitions, the accounting for the business combination is based on provisional amounts and the allocation of the excess purchase price is not final. The amounts allocated to intangibles and goodwill, the estimates of useful lives and the related amortization expense are subject to changes pending the completion of the final valuations of certain assets and liabilities. A change in the purchase price allocations and any estimates of useful lives could result in a change in the value allocated to the intangible assets that could impact future amortization expense.

Fiscal 2016

Acquisitions

National Geographic Partners

In fiscal 2016, the Company, through 21st Century Fox America, Inc. ("21CFA"), a wholly-owned subsidiary of the Company, and the National Geographic Society ("NGS"), formed the entity that became National Geographic Partners, LLC ("National Geographic Partners"), to which, in November 2015, the Company contributed $625 million in cash and the Company and NGS contributed their existing interests in NGC Network US, LLC, NGC Network International, LLC and NGC Network Latin America, LLC (collectively "NGC Networks"). Prior to the transaction, the Company held a controlling interest in NGC Networks, a consolidated subsidiary. NGS also contributed its publishing, travel and certain other businesses (collectively the "NGS Media Business") to National Geographic Partners. As part of the transaction, National Geographic Partners also acquired the long-term license for the use of certain trademarks owned by NGS related to the NGC Networks and the NGS Media Business. The Company currently holds a 73% controlling interest in National Geographic Partners. The cash paid to NGS of $625 million has been preliminarily allocated as follows: approximately $130 million to the net assets and certain intangible assets of the NGS Media Business, approximately $440 million to the long-term asset related to the trademark license agreement and approximately $55 million to the increase in the Company's interest in National Geographic Partners.

MAA Television Network

In December 2015, the Company acquired the entirety of the broadcast business of MAA Television Network Limited ("MAA TV"), an entity in India that broadcasts and operates Telugu language entertainment channels, for approximately $346 million in cash including payments toward non-compete agreements. The excess purchase price of approximately $285 million has been preliminarily allocated, based on a provisional valuation of MAA TV, as follows: approximately $75 million to intangible assets consisting of multi-channel video programming distributor affiliate agreements and relationships with useful lives of 12 years, advertiser relationships with useful lives of nine years and the MAA TV trade name with a useful life of 10 years; and the balance of the excess representing the goodwill on the transaction included in the Cable Network Programming segment. The goodwill reflects the synergies and increased market penetration expected from combining the operations of MAA TV and the Company.

Fiscal 2015

Acquisitions

trueX media inc.

In February 2015, the Company acquired trueX media inc. ("true[X]"), a video advertising company specializing in consumer engagement and on-demand marketing campaigns, for an estimated total purchase price of approximately $175 million in cash including deferred payments which are subject to the achievement of service and performance conditions. The excess purchase price of approximately $125 million has been preliminarily allocated, based on a provisional valuation of true[X], as follows: approximately

$30 million to intangible assets and the balance of the excess representing the goodwill on the transaction and other net assets. The goodwill reflects the synergies and increased market penetration expected from combining the operations of true[X] and the Company.

For fiscal 2016 and 2015, as applicable, the incremental revenues and Segment OIBDA (as defined in Note 11 – Segment Information) related to the acquisitions above included in the Company's consolidated results of operations were not material individually or in the aggregate.

NOTE 3. 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.

Receivables, net consist of:

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Total receivables	$ 7,898	$ 6,812
Allowances for returns and doubtful accounts	(646)	(506)
Total receivables, net	7,252	6,306
Less: current receivables, net	(6,842)	(5,912)
Non-current receivables, net	$ 410	$ 394

NOTE 4. INVENTORIES, NET

The Company's inventories were comprised of the following:

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Programming rights	$ 6,102	$ 5,496
DVDs, Blu-rays and other merchandise	75	67
Filmed entertainment costs:		
Films:		
Released	1,321	1,094
Completed, not released	-	27
In production	964	1,170
In development or preproduction	204	185
	2,489	2,476
Television productions:		
Released	968	868
In production	485	252
In development or preproduction	1	1
	1,454	1,121
Total filmed entertainment costs, less accumulated amortization[a]	3,943	3,597
Total inventories, net	10,120	9,160
Less: current portion of inventories, net[b]	(3,305)	(2,749)
Total non-current inventories, net	$ 6,815	$ 6,411

(a) Does not include $288 million and $304 million of net intangible film library costs as of December 31, 2015 and June 30, 2015, respectively, which were included in intangible assets subject to amortization in the Consolidated Balance Sheets.

(b) Current portion of inventories, net as of December 31, 2015 and June 30, 2015 was comprised of programming rights ($3,230 million and $2,682 million, respectively), DVDs, Blu-rays and other merchandise.

NOTE 5. INVESTMENTS

The Company's investments were comprised of the following:

		Ownership percentage as of December 31, 2015	As of December 31, 2015	As of June 30, 2015
			(in millions)	
Sky[a][b]	European DBS operator	39%	$ 3,033	$ 3,382
Endemol Shine Group[b]	Global multi-platform content provider	50%	609	706
Other investments		various	411	441
Total investments			$ 4,053	$ 4,529

(a) The Company's investment in Sky had a market value of $11 billion as of December 31, 2015 determined using its quoted market price on the London Stock Exchange (a Level 1 measurement as defined in Note 6 – Fair Value).

(b) Equity method investment.

Sky

In July 2014, the Company participated in Sky's equity offering by purchasing approximately $900 million of additional shares in Sky and maintained the Company's 39% ownership interest. The Company received dividends of approximately $210 million from Sky for the six months ended December 31, 2015 and 2014. Included in Equity earnings of affiliates in the Unaudited Consolidated Statements of Operations for the three and six months ended December 31, 2014 was the Company's proportionate share of approximately $200 million and $480 million, respectively, of Sky's gains related to the sale of its investments in NGC Network International LLC and ITV plc.

Other

During the six months ended December 31, 2015, the Company invested approximately $160 million in cash for a minority equity interest in DraftKings, Inc. ("DraftKings"), a leading operator of online fantasy games and contests. The Company accounts for this investment at cost. Contemporaneous with the Company's investment, DraftKings, as part of their wider media program, committed to spend a minimum of $250 million for media placements on the Company's properties through December 2017. As of December 31, 2015, based on information concerning DraftKings' current valuation in a recent financing transaction, the Company determined that a portion of its investment in DraftKings was impaired and recorded a loss of approximately $95 million in Other, net in the Unaudited Consolidated Statements of Operations for the three and six months ended December 31, 2015.

NOTE 6. 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 December 31, 2015			
Description	Total	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	(in millions)			
Assets				
Derivatives[a]	$ 26	$ -	$ 26	$ -
Liabilities				
Derivatives[a]	(13)	-	(13)	-
Contingent consideration[b]	(110)	-	-	(110)
Redeemable noncontrolling interests[c]	(617)	-	-	(617)
Total	$ (714)	$ -	$ 13	$ (727)

	As of June 30, 2015			
Description	Total	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	(in millions)			
Assets				
Investments[d]	$ 18	$ 18	$ -	$ -
Derivatives[a]	4	-	4	-
Liabilities				
Derivatives[a]	(34)	-	(34)	-
Contingent consideration[b]	(114)	-	-	(114)
Redeemable noncontrolling interests[c]	(621)	-	-	(621)
Total	$ (747)	$ 18	$ (30)	$ (735)

(a) Represents derivatives associated with the Company's foreign currency forward contracts and interest rate swap contracts.

(b) Represents contingent consideration related to the acquisitions of Eredivisie Media & Marketing and SportsTime Ohio in fiscal 2013.

(c) 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). As of December 31, 2015, one minority shareholder's put right is currently exercisable and another minority shareholder's put right will become exercisable in March 2016. The remaining redeemable noncontrolling interests are currently not exercisable.

(d) Available-for-sale securities.

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 December 31, 2015, the carrying value of the Company's investment in DraftKings approximates its fair value, a Level 3 measurement (see Note 5 – Investments under the heading "Other").

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Borrowings		
Fair value of borrowings	$ 22,254	$ 21,998
Carrying value of borrowings	$ 19,737	$ 19,039

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 Forward Contracts

The Company uses foreign currency forward contracts primarily to hedge certain exposures to foreign currency exchange rate risks associated with revenues, the cost of producing or acquiring films and television programming as well as its investment in certain foreign operations and equity method investments.

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Cash flow hedges		
Notional amount of foreign currency forward contracts	$ 1,011	$ 903
Fair value of foreign currency forward contracts	$ 18	$ (13)

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Net investment hedges		
Notional amount of foreign currency forward contracts	$ -	$ 198
Fair value of foreign currency forward contracts	$ -	$ (13)

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 December 31, 2015	As of June 30, 2015
	(in millions)	
Cash flow hedges		
Notional amount of interest rate swap contracts	$ 712	$ 723
Fair value of interest rate swap contracts	$ (5)	$ (4)

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Economic hedges		
Notional amount of interest rate swap contracts	$ -	$ 255
Fair value of interest rate swap contracts	$ -	$ -

Unrealized gains on hedging activity, before tax, of $20 million and $56 million for the three months ended December 31, 2015 and 2014, respectively, and $28 million and $131 million for the six months ended December 31, 2015 and 2014, respectively, are included in other comprehensive loss. 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 three years. 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 four 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 December 31, 2015 or June 30, 2015 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. As of December 31, 2015, the Company did not anticipate nonperformance by any of the counterparties.

NOTE 7. BORROWINGS

Borrowings include bank loans and public debt.

Senior Notes Issued

In October 2015, 21CFA issued $600 million of 3.70% Senior Notes due 2025 and $400 million of 4.95% Senior Notes due 2045. The net proceeds of $987 million were used for general corporate purposes.

Senior Notes Retired

In October 2015, the Company retired $200 million of 7.60% Senior Notes.

Current Borrowings

Included in Borrowings within Current liabilities as of December 31, 2015 was $400 million of 8.00% Senior Notes that are due in October 2016 and principal payments on the Yankees Entertainment and Sports Network term loan facility of $86 million that are due in the next 12 months.

