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 March 31, 2017**

or

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

Commission file number 001-32352

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

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

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

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

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

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

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

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

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

As of May 5, 2017, 1,052,334,514 shares of Class A Common Stock, par value $0.01 per share, and 798,520,953 shares of Class B Common Stock, par value $0.01 per share, were outstanding.

TWENTY-FIRST CENTURY FOX, INC.

FORM 10-Q

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TWENTY-FIRST CENTURY FOX, INC.

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
Revenues	$ 7,564	$ 7,228	$ 21,752	$ 20,680
Operating expenses	(4,763)	(4,472)	(13,472)	(12,902)
Selling, general and administrative	(878)	(893)	(2,603)	(2,685)
Depreciation and amortization	(140)	(133)	(410)	(391)
Impairment and restructuring charges	(37)	(15)	(213)	(46)
Equity (losses) earnings of affiliates	(51)	(9)	(57)	38
Interest expense, net	(310)	(295)	(909)	(888)
Interest income	9	12	27	28
Other, net	(142)	(32)	(241)	(226)
Income from continuing operations before income tax expense	1,252	1,391	3,874	3,608
Income tax expense	(370)	(463)	(1,161)	(1,190)
Income from continuing operations	882	928	2,713	2,418
Loss from discontinued operations, net of tax	(12)	(3)	(19)	(8)
Net income	870	925	2,694	2,410
Less: Net income attributable to noncontrolling interests	(71)	(84)	(218)	(222)
Net income attributable to Twenty-First Century Fox, Inc. stockholders	$ 799	$ 841	$ 2,476	$ 2,188
EARNINGS PER SHARE DATA				
Income from continuing operations attributable to Twenty-First Century Fox, Inc. stockholders - basic and diluted	$ 811	$ 844	$ 2,495	$ 2,196
Weighted average shares				
Basic	1,851	1,916	1,855	1,961
Diluted	1,853	1,916	1,857	1,962
Income from continuing operations attributable to Twenty-First Century Fox, Inc. stockholders per share:				
Basic	$ 0.44	$ 0.44	$ 1.35	$ 1.12
Diluted	$ 0.44	$ 0.44	$ 1.34	$ 1.12
Net income attributable to Twenty-First Century Fox, Inc. stockholders per share - basic and diluted	$ 0.43	$ 0.44	$ 1.33	$ 1.12

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 March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
Net income	$ 870	$ 925	$ 2,694	$ 2,410
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	111	42	(40)	(123)
Cash flow hedges	6	(20)	19	(4)
Unrealized holding losses on securities	-	-	-	(4)
Benefit plan adjustments	74	5	117	15
Equity method investments	-	47	(163)	(179)
Other comprehensive income (loss), net of tax	191	74	(67)	(295)
Comprehensive income	1,061	999	2,627	2,115
Less: Net income attributable to noncontrolling interests[a]	(71)	(84)	(218)	(222)
Less: Other comprehensive (income) loss attributable to noncontrolling interests	(4)	-	16	-
Comprehensive income attributable to Twenty-First Century Fox, Inc. stockholders	$ 986	$ 915	$ 2,425	$ 1,893

(a) Net income attributable to noncontrolling interests includes $43 million and $36 million for the three months ended March 31, 2017 and 2016, respectively, and $113 million and $96 million for the nine months ended March 31, 2017 and 2016, respectively, relating to redeemable noncontrolling interests.

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

TWENTY-FIRST CENTURY FOX, INC.

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

	As of March 31, 2017 (unaudited)	As of June 30, 2016 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,572	$ 4,424
Receivables, net	7,219	6,258
Inventories, net	3,418	3,291
Other	529	976
Total current assets	16,738	14,949
Non-current assets		
Receivables, net	538	389
Investments	3,679	3,863
Inventories, net	7,725	7,041
Property, plant and equipment, net	1,691	1,692
Intangible assets, net	6,579	6,777
Goodwill	12,733	12,733
Other non-current assets	1,001	749
Total assets	$ 50,684	$ 48,193
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings	$ 107	$ 427
Accounts payable, accrued expenses and other current liabilities	3,832	3,181
Participations, residuals and royalties payable	1,663	1,672
Program rights payable	1,233	1,283
Deferred revenue	621	505
Total current liabilities	7,456	7,068
Non-current liabilities		
Borrowings	19,789	19,126
Other liabilities	3,826	3,678
Deferred income taxes	2,742	2,888
Redeemable noncontrolling interests	619	552
Commitments and contingencies		
Equity		
Class A common stock(a)	11	11
Class B common stock(b)	8	8
Additional paid-in capital	12,274	12,211
Retained earnings	4,919	3,575
Accumulated other comprehensive loss	(2,195)	(2,144)
Total Twenty-First Century Fox, Inc. stockholders' equity	15,017	13,661
Noncontrolling interests	1,235	1,220
Total equity	16,252	14,881
Total liabilities and equity	$ 50,684	$ 48,193

(a) **Class A common stock**, $0.01 par value per share, 6,000,000,000 shares authorized, 1,052,334,514 shares and 1,071,302,532 shares issued and outstanding, net of 123,687,371 treasury shares at par as of March 31, 2017 and June 30, 2016, 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 March 31, 2017 and June 30, 2016.