NOTE 8. STOCKHOLDERS' EQUITY

The following tables summarize changes in stockholders' equity:

	For the three months ended December 31, 2015			For the six months ended December 31, 2015		
	Twenty-First Century Fox stockholders	Noncontrolling interests	Total equity	Twenty-First Century Fox stockholders	Noncontrolling interests	Total equity
	(in millions)					
Balance, beginning of period	$ 15,281	$ 974	$ 16,255	$ 17,220	$ 966	$ 18,186
Net income	672	44 (a)	716	1,347	78 (a)	1,425
Other comprehensive loss	(220)	-	(220)	(369)	-	(369)
Cancellation of shares, net	(1,331)	-	(1,331)	(3,157)	-	(3,157)
Dividends declared	-	-	-	(299)	-	(299)
Other	102	(27) (b)	75	(238)	(53) (b)	(291)
Balance, end of period	$ 14,504	$ 991	$ 15,495	$ 14,504	$ 991	$ 15,495

	For the three months ended December 31, 2014			For the six months ended December 31, 2014		
	Twenty-First Century Fox stockholders	Noncontrolling interests	Total equity	Twenty-First Century Fox stockholders	Noncontrolling interests	Total equity
	(in millions)					
Balance, beginning of period	$ 16,265	$ 3,275	$ 19,540	$ 17,418	$ 3,483	$ 20,901
Net income	6,207	48 (a)	6,255	7,244	80 (a)	7,324
Other comprehensive loss	(719)	(32)	(751)	(1,441)	(214)	(1,655)
Cancellation of shares, net	(1,457)	-	(1,457)	(2,546)	-	(2,546)
Dividends declared	-	-	-	(273)	-	(273)
Purchase of noncontrolling interests(c)	(522)	(128)	(650)	(522)	(128)	(650)
Dispositions(d)	-	(2,130)	(2,130)	-	(2,130)	(2,130)
Other	39	(58) (b)	(19)	(67)	(116) (b)	(183)
Balance, end of period	$ 19,813	$ 975	$ 20,788	$ 19,813	$ 975	$ 20,788

(a) Net income attributable to noncontrolling interests excludes $32 million and $29 million for the three months ended December 31, 2015 and 2014, respectively, and $60 million and $53 million for the six months ended December 31, 2015 and 2014, respectively, relating to redeemable noncontrolling interests which are reflected in temporary equity.

(b) Other activity attributable to noncontrolling interests excludes $(31) million and $(22) million for the three months ended December 31, 2015 and 2014, respectively, and $(64) million and $(47) million for the six months ended December 31, 2015 and 2014, respectively, relating to redeemable noncontrolling interests.

(c) Represents the increase in ownership of NGC Network International LLC and NGC Network Latin America LLC.

(d) Represents the noncontrolling interest in Sky Deutschland.

Comprehensive Income

Comprehensive income is reported in the Unaudited Consolidated Statements of Comprehensive Income and consists of Net income and Other comprehensive (loss) income, including foreign currency translation adjustments, gains and losses on interest rate swap contracts, unrealized holding gains and losses on securities and benefit plan adjustments, which affect stockholders' equity, and under GAAP, are excluded from Net income.

The following tables summarize the activity within Other comprehensive (loss) income:

	For the three months ended December 31, 2015			For the six months ended December 31, 2015		
	Before tax	Tax (provision) benefit	Net of tax	Before tax	Tax (provision) benefit	Net of tax
			(in millions)			
Foreign currency translation adjustments						
Unrealized losses	$ (193)	$ (36)	$ (229)	$ (350)	$ (24)	$ (374)
Amount reclassified on hedging activity[a]	(3)	1	(2)	(2)	1	(1)
Other comprehensive loss	$ (196)	$ (35)	$ (231)	$ (352)	$ (23)	$ (375)
Gains and losses on interest rate swap contracts						
Unrealized gains (losses)	$ 5	$ (2)	$ 3	$ (6)	$ 2	$ (4)
Amount reclassified on hedging activity[a]	3	(1)	2	5	(1)	4
Other comprehensive income (loss)	$ 8	$ (3)	$ 5	$ (1)	$ 1	$ -
Losses on securities						
Amount reclassified on sale of securities[b]	$ -	$ -	$ -	$ (7)	$ 3	$ (4)
Other comprehensive loss	$ -	$ -	$ -	$ (7)	$ 3	$ (4)
Benefit plan adjustments						
Unrealized losses	$ -	$ -	$ -	$ (2)	$ -	$ (2)
Reclassification adjustments realized in net income[c]	8	(2)	6	17	(5)	12
Other comprehensive income	$ 8	$ (2)	$ 6	$ 15	$ (5)	$ 10

	For the three months ended December 31, 2014			For the six months ended December 31, 2014		
	Before tax	Tax (provision) benefit	Net of tax	Before tax	Tax (provision) benefit	Net of tax
			(in millions)			
Foreign currency translation adjustments						
Unrealized losses	$ (387)	$ 58	$ (329)	$ (1,418)	$ 189	$ (1,229)
Amount reclassified on hedging activity[a]	(131)	1	(130)	(130)	-	(130)
Amount reclassified on dispositions[b]	(253)	-	(253)	(253)	-	(253)
Other comprehensive loss	$ (771)	$ 59	$ (712)	$ (1,801)	$ 189	$ (1,612)
Gains and losses on securities						
Unrealized (losses) gains	$ (25)	$ 9	$ (16)	$ 237	$ (83)	$ 154
Amount reclassified on sale of securities[b]	(48)	17	(31)	(325)	114	(211)
Other comprehensive loss	$ (73)	$ 26	$ (47)	$ (88)	$ 31	$ (57)
Benefit plan adjustments						
Reclassification adjustments realized in net income[c]	$ 12	$ (4)	$ 8	$ 22	$ (8)	$ 14
Other comprehensive income	$ 12	$ (4)	$ 8	$ 22	$ (8)	$ 14

(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 for the three and six months ended December 31, 2015 and 2014 (See Note 6 – Fair Value for additional information regarding hedging activity).

(b) Reclassifications of amounts related to dispositions and gains and losses on securities are included in Equity earnings of affiliates or Other, net, as appropriate, in the Unaudited Consolidated Statements of Operations for the three and six months ended December 31, 2015 and 2014.

(c) Reclassifications of amounts related to benefit plan adjustments are included in Selling, general and administrative expenses in the Unaudited Consolidated Statements of Operations for the three and six months ended December 31, 2015 and 2014.

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 December 31,		For the six months ended December 31,	
	2015	2014	2015	2014
	(in millions)			
Income from continuing operations	$ 750	$ 6,300	$ 1,490	$ 7,400
Less: Net income attributable to noncontrolling interests	(76)	(77)	(138)	(133)
Income from continuing operations attributable to Twenty-First Century Fox stockholders	$ 674	$ 6,223	$ 1,352	$ 7,267

Stock Repurchase Program

The Board has authorized a stock repurchase program, under which the Company is currently authorized to acquire Class A Common Stock. In August 2015, the Board approved an additional $5 billion authorization, excluding commissions, to the Company's stock repurchase program for the repurchase of Class A Common Stock. The Company intends to complete this stock repurchase program by August 2016.

The remaining authorized amount under the Company's stock repurchase program as of December 31, 2015, excluding commissions, was approximately $2.4 billion.

The program may be modified, extended, suspended or discontinued at any time.

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 six months ended December 31,	
	2015	2014
Cash dividend per share	$ 0.150	$ 0.125

Subsequent to December 31, 2015, the Company declared a dividend of $0.150 per share on both the Class A Common Stock and Class B Common Stock, which is payable on April 13, 2016. The record date for determining dividend entitlements is March 9, 2016.

Temporary Suspension of Voting Rights Affecting Non-U.S. Stockholders

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. In order to maintain compliance with U.S. law, the suspension of voting rights of the Class B Common Stock held by non-U.S. stockholders is currently at 10%. This suspension will remain in place for as long as the Company deems it necessary to maintain compliance with applicable U.S. law, and may be adjusted by the Audit Committee as it deems appropriate.

Voting Agreement with the Murdoch Family Interests

On April 18, 2012, the Murdoch Family Trust and K. Rupert Murdoch (together the "Murdoch Family Interests") entered into an agreement with the Company, whereby the Murdoch Family Interests agreed to limit their voting rights during the voting rights suspension period. Under this agreement, the Murdoch Family Interests will not vote or provide voting instructions with respect to a portion of their shares of Class B Common Stock to the extent that doing so would increase their percentage of voting power from what it was prior to the suspension of voting rights. Currently, as a result of the suspension of voting rights, the aggregate percentage vote of the Murdoch Family Interests is at 38.9% of the outstanding shares of Class B Common Stock not subject to the suspension of voting rights, and the percentage vote may be adjusted as provided in the agreement with the Company.

NOTE 9. EQUITY-BASED COMPENSATION

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

	For the three months ended December 31,		For the six months ended December 31,	
	2015	2014	2015	2014
	(in millions)			
Equity-based compensation	$ 34	$ 41	$ 124	$ 102
Intrinsic value of all settled equity-based awards	$ -	$ -	$ 190	$ 292
Tax benefit on vested equity-based awards	$ -	$ -	$ 69	$ 105

As of December 31, 2015, the Company's total estimated compensation cost related to equity-based awards, not yet recognized, was approximately $170 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. However, certain performance based awards are recognized on an accelerated basis.

Performance Stock Units

The Company's stock based awards are granted in Class A Common Stock. During the six months ended December 31, 2015, approximately 6.2 million performance stock units ("PSUs") were granted and approximately 5.9 million PSUs vested.

During the six months ended December 31, 2014, approximately 4.1 million PSUs were granted and approximately 6.9 million PSUs vested. Approximately 1.7 million units of the awards that vested were settled in cash.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements ("firm commitments") to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The total firm commitments and future debt payments as of December 31, 2015 and June 30, 2015 were approximately $86 billion and $75 billion, respectively. The increase from June 30, 2015 was primarily due to an expanded arrangement with one of the collegiate conferences for broadcast rights through 2032, a new rights agreement with a Major League Baseball team for broadcast rights through 2032 and other sports rights agreements.

Contingent Guarantees

The Company's contingent guarantees as of December 31, 2015 and June 30, 2015 were approximately $500 million and $1.3 billion, respectively. The decrease from June 30, 2015 was primarily due to the release of the Company's obligations under a bank guarantee benefiting the Board of Control for Cricket in India ("BCCI") in July 2015 (See Note 12 – Additional Financial Information under the heading "Restructuring Programs") and the expiration of a bank guarantee covering the Company's programming rights obligations as part of the agreement with the International Cricket Council.

Contingencies

Shareholder Litigation

Southern District of New York

On July 19, 2011, a purported class action lawsuit captioned Wilder v. News Corp., et al. ("Wilder Litigation"), was filed on behalf of all purchasers of the Company's common stock between March 3, 2011 and July 11, 2011, in the United States District Court for the Southern District of New York. The plaintiff brought claims under Section 10(b) and Section 20(a) of the Securities Exchange Act, alleging that false and misleading statements were issued regarding the alleged acts of voicemail interception at *The News of the World*. The suit names as defendants the Company, Rupert Murdoch, James Murdoch and Rebekah Brooks, and seeks compensatory damages, rescission for damages sustained, and costs. On June 5, 2012, the court issued an order appointing the Avon Pension Fund ("Avon") as lead plaintiff and Robbins Geller Rudman & Dowd as lead counsel. Thereafter, on July 3, 2012, the court issued an order providing that an amended consolidated complaint shall be filed by July 31, 2012. Avon filed an amended consolidated complaint on July 31, 2012, which among other things, added as defendants NI Group Limited (now known as News Corp UK & Ireland Limited) and Les Hinton, and expanded the class period to include February 15, 2011 to July 18, 2011. The defendants filed motions to dismiss the litigation, which were granted by the court on March 31, 2014. On April 30, 2014, plaintiffs filed a second amended consolidated complaint, which generally repeats the allegations of the amended consolidated complaint and also expands the class period to July 8, 2009 to July 18, 2011. Defendants moved to dismiss the second amended consolidated complaint, and on September 30, 2015, the court granted defendants' motions in their entirety and dismissed all of the plaintiffs' claims. On October 21, 2015, plaintiffs filed a motion for reconsideration of the court's memorandum, opinion and order, which defendants have opposed. The Company's management believes the claims in the Wilder Litigation are entirely without merit, and intends to vigorously defend this action.

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. Accordingly, the fair values of such equity purchase arrangements are classified in Redeemable noncontrolling interests. Other than the arrangements classified in 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 11. SEGMENT INFORMATION

The Company is a diversified global media and entertainment company, which manages and reports its businesses in the following 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 Broadcasting Company ("FOX"), 10 are affiliated with Master Distribution Service, Inc. ("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.
- **Direct Broadcast Satellite Television**, which consisted of the distribution of programming services via satellite, cable and broadband directly to subscribers in Italy, Germany and Austria. The DBS segment consisted entirely of the operations of Sky Italia and Sky Deutschland. On November 12, 2014, Twenty-First Century Fox completed the sale of Sky Italia and its 57% interest in Sky Deutschland to Sky.
- **Other, Corporate and Eliminations,** which principally consists of corporate overhead and eliminations and other businesses.

Following the sale of the DBS businesses, the Company continues to report in five segments for comparative purposes.

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 charges, Equity earnings of affiliates, Interest expense, net, Interest income, Other, net, Income tax expense 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 within 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 is a non-GAAP measure and should be considered in addition to, not as a substitute for, net income, cash flow and other measures of financial performance reported in accordance with GAAP. In addition, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment charges, which are significant components in assessing the Company's financial performance.

	For the three months ended December 31, 2015	For the three months ended December 31, 2014	For the six months ended December 31, 2015	For the six months ended December 31, 2014
	(in millions)			
Revenues:				
Cable Network Programming	$ 3,703	$ 3,384	$ 7,167	$ 6,615
Television	1,716	1,623	2,765	2,671
Filmed Entertainment	2,361	2,753	4,146	5,229
Direct Broadcast Satellite Television	-	663	-	2,112
Other, Corporate and Eliminations	(405)	(368)	(626)	(685)
Total revenues	$ 7,375	$ 8,055	$ 13,452	$ 15,942
Segment OIBDA:				
Cable Network Programming	$ 1,250	$ 1,159	$ 2,556	$ 2,197
Television	279	290	475	464
Filmed Entertainment	302	336	451	794
Direct Broadcast Satellite Television	-	27	-	234
Other, Corporate and Eliminations	(101)	(90)	(217)	(188)
Total Segment OIBDA	$ 1,730	$ 1,722	$ 3,265	$ 3,501
Amortization of cable distribution investments	(15)	(21)	(35)	(44)
Depreciation and amortization	(130)	(201)	(258)	(477)
Equity earnings of affiliates	12	250	47	629
Interest expense, net	(298)	(310)	(593)	(615)
Interest income	7	9	16	23
Other, net	(142)	5,040	(225)	5,075
Income from continuing operations before income tax expense	1,164	6,489	2,217	8,092
Income tax expense	(414)	(189)	(727)	(692)
Income from continuing operations	750	6,300	1,490	7,400
Loss from discontinued operations, net of tax	(2)	(16)	(5)	(23)
Net income	748	6,284	1,485	7,377
Less: Net income attributable to noncontrolling interests	(76)	(77)	(138)	(133)
Net income attributable to Twenty-First Century Fox stockholders	$ 672	$ 6,207	$ 1,347	$ 7,244

Intersegment revenues, generated by the Filmed Entertainment segment, of $393 million and $285 million for the three months ended December 31, 2015 and 2014, respectively, and of $563 million and $560 million for the six months ended December 31, 2015 and 2014, respectively, have been eliminated within the Other, Corporate and Eliminations segment.

	For the three months ended December 31,		For the six months ended December 31,	
	2015	2014	2015	2014
	(in millions)			
Depreciation and amortization:				
Cable Network Programming	$ 76	$ 69	$ 150	$ 149
Television	29	29	59	55
Filmed Entertainment	20	30	40	63
Direct Broadcast Satellite Television	-	69	-	202
Other, Corporate and Eliminations	5	4	9	8
Total depreciation and amortization	$ 130	$ 201	$ 258	$ 477

Depreciation and amortization includes the amortization of definite lived intangible assets of $59 million and $81 million for the three months ended December 31, 2015 and 2014, respectively, and $118 million and $183 million for the six months ended December 31, 2015 and 2014, respectively.

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Total assets:		
Cable Network Programming	$ 24,305	$ 23,235
Television	7,487	6,646
Filmed Entertainment	9,756	9,105
Other, Corporate and Eliminations	2,495	6,536
Investments	4,053	4,529
Total assets	$ 48,096	$ 50,051

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Goodwill, intangible and other long-term assets, net:		
Cable Network Programming	$ 13,413	$ 12,746
Television	4,293	4,297
Filmed Entertainment	1,774	1,790
Total goodwill, intangible and other long-term assets, net	$ 19,480	$ 18,833

Revenues by Component

	For the three months ended December 31,		For the six months ended December 31,	
	2015	2014	2015	2014
	(in millions)			
Revenues:				
Affiliate fees	$ 2,696	$ 2,480	$ 5,382	$ 4,912
Subscription	-	605	-	1,964
Advertising	2,444	2,370	4,043	4,104
Content	2,033	2,487	3,758	4,749
Other	202	113	269	213
Total revenues	$ 7,375	$ 8,055	$ 13,452	$ 15,942

NOTE 12. ADDITIONAL FINANCIAL INFORMATION

Supplemental Cash Flows Information

	For the six months ended December 31, 2015	For the six months ended December 31, 2014
	(in millions)	
Supplemental cash flows information:		
Cash paid for income taxes	$ (511)	$ (404)
Cash paid for interest	$ (583)	$ (609)
Supplemental information on acquisitions and additional investments:		
Fair value of assets acquired	$ 1,018	$ -
Cash acquired	8	-
Liabilities assumed	(110)	-
Cash paid	(916)	-
Fair value of equity instruments issued to third parties	-	-
Issuance of subsidiary common units	-	-
Fair value of equity instruments consideration	$ -	$ -

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 December 31, 2015	For the three months ended December 31, 2014	For the six months ended December 31, 2015	For the six months ended December 31, 2014
	(in millions)			
Gain on disposition of DBS businesses[(a)]	$ -	$ 4,995	$ -	$ 4,995
Gain on disposition of Shine Group[(a)]	-	63	-	63
Investment impairment losses[(b)]	(98)	(3)	(99)	(3)
Acquisition related costs[(c)]	(16)	-	(66)	-
Other	(28)	(15)	(60)	20
Total other, net	$ (142)	$ 5,040	$ (225)	$ 5,075

(a) See Note 3 – Acquisitions, Disposals and Other Transactions in the 2015 Form 10-K under the headings “Sky Italia and Sky Deutschland” and “Shine Group” for further discussion of these dispositions.
(b) See Note 5 – Investments under the heading “Other” for further discussion.
(c) The acquisition related costs for the six months ended December 31, 2015 are primarily due to the revision of a contingency estimate related to a past acquisition.

Restructuring Programs

In fiscal 2015, the Company recorded restructuring charges reflecting contract termination costs at STAR related to a program rights contract with the BCCI for the Champions League Twenty20 (“CLT20”) cricket tournament through 2018. The Company paid approximately $420 million to the BCCI in July 2015 for the contract termination, including service taxes. As a result of the contract termination in June 2015, STAR no longer has the rights to broadcast future CLT20 cricket matches and has no additional payment obligations.

NOTE 13. SUPPLEMENTAL GUARANTOR INFORMATION

In May 2015, 21CFA entered into a credit agreement (the “Credit Agreement”), among 21CFA as Borrower, the Company as Parent Guarantor and other parties. The Credit Agreement provides a $1.4 billion unsecured revolving credit facility with a sub-limit of $250 million (or its equivalent in Euros) available for the issuance of letters of credit and a maturity date of May 2020.

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 December 31, 2015
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	$ -	$ -	$ 7,375	$ -	$ 7,375
Expenses	(89)	-	(5,701)	-	(5,790)
Equity earnings of affiliates	-	-	12	-	12
Interest expense, net	(406)	(177)	(19)	304	(298)
Interest income	1	-	310	(304)	7
Earnings from subsidiary entities	1,781	851	-	(2,632)	-
Other, net	(121)	-	(21)	-	(142)
Income from continuing operations before income tax expense	1,166	674	1,956	(2,632)	1,164
Income tax expense	(412)	-	(694)	692	(414)
Income from continuing operations	754	674	1,262	(1,940)	750
Loss from discontinued operations, net of tax	-	(2)	-	-	(2)
Net income	754	672	1,262	(1,940)	748
Less: Net income attributable to noncontrolling interests	-	-	(76)	-	(76)
Net income attributable to Twenty-First Century Fox stockholders	$ 754	$ 672	$ 1,186	$ (1,940)	$ 672
Comprehensive income attributable to Twenty-First Century Fox stockholders	$ 469	$ 452	$ 999	$ (1,468)	$ 452