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 nine months ended March 31,	
	2017	2016
OPERATING ACTIVITIES		
Net income	$ 2,694	$ 2,410
Less: Loss from discontinued operations, net of tax	(19)	(8)
Income from continuing operations	2,713	2,418
Adjustments to reconcile income from continuing operations to cash provided by operating activities		
Depreciation and amortization	410	391
Amortization of cable distribution investments	46	53
Impairment and restructuring charges	213	46
Equity-based compensation	97	152
Equity losses (earnings) of affiliates	57	(38)
Cash distributions received from affiliates	182	225
Other, net	241	226
CLT20 contract termination costs[a]	-	(420)
Deferred income taxes and other taxes	(70)	373
Change in operating assets and liabilities, net of acquisitions and dispositions		
Receivables	(1,146)	(870)
Inventories net of program rights payable	(932)	(814)
Accounts payable and accrued expenses	257	136
Other changes, net	350	134
Net cash provided by operating activities from continuing operations	2,418	2,012
INVESTING ACTIVITIES		
Property, plant and equipment	(202)	(156)
Acquisitions, net of cash acquired	-	(908)
Investments in equity affiliates	(18)	(87)
Other investments	(148)	(229)
Net cash used in investing activities from continuing operations	(368)	(1,380)
FINANCING ACTIVITIES		
Borrowings	879	1,195
Repayment of borrowings	(546)	(502)
Repurchase of shares	(619)	(3,958)
Dividends paid and distributions	(522)	(465)
Purchase of subsidiary shares from noncontrolling interests	-	(287)
Other financing activities, net	(63)	11
Net cash used in financing activities from continuing operations	(871)	(4,006)
Net decrease in cash and cash equivalents from discontinued operations	(21)	(15)
Net increase (decrease) in cash and cash equivalents	1,158	(3,389)
Cash and cash equivalents, beginning of year	4,424	8,428
Exchange movement on cash balances	(10)	(46)
Cash and cash equivalents, end of period	$ 5,572	$ 4,993

(a) See Note 5 – Restructuring Programs under the heading “Fiscal 2015” in the 2016 Form 10-K as defined in Note 1 – Basis of Presentation.

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

NOTE 1. BASIS OF PRESENTATION

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

The accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting only of normal recurring adjustments necessary for a fair presentation have been reflected in these Unaudited Consolidated Financial Statements. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2017.

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, 2016 as filed with the Securities and Exchange Commission (the "SEC") on August 11, 2016 (the "2016 Form 10-K").

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

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

Certain fiscal 2016 amounts have been reclassified to conform to the fiscal 2017 presentation. Unless indicated otherwise, the information in the notes to the Unaudited Consolidated Financial Statements relates to the Company's continuing operations.

Recently Adopted and Recently Issued Accounting Guidance

Adopted

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-03, "Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). To simplify the presentation of debt issuance costs, ASU 2015-03 requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. On July 1, 2016, the Company adopted ASU 2015-03 on a retrospective basis (See Note 6 – Borrowings).

Issued

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"). ASU 2016-15 addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company is currently evaluating the impact ASU 2016-15 will have on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory" ("ASU 2016-16"). ASU 2016-16 requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory. ASU 2016-16 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company is currently evaluating the impact ASU 2016-16 will have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business" ("ASU 2017-01"). The objective of ASU 2017-01 is to clarify the definition of a business in order to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill and consolidation. ASU 2017-01 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company is currently evaluating the impact ASU 2017-01 will have on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, "Intangibles–Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"). The objective of ASU 2017-04 is to simplify how an entity is required to test goodwill for impairment. Under current GAAP, entities are required to test goodwill for impairment using a two-step approach. Under the amendments in ASU 2017-04, an entity should perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. ASU 2017-04 is effective for the Company for annual and interim reporting periods beginning July 1, 2020. The Company is currently evaluating the impact ASU 2017-04 will have on its consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, "Compensation–Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" ("ASU 2017-07"). ASU 2017-07 requires an employer to report the service cost component of net benefit cost in the same line item as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. In addition, ASU 2017-07 allows only the service cost component to be eligible for capitalization when applicable. ASU 2017-07 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. Early adoption is permitted from July 1, 2017. The Company is currently evaluating the impact ASU 2017-07 will have on its consolidated financial statements.

NOTE 2. ACQUISITIONS, DISPOSALS AND OTHER TRANSACTIONS

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

Fiscal 2017

Acquisitions

Sky

In December 2016, the Company announced it reached agreement with Sky plc ("Sky"), in which the Company currently has an approximate 39% interest, on the terms of a recommended pre-conditional cash offer by the Company for the fully diluted share capital of Sky, which the Company does not already own, at a price of £10.75 per Sky share (approximately $15 billion in the aggregate) (the "Proposed Sky Acquisition"). The independent committee of Sky's Board of Directors announced that it intends to unanimously recommend that unaffiliated Sky shareholders vote in favor of the Proposed Sky Acquisition. The Proposed Sky Acquisition is subject to customary closing conditions, including regulatory approvals and the approval of Sky's shareholders, and is expected to close on or before December 31, 2017. The required regulatory approvals include clearance of the Proposed Sky Acquisition under the European Union ("EU") Merger Regulation by the European Commission, which notified the Company of such clearance in April 2017.