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Operations
For the three months ended December 31, 2014
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	$ -	$ -	$ 8,055	$ -	$ 8,055
Expenses	(81)	-	(6,474)	-	(6,555)
Equity (losses) earnings of affiliates	(1)	-	251	-	250
Interest expense, net	(396)	(152)	(28)	266	(310)
Interest income	-	1	274	(266)	9
Earnings from subsidiary entities	6,873	6,374	-	(13,247)	-
Other, net	164	-	4,876	-	5,040
Income from continuing operations before income tax expense	6,559	6,223	6,954	(13,247)	6,489
Income tax expense	(294)	-	(85)	190	(189)
Income from continuing operations	6,265	6,223	6,869	(13,057)	6,300
Loss from discontinued operations, net of tax	-	(16)	-	-	(16)
Net income	6,265	6,207	6,869	(13,057)	6,284
Less: Net income attributable to noncontrolling interests	-	-	(77)	-	(77)
Net income attributable to Twenty-First Century Fox stockholders	$ 6,265	$ 6,207	$ 6,792	$ (13,057)	$ 6,207
Comprehensive income attributable to Twenty-First Century Fox stockholders	$ 5,459	$ 5,488	$ 6,059	$ (11,518)	$ 5,488

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Operations
For the six months ended December 31, 2015
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	$ -	$ -	$ 13,452	$ -	$ 13,452
Expenses	(195)	-	(10,285)	-	(10,480)
Equity (losses) earnings of affiliates	(1)	-	48	-	47
Interest expense, net	(804)	(353)	(39)	603	(593)
Interest income	1	2	616	(603)	16
Earnings from subsidiary entities	3,233	1,703	-	(4,936)	-
Other, net	(108)	-	(117)	-	(225)
Income from continuing operations before income tax expense	2,126	1,352	3,675	(4,936)	2,217
Income tax expense	(697)	-	(1,205)	1,175	(727)
Income from continuing operations	1,429	1,352	2,470	(3,761)	1,490
Loss from discontinued operations, net of tax	-	(5)	-	-	(5)
Net income	1,429	1,347	2,470	(3,761)	1,485
Less: Net income attributable to noncontrolling interests	-	-	(138)	-	(138)
Net income attributable to Twenty-First Century Fox stockholders	$ 1,429	$ 1,347	$ 2,332	$ (3,761)	$ 1,347
Comprehensive income attributable to Twenty-First Century Fox stockholders	$ 954	$ 978	$ 1,886	$ (2,840)	$ 978

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Operations
For the six months ended December 31, 2014
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	$ -	$ -	$ 15,942	$ -	$ 15,942
Expenses	(169)	-	(12,793)	-	(12,962)
Equity (losses) earnings of affiliates	(1)	-	630	-	629
Interest expense, net	(794)	(290)	(58)	527	(615)
Interest income	8	1	541	(527)	23
Earnings from subsidiary entities	8,526	7,556	-	(16,082)	-
Other, net	153	-	4,922	-	5,075
Income from continuing operations before income tax expense	7,723	7,267	9,184	(16,082)	8,092
Income tax expense	(660)	-	(785)	753	(692)
Income from continuing operations	7,063	7,267	8,399	(15,329)	7,400
Loss from discontinued operations, net of tax	-	(23)	-	-	(23)
Net income	7,063	7,244	8,399	(15,329)	7,377
Less: Net income attributable to noncontrolling interests	-	-	(133)	-	(133)
Net income attributable to Twenty-First Century Fox stockholders	$ 7,063	$ 7,244	$ 8,266	$ (15,329)	$ 7,244
Comprehensive income attributable to Twenty-First Century Fox stockholders	$ 5,466	$ 5,803	$ 6,648	$ (12,114)	$ 5,803

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Balance Sheet
As of December 31, 2015
(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	$ 764	$ 2,065	$ 1,464	$ -	$ 4,293
Receivables, net	23	-	6,819	-	6,842
Inventories, net	-	-	3,305	-	3,305
Other	21	-	365	-	386
Total current assets	808	2,065	11,953	-	14,826
Non-current assets:					
Receivables, net	16	-	394	-	410
Inventories, net	-	-	6,815	-	6,815
Property, plant and equipment, net	224	-	1,444	-	1,668
Intangible and other long-term assets, net	-	-	6,764	-	6,764
Goodwill	-	-	12,716	-	12,716
Other non-current assets	394	-	450	-	844
Investments:					
Investments in associated companies and other investments	123	37	3,893	-	4,053
Intragroup investments	96,047	54,387	-	(150,434)	-
Total investments	96,170	54,424	3,893	(150,434)	4,053
TOTAL ASSETS	$ 97,612	$ 56,489	$ 44,429	$ (150,434)	$ 48,096
LIABILITIES AND EQUITY					
Current liabilities:					
Borrowings	$ 400	$ -	$ 86	$ -	$ 486
Other current liabilities	442	133	6,207	-	6,782
Total current liabilities	842	133	6,293	-	7,268
Non-current liabilities:					
Borrowings	17,878	-	1,373	-	19,251
Other non-current liabilities	529	-	4,936	-	5,465
Intercompany	36,759	41,852	(78,611)	-	-
Redeemable noncontrolling interests	-	-	617	-	617
Total equity	41,604	14,504	109,821	(150,434)	15,495
TOTAL LIABILITIES AND EQUITY	$ 97,612	$ 56,489	$ 44,429	$ (150,434)	$ 48,096

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Balance Sheet
As of June 30, 2015
(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	$ 767	$ 5,913	$ 1,748	$ -	$ 8,428
Receivables, net	11	-	5,902	(1)	5,912
Inventories, net	-	-	2,749	-	2,749
Other	14	-	273	-	287
Total current assets	792	5,913	10,672	(1)	17,376
Non-current assets:					
Receivables, net	15	-	379	-	394
Inventories, net	-	-	6,411	-	6,411
Property, plant and equipment, net	230	-	1,492	-	1,722
Intangible and other long-term assets, net	-	-	6,320	-	6,320
Goodwill	-	-	12,513	-	12,513
Other non-current assets	384	-	402	-	786
Investments:					
Investments in associated companies and other investments	50	22	4,457	-	4,529
Intragroup investments	92,821	53,278	-	(146,099)	-
Total investments	92,871	53,300	4,457	(146,099)	4,529
TOTAL ASSETS	$ 94,292	$ 59,213	$ 42,646	$ (146,100)	$ 50,051
LIABILITIES AND EQUITY					
Current liabilities:					
Borrowings	$ 200	$ -	$ 44	$ -	$ 244
Other current liabilities	467	74	6,478	(1)	7,018
Total current liabilities	667	74	6,522	(1)	7,262
Non-current liabilities:					
Borrowings	17,278	-	1,517	-	18,795
Other non-current liabilities	571	-	4,616	-	5,187
Intercompany	35,999	41,919	(77,918)	-	-
Redeemable noncontrolling interests	-	-	621	-	621
Total equity	39,777	17,220	107,288	(146,099)	18,186
TOTAL LIABILITIES AND EQUITY	$ 94,292	$ 59,213	$ 42,646	$ (146,100)	$ 50,051

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Cash Flows
For the six months ended December 31, 2015
(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	$ (605)	$ 284	$ 553	$ -	$ 232
Investing activities:					
Property, plant and equipment	(4)	-	(88)	-	(92)
Investments	(171)	(586)	(451)	-	(1,208)
Net cash used in investing activities from continuing operations	(175)	(586)	(539)	-	(1,300)
Financing activities:					
Borrowings	987	-	137	-	1,124
Repayment of borrowings	(200)	-	(239)	-	(439)
Excess tax benefit from equity-based compensation	-	11	-	-	11
Repurchase of shares	-	(3,202)	-	-	(3,202)
Dividends paid and distributions	-	(299)	(120)	-	(419)
Purchase of subsidiary shares from noncontrolling interests	-	(56)	(6)	-	(62)
Net cash provided by (used in) financing activities from continuing operations	787	(3,546)	(228)	-	(2,987)
Discontinued operations:					
Net decrease in cash and cash equivalents from discontinued operations	(10)	-	-	-	(10)
Net decrease in cash and cash equivalents	(3)	(3,848)	(214)	-	(4,065)
Cash and cash equivalents, beginning of year	767	5,913	1,748	-	8,428
Exchange movement on cash balances	-	-	(70)	-	(70)
Cash and cash equivalents, end of period	$ 764	$ 2,065	$ 1,464	$ -	$ 4,293

See notes to supplemental guarantor information

Supplemental Condensed Consolidating Statement of Cash Flows
For the six months ended December 31, 2014
(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	$ (296)	$ 226	$ 922	$ -	$ 852
Investing activities:					
Property, plant and equipment	(78)	-	(183)	-	(261)
Investments	(119)	(3)	(993)	-	(1,115)
Proceeds from dispositions, net	79	8,582	(48)	-	8,613
Net cash (used in) provided by investing activities from continuing operations	(118)	8,579	(1,224)	-	7,237
Financing activities:					
Borrowings	1,191	-	1,256	-	2,447
Repayment of borrowings	(750)	-	(1,309)	-	(2,059)
Excess tax benefit from equity-based compensation	-	48	-	-	48
Repurchase of shares	-	(2,730)	-	-	(2,730)
Dividends paid and distributions	-	(273)	(163)	-	(436)
Purchase of subsidiary shares from noncontrolling interests	-	(650)	-	-	(650)
Net cash provided by (used in) financing activities from continuing operations	441	(3,605)	(216)	-	(3,380)
Discontinued operations:					
Net decrease in cash and cash equivalents from discontinued operations	(28)	-	-	-	(28)
Net (decrease) increase in cash and cash equivalents	(1)	5,200	(518)	-	4,681
Cash and cash equivalents, beginning of year	473	3,120	1,822	-	5,415
Exchange movement on cash balances	-	-	(45)	-	(45)
Cash and cash equivalents, end of period	$ 472	$ 8,320	$ 1,259	$ -	$ 10,051

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, 2015 as filed with the SEC on August 13, 2015 (the "2015 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:

- ***Overview of the Company's Business*** - This section provides a general description of the Company's businesses, as well as developments that have occurred to date during fiscal 2016 that the Company believes are important in understanding its results of operations and financial condition or to disclose known trends.
- ***Results of Operations*** - This section provides an analysis of the Company's results of operations for the three and six months ended December 31, 2015 and 2014. 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 six months ended December 31, 2015 and 2014, as well as a discussion of the Company's outstanding debt and commitments, both firm and contingent, that existed as of December 31, 2015. 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.

OVERVIEW OF THE COMPANY'S BUSINESS

The Company is a diversified global media and entertainment company, which manages and reports its businesses in the following 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 the FOX Broadcasting Company ("FOX"), 10 are affiliated with Master Distribution Service, Inc. ("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.

- **Direct Broadcast Satellite Television,** which consisted of the distribution of programming services via satellite, cable and broadband directly to subscribers in Italy, Germany and Austria. The Direct Broadcast Satellite Television ("DBS") segment consisted entirely of the operations of Sky Italia and Sky Deutschland AG ("Sky Deutschland") (collectively the "DBS businesses"). On November 12, 2014, Twenty-First Century Fox completed the sale of Sky Italia and its 57% interest in Sky Deutschland to Sky plc ("Sky").
- **Other, Corporate and Eliminations**, which principally consists of corporate overhead and eliminations and other businesses.

Following the sale of the DBS businesses, the Company continues to report in five segments for comparative purposes, and there is no current activity in the DBS segment.

Cable Network Programming and Television

The Company's cable networks, which target various demographics, derive a majority of their revenues from monthly affiliate fees received from multi-channel video programming distributors ("MVPDs") based on the number of their subscribers. Affiliate fee revenues are net of the amortization of cable distribution investments (capitalized fees paid to U.S. MVPDs to typically facilitate the carriage of a domestic cable network). The Company defers the cable distribution investments and amortizes the amounts on a straight-line basis over the contract period. Cable television and direct broadcast satellite are currently the predominant means of distribution of the Company's program services in the U.S. Internationally, distribution technology varies region by region.

The television operations derive revenues primarily from the sale of advertising, and to a lesser extent, retransmission consent revenue. Adverse changes in general market conditions for advertising may affect revenues.

U.S. law governing retransmission consent revenue provides a mechanism for the television stations owned by the Company to seek and obtain payment from MVPDs who carry the Company's broadcast signals. Retransmission consent revenue consists of per subscriber-based compensatory fees paid to the Company by MVPDs that distribute the signals of the Company's owned and operated television stations. The Company also receives compensation from independently-owned television stations that are affiliated with FOX and receive retransmission consent fees from MVPDs for their signals.

The most significant operating expenses of the Cable Network Programming segment and the Television segment are the acquisition and production expenses related to programming, marketing and promotional expenses and the expenses related to operating the technical facilities of the cable network or broadcaster. Marketing and promotional expenses relate to improving the market visibility and awareness of the cable network or broadcaster and its programming. Additional expenses include sales commissions paid to the in-house advertising sales force, as well as salaries, employee benefits, rent and other routine overhead expenses.

The profitability of U.S. national sports contracts and international sports rights agreements is based on the Company's best estimates at December 31, 2015 of attributable revenues and costs; such estimates may change in the future and such changes may be significant. Should revenues decline from estimates applied at December 31, 2015, additional amortization of rights may be recorded. Should revenues improve as compared to estimated revenues, the Company may have improved results related to the contract, which may be recognized over the remaining contract term.

Filmed Entertainment

The Filmed Entertainment segment derives revenue from the production and distribution of live-action and animated motion pictures and television series. In general, motion pictures produced or acquired for distribution by the Company are exhibited in U.S. and foreign theaters, followed by home entertainment, including sale and rental of DVDs and Blu-rays, licensing through digital distribution platforms, premium subscription television, network television and basic cable and syndicated television exploitation. Television series initially produced for the networks and first-run syndication are generally licensed to domestic and international markets concurrently and subsequently released in seasonal DVD and Blu-ray box sets and made available via digital distribution platforms. More successful series are later syndicated in domestic markets. The length of the revenue cycle for television series will vary depending on the number of seasons a series remains in active production and, therefore, may cause fluctuations in operating results. License fees received for television exhibition (including international and U.S. premium television and basic cable television) are recorded as revenue in the period that licensed films or programs are available for such exhibition, which may cause substantial fluctuations in operating results.

The revenues and operating results of the Filmed Entertainment segment are significantly affected by the timing of the Company's theatrical and home entertainment releases, the number of its original and returning television series that are aired by television networks and cable channels and the number of its television series in off-network syndication. Theatrical and home entertainment release dates are determined by several factors, including timing of vacation and holiday periods and competition in the marketplace. The distribution windows for the release of motion pictures theatrically and in various home entertainment products and services (including subscription rentals, rental kiosks and digital distribution platforms), have been compressing and may continue to change in the future. A further reduction in timing between theatrical and home entertainment releases could adversely affect the revenues and operating results of this segment.

The Company enters into arrangements with third parties to co-produce certain of its theatrical and television productions. These arrangements, which are referred to as co-financing arrangements, take various forms. The parties to these arrangements, primarily in theatrical productions, include studio and non-studio entities both domestic and international. In several of these agreements, other parties control certain distribution rights. The Filmed Entertainment segment records the amounts received for the sale of an economic interest as a reduction of the cost of the film, as the investor assumes full risk for that portion of the film asset acquired in these transactions. The substance of these arrangements is that the third-party investors own an interest in the film and, therefore, receive a participation based on the third-party investors' contractual interest in the profits or losses incurred on the film. Consistent with the requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 926, "Entertainment—Films" ("ASC 926"), the estimate of the third-party investor's interest in profits or losses on the film is based on total estimated ultimate revenues.

Operating costs incurred by the Filmed Entertainment segment include: exploitation costs, primarily theatrical prints and advertising and home entertainment marketing and manufacturing costs; amortization of capitalized production, overhead and interest costs; and participations and talent residuals. Selling, general and administrative expenses include salaries, employee benefits, rent and other routine overhead expenses.

Other Business Developments

See Note 2 – Acquisitions, Disposals and Other Transactions under the heading "Fiscal 2016" and Note 5 – Investments under the heading "Other" to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox for a discussion of the Company's business developments.

RESULTS OF OPERATIONS

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

The following tables set forth the Company's operating results for the three and six months ended December 31, 2015, as compared to the three and six months ended December 31, 2014, including presentation of Revenues by component excluding the DBS segment and related intersegment eliminations.

	For the three months ended December 31,			For the six months ended December 31,		
	2015	2014	% Change	2015	2014	% Change
	(in millions, except %)					
Revenues:						
Affiliate fees	$ 2,696	$ 2,480	9 %	$ 5,382	$ 4,912	10 %
Subscription	-	605	(100) %	-	1,964	(100) %
Advertising	2,444	2,370	3 %	4,043	4,104	(1) %
Content	2,033	2,487	(18) %	3,758	4,749	(21) %
Other	202	113	79 %	269	213	26 %
Total revenues	7,375	8,055	(8) %	13,452	15,942	(16) %
Operating expenses	(4,757)	(5,366)	(11) %	(8,430)	(10,418)	(19) %
Selling, general and administrative	(903)	(988)	(9) %	(1,792)	(2,067)	(13) %
Depreciation and amortization	(130)	(201)	(35) %	(258)	(477)	(46) %
Equity earnings of affiliates	12	250	(95) %	47	629	(93) %
Interest expense, net	(298)	(310)	(4) %	(593)	(615)	(4) %
Interest income	7	9	(22) %	16	23	(30) %
Other, net	(142)	5,040	**	(225)	5,075	**
Income from continuing operations before income tax expense	1,164	6,489	(82) %	2,217	8,092	(73) %
Income tax expense	(414)	(189)	**	(727)	(692)	5 %
Income from continuing operations	750	6,300	(88) %	1,490	7,400	(80) %
Loss from discontinued operations, net of tax	(2)	(16)	(88) %	(5)	(23)	(78) %
Net income	748	6,284	(88) %	1,485	7,377	(80) %
Less: Net income attributable to noncontrolling interests	(76)	(77)	(1) %	(138)	(133)	4 %
Net income attributable to Twenty-First Century Fox stockholders	$ 672	$ 6,207	(89) %	$ 1,347	$ 7,244	(81) %

	For the three months ended December 31,			For the six months ended December 31,		
	2015	2014	% Change	2015	2014	% Change
	(in millions, except %)					
Revenues (excluding Direct Broadcast Satellite Television):						
Affiliate fees	$ 2,696	$ 2,492	8 %	$ 5,382	$ 4,955	9 %
Advertising	2,444	2,325	5 %	4,043	3,998	1 %
Content	2,033	2,501	(19) %	3,758	4,772	(21) %
Other	202	106	91 %	269	182	48 %
Adjusted total revenues	7,375	7,424	(1) %	13,452	13,907	(3) %
Direct Broadcast Satellite Television, net of eliminations	-	631	(100) %	-	2,035	(100) %
Total revenues	$ 7,375	$ 8,055	(8) %	$ 13,452	$ 15,942	(16) %

** not meaningful

Overview – The Company's revenues decreased 8% and 16% for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015. The changes in revenues were primarily due to the effect of the sale of the DBS businesses in November 2014. Excluding the activity of the DBS businesses, the Company's revenues decreased 1% and 3% for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to lower content revenues partially offset by higher affiliate fee and advertising revenues. The decrease in content revenues was primarily attributable to lower worldwide theatrical and home entertainment revenues and the effect of the disposition of Shine Group in December 2014. The increase in affiliate fee revenues was primarily due to higher average rates per subscriber across most channels, and the increase in advertising revenues was led by higher pricing at FOX, Fox News Channel ("Fox News") and the international cable channels. The strengthening of the U.S. dollar against local currencies resulted in a revenue decrease of approximately $205 million and $405 million for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015.

Operating expenses decreased 11% and 19% for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to the sale of the DBS businesses. Also contributing to the decrease was lower operating expenses at the Filmed Entertainment segment of approximately $300 million and $630 million during the three and six months ended December 31, 2015, respectively, primarily due to lower marketing costs related to motion picture productions and the disposition of Shine Group.

Selling, general and administrative expenses decreased 9% and 13% for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to the sale of the DBS businesses and the disposition of Shine Group.

Depreciation and amortization, including the amortization of acquired identifiable intangible assets, decreased 35% and 46% for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to lower depreciation and amortization as a result of the sale of the DBS businesses.

Equity earnings of affiliates – Equity earnings of affiliates decreased $238 million and $582 million for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015. The decrease was primarily due to lower results at Sky due to the comparative effect of the Company's proportionate share of approximately $200 million and $480 million during the three and six months ended December 31, 2014, respectively, of Sky's gains related to the sale of its investments in NGC Network International LLC and ITV plc. Also contributing to this decrease were the results at Endemol Shine Group, an affiliate from December 2014, and lower results at Hulu LLC.

	For the three months ended December 31,			For the six months ended December 31,		
	2015	2014	% Change	2015	2014	% Change
	(in millions, except %)					
Sky	$ 100	$ 296	(66) %	$ 210	$ 692	(70) %
Other equity affiliates	(88)	(46)	(91) %	(163)	(63)	**
Equity earnings of affiliates	$ 12	$ 250	(95) %	$ 47	$ 629	(93) %

** not meaningful

Interest expense, net – Interest expense, net decreased $12 million and $22 million for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to the effect of the amendment to the Yankees Entertainment and Sports Network (the "YES Network") credit agreement in fiscal 2015 (as described in Note 11 – Borrowings in the 2015 Form 10-K under the heading "Bank loans").

Other, net –

	For the three months ended December 31,		For the six months ended December 31,	
	2015	2014	2015	2014
	(in millions)			
Gain on disposition of DBS businesses	$ -	$ 4,995	$ -	$ 4,995
Gain on disposition of Shine Group	-	63	-	63
Investment impairment losses	(98)	(3)	(99)	(3)
Acquisition related costs	(16)	-	(66)	-
Other	(28)	(15)	(60)	20
Total other, net	$ (142)	$ 5,040	$ (225)	$ 5,075

For additional details on Other, net, see Note 12 – 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 and six months ended December 31, 2015 was 36% and 33%, respectively, as compared to the statutory rate of 35%. For the three months ended December 31, 2015, the rate was higher than the statutory rate primarily due to additional valuation allowances related to capital losses partially offset by an income tax benefit due to tax credits related to the Company’s foreign operations and permanent items. For the six months ended December 31, 2015, the rate was lower than the statutory rate primarily due to a 4% income tax benefit due to tax credits related to the Company’s foreign operations and permanent items partially offset by a charge of 2% for valuation allowances related to capital losses.

The Company’s effective income tax rate for the three and six months ended December 31, 2014 was 3% and 9%, respectively, as compared to the statutory rate of 35%. This was primarily driven by the income tax benefits associated with the reversal of previously recorded valuation allowances related to capital loss carryforwards and foreign tax credit carryforwards, which will be utilized to offset the income tax liability from the disposition of the DBS businesses. The reversal of the valuation allowance yielded an aggregate income tax benefit of 27% for the quarter. The Company also recognized a benefit of approximately $250 million in the three months ended December 31, 2014 associated with the recognition of various tax benefits. These benefits primarily relate to the reversal of valuation allowances related to its foreign tax credit carryforwards as the Company has separately determined, that it is more likely than not that the Company will utilize these credits before they expire. These items were also the primary drivers of the difference between the effective and statutory rate for the six months ended December 31, 2014.

Net income – Net income decreased for the three and six months ended December 31, 2015, as compared to the corresponding periods of fiscal 2015, primarily due to the comparative effect of the gain on sale of the DBS businesses and a decrease in Equity earnings of affiliates. Also contributing to the decrease in Net income, for the six months ended December 31, 2015, were lower operating results.

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 charges, Equity earnings of affiliates, Interest expense, net, Interest income, Other, net, Income tax expense 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 within 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 is a non-GAAP measure and should be considered in addition to, not as a substitute for, net income, cash flow and other measures of financial performance reported in accordance with 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 tables reconcile Total Segment OIBDA to Income from continuing operations before income tax expense for the three and six months ended December 31, 2015, as compared to the three and six months ended December 31, 2014.

	For the three months ended December 31,		
	2015	2014	% Change
	(in millions, except %)		
Revenues	$ 7,375	$ 8,055	(8) %
Operating expenses	(4,757)	(5,366)	(11) %
Selling, general and administrative	(903)	(988)	(9) %
Amortization of cable distribution investments	15	21	(29) %
Total Segment OIBDA	1,730	1,722	-
Amortization of cable distribution investments	(15)	(21)	(29) %
Depreciation and amortization	(130)	(201)	(35) %
Equity earnings of affiliates	12	250	(95) %
Interest expense, net	(298)	(310)	(4) %
Interest income	7	9	(22) %
Other, net	(142)	5,040	**
Income from continuing operations before income tax expense	$ 1,164	$ 6,489	(82) %

	For the six months ended December 31,		
	2015	2014	% Change
	(in millions, except %)		
Revenues	$ 13,452	$ 15,942	(16) %
Operating expenses	(8,430)	(10,418)	(19) %
Selling, general and administrative	(1,792)	(2,067)	(13) %
Amortization of cable distribution investments	35	44	(20) %
Total Segment OIBDA	3,265	3,501	(7) %
Amortization of cable distribution investments	(35)	(44)	(20) %
Depreciation and amortization	(258)	(477)	(46) %
Equity earnings of affiliates	47	629	(93) %
Interest expense, net	(593)	(615)	(4) %
Interest income	16	23	(30) %
Other, net	(225)	5,075	**
Income from continuing operations before income tax expense	$ 2,217	$ 8,092	(73) %

** not meaningful

The following tables set forth the Company's Revenues and Segment OIBDA for the three and six months ended December 31, 2015, as compared to the three and six months ended December 31, 2014, including presentation of Revenues excluding the DBS segment and related intersegment eliminations.

	For the three months ended December 31,		
	2015	2014	% Change
	(in millions, except %)		
Revenues:			
Cable Network Programming	$ 3,703	$ 3,384	9 %
Television	1,716	1,623	6 %
Filmed Entertainment	2,361	2,753	(14) %
Direct Broadcast Satellite Television	-	663	(100) %
Other, Corporate and Eliminations	(405)	(368)	(10) %
Total revenues	$ 7,375	$ 8,055	(8) %
Less: Direct Broadcast Satellite Television, net of eliminations	-	(631)	(100) %
Adjusted total revenues	$ 7,375	$ 7,424	(1) %

	For the six months ended December 31,		
	2015	2014	% Change
	(in millions, except %)		
Revenues:			
Cable Network Programming	$ 7,167	$ 6,615	8 %
Television	2,765	2,671	4 %
Filmed Entertainment	4,146	5,229	(21) %
Direct Broadcast Satellite Television	-	2,112	(100) %
Other, Corporate and Eliminations	(626)	(685)	9 %
Total revenues	$ 13,452	$ 15,942	(16) %
Less: Direct Broadcast Satellite Television, net of eliminations	-	(2,035)	(100) %
Adjusted total revenues	$ 13,452	$ 13,907	(3) %

	For the three months ended December 31,		
	2015	2014	% Change
	(in millions, except %)		
Segment OIBDA:			
Cable Network Programming	$ 1,250	$ 1,159	8 %
Television	279	290	(4) %
Filmed Entertainment	302	336	(10) %
Direct Broadcast Satellite Television	-	27	(100) %
Other, Corporate and Eliminations	(101)	(90)	(12) %
Total Segment OIBDA	$ 1,730	$ 1,722	-

	For the six months ended December 31,		
	2015	2014	% Change
	(in millions, except %)		
Segment OIBDA:			
Cable Network Programming	$ 2,556	$ 2,197	16 %
Television	475	464	2 %
Filmed Entertainment	451	794	(43) %
Direct Broadcast Satellite Television	-	234	(100) %
Other, Corporate and Eliminations	(217)	(188)	(15) %
Total Segment OIBDA	$ 3,265	$ 3,501	(7) %

Cable Network Programming (53% and 41% of the Company's consolidated revenues in the first six months of fiscal 2016 and 2015, respectively)

For the three and six months ended December 31, 2015, revenues at the Cable Network Programming segment increased $319 million, or 9%, and $552 million, or 8%, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to higher affiliate fee, advertising and content and other revenues as shown below:

	For the three months ended December 31, 2015 % Increase	For the six months ended December 31, 2015 % Increase
Affiliate fees	7 %	7 %
Advertising	8 %	5 %
Content and other	44 %	35 %

These revenue increases are net of a decrease of approximately $125 million and $240 million for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, due to the strengthening of the U.S. dollar against local currencies, primarily in Latin America and Europe.

Domestic affiliate fee revenues increased 10% for the three and six months ended December 31, 2015, as compared to the corresponding periods of fiscal 2015, primarily due to higher average rates per subscriber across most channels led by Fox Sports 1 ("FS1") and Fox News. Domestic advertising revenues increased 3% and 4% for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to higher pricing at Fox News and additional broadcasts of sporting events, including Major League Baseball ("MLB") games, and higher ratings for the broadcast of the National Basketball Association games at the Regional Sports Networks ("RSNs") partially offset by a decrease in advertising revenues at FX Networks primarily due to lower ratings, including the comparative effect of the final season of *Sons of Anarchy* in the prior year.

For the three and six months ended December 31, 2015, international affiliate fee revenues decreased 1%, as compared to the corresponding periods of fiscal 2015. The decrease in international affiliate fee revenues was the result of local currency growth at Fox International Channels ("FIC"), led by additional subscribers and higher rates in Latin America, and increases at STAR, being more than offset by the adverse impact of the strengthening of the U.S. dollar against local currencies. For the three and six months ended December 31, 2015, international advertising revenues increased 15% and 8%, respectively, as compared to the corresponding periods of fiscal 2015. The increase in international advertising revenues was the result of higher volume and pricing at STAR's general entertainment channels and increases at FIC's general entertainment channels in Europe and Latin America, partially offset by the adverse impact of the strengthening of the U.S. dollar against local currencies. Also partially offsetting these increases, for the six months ended December 31, 2015, was the comparative effect of STAR Sports networks' broadcast of the India vs. England cricket series in fiscal 2015.

The increase in content and other revenues for the three and six months ended December 31, 2015, as compared to the corresponding periods of fiscal 2015, was due to the effect of the acquisition of the publishing, travel and certain other businesses (the "NGS Media Business") in November 2015 from the National Geographic Society (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "National Geographic Partners") and increased revenues at FIC related to the syndication of sports rights.

For the three and six months ended December 31, 2015, Segment OIBDA at the Cable Network Programming segment increased $91 million, or 8%, and $359 million, or 16%, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to the revenue increases noted above partially offset by increased expenses of $228 million, or 10%, and $193 million, or 4%, respectively, as compared to the corresponding periods of fiscal 2015. Operating expenses increased by approximately $175 million and $140 million, respectively, for the three and six months ended December 31, 2015, as compared to the corresponding periods of fiscal 2015, primarily due to contractual rate increases for sports programming rights at FS1, FIC and the RSNs and the acquisition of the NGS Media Business. Partially offsetting these increases, for the six months ended December 31, 2015, was a decrease in sports programming costs at STAR as a result of the comparative effect of STAR Sports networks' broadcast of the India vs. England cricket series in fiscal 2015. Selling, general and administrative expenses increased by approximately $45 million for the three and six months ended December 31, 2015, as compared to the corresponding periods of fiscal 2015, primarily due to the effect of the acquisitions of the NGS Media Business in November 2015 and trueX media inc. in February 2015. The strengthening of the U.S. dollar against local currencies resulted in a Segment OIBDA decrease of approximately $60 million and $120 million for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015.

For the three and six months ended December 31, 2015, revenues related to the NGS Media Business were approximately $70 million.

Television (21% and 17% of the Company's consolidated revenues in the first six months of fiscal 2016 and 2015, respectively)

For the three and six months ended December 31, 2015, revenues at the Television segment increased $93 million, or 6%, and $94 million, or 4%, respectively, as compared to the corresponding periods of fiscal 2015, as a result of higher affiliate and advertising revenues. Affiliate fee revenues increased 22% as a result of higher retransmission consent rates for the three and six months ended December 31, 2015, as compared to the corresponding periods of fiscal 2015. Advertising revenues increased 4% and 1% for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to higher pricing and ratings for the broadcasts of the National Football League ("NFL") regular season and the MLB World Series and higher pricing for general entertainment primetime shows, led by the second season of *Empire*. Partially offsetting these increases was the comparative effect of the political advertising revenues related to the 2014 mid-term elections and the effect of fewer broadcasts of the MLB World Series games.

For the three months ended December 31, 2015, Segment OIBDA at the Television segment decreased $11 million, or 4%, as compared to the corresponding period of fiscal 2015, due to higher expenses of $104 million, or 8%, partially offset by the revenue increases noted above. For the six months ended December 31, 2015, Segment OIBDA increased $11 million, or 2%, as compared to the corresponding period of fiscal 2015, due to the revenue increases noted above, partially offset by higher expenses of $83 million, or 4%. Operating expenses increased by approximately $95 million and $70 million for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to contractual rate increases for sports rights at FOX, including the NFL and MLB rights. Also contributing to the increase in operating expenses for the six months ended December 31, 2015 was higher advertising and promotion costs for new and returning series, including *Empire*.

Filmed Entertainment (31% and 33% of the Company's consolidated revenues in the first six months of fiscal 2016 and 2015, respectively)

For the three and six months ended December 31, 2015, revenues at the Filmed Entertainment segment decreased $392 million, or 14%, and $1.1 billion, or 21%, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to lower worldwide theatrical and home entertainment revenues, and the effect of the disposition of Shine Group in December 2014. Also contributing to the decrease in revenue, for the six months ended December 31, 2015, were lower revenues from television productions including network and syndication revenues reflecting the sale of *How I Met Your Mother* and the final season of *Sons of Anarchy* in the prior year. For the three and six months ended December 31, 2015, revenues included the worldwide theatrical releases of *The Martian* and *The Peanuts Movie* and the worldwide theatrical and home entertainment performance of *Maze Runner: The Scorch Trials,* as compared to the corresponding periods of fiscal 2015, which included the worldwide theatrical performances of *Gone Girl* and *The Maze Runner* and the worldwide home entertainment performance of *How to Train Your Dragon 2*. The six months ended December 31, 2014 also included the worldwide theatrical and home entertainment performance of *Dawn of the Planet of the Apes*. The strengthening of the U.S. dollar against local currencies resulted in a revenue decrease of approximately $80 million and $165 million for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015.

For the three and six months ended December 31, 2015, Segment OIBDA at the Filmed Entertainment segment decreased $34 million, or 10%, and $343 million, or 43%, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to the revenue decreases noted above partially offset by lower expenses of $358 million, or 15%, and $740 million, or 17%, respectively, as compared to the corresponding periods of fiscal 2015. Operating expenses decreased by approximately $300 million and $630 million for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015, primarily due to lower marketing costs, as a result of the mix of theatrical and home entertainment releases in the prior year as compared to the current year, and the disposition of Shine Group. Also contributing to the decrease, for the three and six months ended December 31, 2015, were lower production amortization and participation costs related to motion picture productions. Selling, general and administrative expenses decreased by approximately $55 million and $105 million, respectively, for the three and six months ended December 31, 2015, as compared to the corresponding periods of fiscal 2015, primarily due to the disposition of Shine Group. The strengthening of the U.S. dollar against local currencies resulted in a Segment OIBDA decrease of approximately $50 million and $100 million for the three and six months ended December 31, 2015, respectively, as compared to the corresponding periods of fiscal 2015.

In December 2014, the Company contributed its interests in Shine Group into Endemol Shine Group, a joint venture. For the three and six months ended December 31, 2014, revenues related to the Shine Group were approximately $130 million and $350 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company's principal source of liquidity is internally generated funds. The Company also has a five-year unused $1.4 billion revolving credit facility, which expires in May 2020, and has access to various film co-production alternatives to supplement its cash flows. In addition, the Company has access to the worldwide capital markets, subject to market conditions. As of December 31, 2015, 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 and payments under programming rights 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. Such transactions may be material and may involve cash, the Company's securities or the assumption of additional indebtedness.

Sources and Uses of Cash

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

For the six months ended December 31,	2015	2014
Net cash provided by operating activities from continuing operations	$ 232	$ 852

The decrease in net cash provided by operating activities during the six months ended December 31, 2015, as compared to the corresponding period of fiscal 2015, primarily reflects a payment at the Cable Network Programming segment to the Board of Control for Cricket in India for contract termination costs related to a program rights contract for the Champions League Twenty20 cricket tournament through 2018 and higher receivables at the Cable Network Programming and Television segments.

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

For the six months ended December 31,	2015	2014
Net cash (used in) provided by investing activities from continuing operations	$ (1,300)	$ 7,237

The change in net cash (used in) provided by investing activities during the six months ended December 31, 2015, as compared to the corresponding period of fiscal 2015, was primarily due to the comparative effect of the cash proceeds from the sale of the DBS businesses in November 2014.

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

For the six months ended December 31,	2015	2014
Net cash used in financing activities from continuing operations	$ (2,987)	$ (3,380)

The decrease in net cash used in financing activities during the six months ended December 31, 2015, as compared to the corresponding period of fiscal 2015, was primarily due to the comparative effect of cash used in connection with the Company's acquisition of Sky's noncontrolling interest in NGC Network International LLC in November 2014 and higher cash from net borrowings, partially offset by additional cash used for share repurchases.

Stock Repurchase Program

See Note 8 – 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 six months ended December 31, 2015 and 2014.

	For the six months ended December 31,	
	2015	2014
	(in millions)	
Borrowings:		
Notes due September 2025 and due September 2045[a]	$ 987	$ -
Notes due September 2024 and due September 2044	-	1,191
Bank loans[b]	137	1,256
Total borrowings	$ 1,124	$ 2,447
Repayment of borrowings:		
Notes due October 2015[a]	$ (200)	$ -
Notes due December 2014	-	(750)
Bank loans[b]	(239)	(1,309)
Total repayment of borrowings	$ (439)	$ (2,059)

(a) See Note 7 – Borrowings to the accompanying Unaudited Consolidated Financial Statements under the headings “Senior Notes Issued” and “Senior Notes Retired” for further discussion.

(b) The fiscal 2016 activity includes $137 million in borrowings and $217 million in repayments under the YES Network secured revolving credit facility. The fiscal 2015 activity includes the effect of the amendment to the YES Network credit agreement (as described in Note 11 – Borrowings in the 2015 Form 10-K under the heading “Bank loans”).

Ratings of the public debt

The table below summarizes the Company’s credit ratings as of December 31, 2015.

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

Revolving Credit Agreement

In May 2015, 21st Century Fox America, Inc. (“21CFA”) entered into a credit agreement (the “Credit Agreement”), among 21CFA as Borrower, the Company as Parent Guarantor and other parties. The Credit Agreement provides a $1.4 billion unsecured revolving credit facility with a sub-limit of $250 million (or its equivalent in Euros) available for the issuance of letters of credit and a maturity date of May 2020.

Commitments

See Note 10 – Commitments and Contingencies to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “Commitments”.

Contingent Guarantees

See Note 10 – Commitments and Contingencies to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “Contingent Guarantees”.

Contingencies

See Note 10 – Commitments and Contingencies to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading “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 Euros, to hedge certain exposures to foreign currency exchange rate risks associated with revenues, the cost of producing or acquiring films and television programming as well as its investment in certain equity method investments. Information on the derivative financial instruments with exposure to foreign currency exchange rate risk is presented below:

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Notional Amount (Foreign currency purchases and sales)		
Foreign currency purchases	$ 196	$ 213
Foreign currency sales	815	888
Aggregate notional amount	$ 1,011	$ 1,101
Notional Amount (Hedge type)		
Cash flow hedges	$ 1,011	$ 903
Net investment hedges	-	198
Aggregate notional amount	$ 1,011	$ 1,101
Fair Value		
Total fair value of financial instruments with foreign currency exchange rate risk: asset (liability)	$ 18	$ (26)
Sensitivity Analysis		
Potential change in fair values resulting from a 10% adverse change in quoted foreign currency exchange rates: loss	$ (62)	$ (69)

Interest Rates

The Company's current financing arrangements and facilities include approximately $18.3 billion of outstanding fixed-rate debt and approximately $1.4 billion of outstanding variable-rate bank debt. As of December 31, 2015, the notional amount of interest rate swap contracts outstanding was $712 million, and the fair value of the interest rate swap contracts outstanding was $(5) 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 December 31, 2015, 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 December 31, 2015	As of June 30, 2015
	(in millions)	
Fair Value		
Total fair value of financial instruments with exposure to interest rate risk[a]: liability	$ (22,259)	$ (22,002)
Sensitivity Analysis		
Potential change in fair values resulting from a 10% adverse change in quoted interest rates: loss	$ (900)	$ (864)

(a) The change in the fair values of the Company's financial instruments with exposure to interest rate risk is primarily due to the higher average debt outstanding partially offset by the effect of 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 equity method affiliates. Information on the Company's investments with exposure to stock price risk is presented below:

	As of December 31, 2015	As of June 30, 2015
	(in millions)	
Fair Value		
Total fair value of common stock investments	$ 11,027	$ 10,978
Sensitivity Analysis		
Potential change in fair values resulting from a 10% adverse change in quoted market prices: loss[a]	$ (1,103)	$ (1,098)

(a) A hypothetical decrease would not result in a material before tax decrease recorded 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

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 December 31, 2015 or June 30, 2015 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. As of December 31, 2015, the Company did not anticipate nonperformance by any of the counterparties.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 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 second quarter of fiscal 2016 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

Shareholder Litigation

Southern District of New York

On July 19, 2011, a purported class action lawsuit captioned Wilder v. News Corp., et al. ("Wilder Litigation"), was filed on behalf of all purchasers of the Company's common stock between March 3, 2011 and July 11, 2011, in the United States District Court for the Southern District of New York. The plaintiff brought claims under Section 10(b) and Section 20(a) of the Securities Exchange Act, alleging that false and misleading statements were issued regarding the alleged acts of voicemail interception at *The News of the World*. The suit names as defendants the Company, Rupert Murdoch, James Murdoch and Rebekah Brooks, and seeks compensatory damages, rescission for damages sustained, and costs. On June 5, 2012, the court issued an order appointing the Avon Pension Fund ("Avon") as lead plaintiff and Robbins Geller Rudman & Dowd as lead counsel. Thereafter, on July 3, 2012, the court issued an order providing that an amended consolidated complaint shall be filed by July 31, 2012. Avon filed an amended consolidated complaint on July 31, 2012, which among other things, added as defendants NI Group Limited (now known as News Corp UK & Ireland Limited) and Les Hinton, and expanded the class period to include February 15, 2011 to July 18, 2011. The defendants filed motions to dismiss the litigation, which were granted by the court on March 31, 2014. On April 30, 2014, plaintiffs filed a second amended consolidated complaint, which generally repeats the allegations of the amended consolidated complaint and also expands the class period to July 8, 2009 to July 18, 2011. Defendants moved to dismiss the second amended consolidated complaint, and on September 30, 2015, the court granted defendants' motions in their entirety and dismissed all of the plaintiffs' claims. On October 21, 2015, plaintiffs filed a motion for reconsideration of the court's memorandum, opinion and order, which defendants have opposed. The Company's management believes the claims in the Wilder Litigation are entirely without merit, and intends to vigorously defend this action.

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 offerings, as well as offerings by cable providers of smaller packages of programming to customers at price points lower than traditional cable distribution offerings could adversely affect demand for our cable channels. 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. In addition, 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. 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 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 series also depends upon the quality and acceptance of other competing films and television series 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 series 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 syndication, with respect to television series.

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 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 which are increasing the number of media and entertainment choices available to audiences could negatively impact not only consumer demand for our content and services but also 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 subscriber 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 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 hackings, theft, computer viruses, 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 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, leakage, falsification, accidental 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, could result in a disruption of our operations, customer or advertiser dissatisfaction, damage to our reputation or brands, regulatory investigations, 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. The Company seeks to limit the threat of content piracy 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 the infringement by unauthorized third parties. Developments in technology, including digital copying, file compressing and the growing penetration of high-bandwidth Internet connections, increase the threat of content piracy by making it easier to duplicate and widely distribute 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. 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 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 legal system fails 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 Results of Operations.

The Company has significant operations in a number of foreign jurisdictions and certain of the Company operations are conducted in foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. For example, in fiscal 2015, the U.S. dollar appreciated in relation to the Euro, the Canadian dollar, the Mexican Peso and the Brazilian Real. As a result, the Company is exposed to exchange rate fluctuations, which could have an adverse effect on its results of operations in a given period or in specific markets. Even though the Company uses foreign currency derivative instruments to hedge certain exposures to foreign currency exchange rate risks, the use of such derivative instruments may not be effective in reducing the adverse financial effects of unfavorable movements in foreign exchange rates.

For example, our business activities in Venezuela operate in a highly inflationary economy. Other countries where we have operations, including in Latin America, may be determined 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 tax 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. In order to maintain compliance with U.S. law, the suspension of voting rights of the Class B Common Stock held by non-U.S. stockholders is currently at 10%. This suspension will remain in place for as long as the Company deems it necessary to maintain compliance with applicable U.S. law, and may be adjusted by the Audit Committee as it deems appropriate. The Company is not able to predict whether it will need to adjust the suspension or whether additional action pursuant to its Restated Certificate of Incorporation may be necessary. 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 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. 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, during the fourth quarter of each fiscal year. 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.

Risks Related to the Separation

If the Separation, Together with Certain Related Transactions, Were Ultimately Determined to be Taxable Transactions for U.S. Federal Income Tax Purposes, then We Could Be Subject to Significant Tax Liability.

The Company received (i) a private letter ruling from the IRS substantially to the effect that, among other things, the distribution of Class A Common Stock and Class B Common Stock of News Corp qualifies as tax-free under Sections 368 and 355 of the Internal Revenue Code of 1986, as amended (the "Code") except for cash received in lieu of fractional shares of News Corp stock and (ii) an opinion from the law firm of Hogan Lovells US LLP confirming the tax-free status of the distribution for U.S. federal income tax purposes, including confirming the satisfaction of the requirements under Section 368 and 355 of the Code not specifically addressed in the IRS private letter ruling. The opinion of Hogan Lovells US LLP will not be binding on the IRS or the courts, and there is no assurance that the IRS or a court will not take a contrary position.

The private letter ruling and the opinion rely on certain facts and assumptions, and certain representations from the Company and News Corp regarding the past and future conduct of our respective businesses and other matters. Notwithstanding the receipt of 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, representations or undertakings is not correct or has been violated, or that the distribution or the internal transactions should be taxable for other reasons, including as a result of a significant change in stock or asset ownership after the distribution. If the distribution ultimately is determined to be taxable, the distribution could be treated as a taxable dividend or capital gain for U.S. federal income tax purposes, and U.S. stockholders and certain non-U.S. stockholders could incur significant U.S. federal income tax liabilities. In addition, if the internal reorganization and/or the distribution is ultimately 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.

We Could Be Liable for Income Taxes Owed by News Corp.

Each member of our consolidated group, which until June 28, 2013 included News Corp and each of our other subsidiaries, is jointly and severally liable for the U.S. federal income tax liability of each other member of the consolidated group. Consequently, we could be liable in the event any such liability is incurred, and not discharged, by any other member of our consolidated group. Under the terms of the tax sharing and indemnification agreement that we entered into in connection with the Separation, we will be required to indemnify News Corp for any such liability. Disputes or assessments could arise during future audits by the IRS in amounts that we cannot quantify.

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. 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.

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

The Board has authorized a stock repurchase program, under which the Company is currently authorized to acquire Class A Common Stock. In August 2015, the Board approved an additional $5 billion authorization, excluding commissions, to the Company's stock repurchase program for the repurchase of Class A Common Stock. The Company intends to complete this stock repurchase program by August 2016.

The remaining authorized amount under the Company's stock repurchase program as of December 31, 2015, excluding commissions, was approximately $2.4 billion.

The program may be modified, extended, suspended or discontinued at any time.

Below is a summary of the Company's repurchases of its Class A Common Stock during the three months ended December 31, 2015:

	Total number of shares repurchased	Average price per share	Total cost of repurchase
			(in millions)
October	7,665,600	$ 28.83	$ 221
November	15,413,827	29.84	460
December	21,743,833	28.10	611
Total	44,823,260		$ 1,292

The Company did not repurchase any of its Class B Common Stock during the three months ended December 31, 2015.

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.

4.1 Registration Rights Agreement, dated as of October 21, 2015, by and among 21st Century Fox America, Inc., 21st Century Fox and J.P. Morgan Securities LLC, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC. (Incorporated by reference to Exhibit 4.2 to the Registration Statement of 21st Century Fox America, Inc. on Form S-4 (File No. 333-208143) filed with the Securities and Exchange Commission on November 20, 2015.)

4.2 Form of Notes representing $600,000,000 principal amount of 3.700% Senior Notes due 2025, dated October 21, 2015. (Incorporated by reference to Exhibit 4.3 to the Registration Statement of 21st Century Fox America, Inc. on Form S-4 (File No. 333-208143) filed with the Securities and Exchange Commission on November 20, 2015.)

4.3 Form of Notes representing $400,000,000 principal amount of 4.950% Senior Notes due 2045, dated October 21, 2015. (Incorporated by reference to Exhibit 4.4 to the Registration Statement of 21st Century Fox America, Inc. on Form S-4 (File No. 333-208143) filed with the Securities and Exchange Commission on November 20, 2015.)

10.1 Nomination Agreement dated September 28, 2015 by and among the ValueAct Group and Twenty-First Century Fox, Inc. (Incorporated by reference to Exhibit 99.1 to the Current Report of the Registrant on Form 8-K (File No. 001-32352) filed with the Securities and Exchange Commission on September 29, 2015.)

10.2 Letter Agreement, dated December 14, 2015, between 21st Century Fox America, Inc. and David F. DeVoe.*

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 December 31, 2015 formatted in eXtensible Business Reporting Language: (i) Unaudited Consolidated Statements of Operations for the three and six months ended December 31, 2015 and 2014; (ii) Unaudited Consolidated Statements of Comprehensive Income for the three and six months ended December 31, 2015 and 2014; (iii) Consolidated Balance Sheets as of December 31, 2015 (unaudited) and June 30, 2015 (audited); (iv) Unaudited Consolidated Statements of Cash Flows for the six months ended December 31, 2015 and 2014; 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: February 8, 2016

Exhibit 10.2

December 14, 2015

David F. DeVoe
Senior Advisor
Twenty-First Century Fox, Inc.
1211 Avenue of the Americas
New York, NY 10036

Dear Dave:

This letter agreement (the "Letter Agreement") is intended to constitute a formal binding modification to your agreement dated as of November 15, 2004, with 21st Century Fox America, Inc. (formerly known as News America Incorporated) ("21CFA"), a wholly owned subsidiary of Twenty-First Century Fox, Inc. (formerly known as News Corporation) ("21st Century Fox"), as amended (the "Agreement") and shall confirm the terms and conditions which will apply to your Agreement as of the date of this Letter Agreement. Capitalized terms used in this Letter Agreement and not defined shall have the meanings given such terms in the Agreement.

21CFA and you agree that the Agreement is hereby amended as follows:

1. References in the Agreement to the "Chairman and Chief Executive Officer of 21st Century Fox" and "Chief Executive Officer of 21st Century Fox" shall be amended to be references to 21st Century Fox Executive Chairman Rupert Murdoch.

2. Section 2 of the Agreement, as amended, states that the Term of Employment shall mean the period from November 15, 2004 through December 31, 2015. 21CFA and you hereby agree to extend the Term of Employment for a period of one year such that the Term of Employment shall mean the period through December 31, 2016.

3. 21CFA and you hereby agree that you shall not be entitled to receive any Annual Bonus and you shall not be eligible to receive a Performance-Based LTIP award during the Term of Employment.

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/ Janet Nova
Name: Janet Nova
Title: Executive Vice President and
Deputy General Counsel

Acknowledged and Agreed:

/s/ David F. DeVoe
David F. DeVoe

Exhibit 12.1

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

	For the six months ended December 31, 2015	2014
Earnings:		
Income from continuing operations before income tax expense	$ 2,217	$ 8,092
Add:		
Equity earnings of affiliates	(47)	(629)
Cash distributions received from affiliates	219	221
Fixed charges, excluding capitalized interest	633	680
Amortization of capitalized interest	13	19
Total earnings available for fixed charges	$ 3,035	$ 8,383
Fixed charges:		
Interest on debt and finance lease charges	$ 593	$ 615
Capitalized interest	9	11
Interest element on rental expense	40	65
Total fixed charges	$ 642	$ 691
Ratio of earnings to fixed charges	4.7	12.1

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 function):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 8, 2016

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.

February 8, 2016

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 December 31, 2015, 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.

February 8, 2016

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