Also in December 2016, the Company entered into a co-operation agreement with Sky (the "Co-Operation Agreement") pursuant to which the Company and Sky agreed to take certain steps to facilitate completion of the Proposed Sky Acquisition. The Co-Operation Agreement provides for a £200 million (approximately $250 million) break fee payable in cash by the Company in the event that regulatory approvals are not obtained prior to August 15, 2018, or in certain other circumstances described in the Co-Operation Agreement.

To provide financing in connection with the Proposed Sky Acquisition, the Company and 21st Century Fox America, Inc. ("21CFA"), a wholly-owned subsidiary of the Company, entered into a bridge credit agreement with the lenders party thereto (the "Bridge Credit Agreement"). The Bridge Credit Agreement provides for borrowings of up to £12.2 billion (approximately $15 billion). Fees under the Bridge Credit Agreement will be based on the Company's long-term senior unsecured non-credit enhanced debt ratings. Given the current debt ratings, 21CFA will pay a commitment fee on undrawn funds of 0.1% and the initial interest rate on advances will be LIBOR plus 1.125% with subsequent increases every 90 days up to LIBOR plus 1.875%. 21CFA has also agreed to pay a duration fee on each of the 90th, 180th and 270th day after the funding of the loans in an amount equal to 0.50%, 0.75%, and 1.00%, respectively, of the aggregate principal amount of the advances and undrawn commitments outstanding at the time. The terms of the Bridge Credit Agreement also include the requirement that 21CFA maintain a certain leverage ratio and limitations with respect to secured indebtedness. While the Company has entered into the Bridge Credit Agreement, the Company intends to finance the Proposed Sky Acquisition by using a significant portion of the available cash on its balance sheet and obtaining permanent financing in the capital markets. In February 2017, the Company purchased a foreign currency exchange option to limit its foreign currency exchange rate risk in connection with the Proposed Sky Acquisition (See Note 5 – Fair Value under the heading "Foreign Currency Contracts" and Note 11 – Additional Financial Information under the heading "Other, net" for additional information).

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

Other

In February 2017, the Company announced that it anticipates receiving approximately $350 million in proceeds resulting from the Federal Communications Commission's ("FCC") recently completed reverse auction for broadcast spectrum. The anticipated proceeds reflect the FCC's acceptance of one or more bids placed by the Company during the auction to relinquish spectrum used by certain of its television stations. The Company anticipates it will receive the proceeds before December 31, 2017.

Fiscal 2016

Acquisitions

National Geographic Partners

In fiscal 2016, the Company, through 21CFA, 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 consideration transferred to NGS has been allocated as follows: approximately $510 million to indefinite-lived intangible assets related to the trademark license agreement, $105 million to intangible assets consisting primarily of subscriber relationships with useful lives of eight years, $60 million to goodwill on the transaction and other net assets of the NGS Media Business and $55 million to the additional 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 consideration transferred of approximately $285 million has been allocated, based on a valuation of MAA TV, as follows: approximately $90 million to intangible assets consisting of multi-channel video programming distributor ("MVPD") affiliate agreements and relationships with useful lives of 11 years, advertiser relationships with useful lives of eight years and the MAA TV trade name with a useful life of 10 years; and the balance representing the goodwill on the transaction.

For the fiscal 2016 transactions, the majority of the goodwill is tax deductible and reflects the synergies and increased market penetration expected from combining the operations of the NGS Media Business and MAA TV with the Company.

NOTE 3. INVENTORIES, NET

The Company's inventories were comprised of the following:

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Programming rights and other[a]	$ 6,763	$ 6,359
Filmed entertainment costs		
Films		
Released or completed	1,320	1,569
In production	1,213	825
In development or preproduction	265	196
	2,798	2,590
Television productions		
Released	1,109	1,067
In production, development or preproduction	473	316
	1,582	1,383
Total filmed entertainment costs, less accumulated amortization[b]	4,380	3,973
Total inventories, net	11,143	10,332
Less: current portion of inventories, net[c]	(3,418)	(3,291)
Total non-current inventories, net	$ 7,725	$ 7,041

(a) Other includes DVDs, Blu-rays and other merchandise.

(b) Does not include $249 million and $273 million of net intangible film library costs as of March 31, 2017 and June 30, 2016, respectively, which were included in intangible assets subject to amortization in the Consolidated Balance Sheets.

(c) Current portion of inventories, net as of March 31, 2017 and June 30, 2016 was comprised of programming rights ($3,337 million and $3,212 million, respectively), DVDs, Blu-rays and other merchandise.

NOTE 4. INVESTMENTS

The Company's investments were comprised of the following:

		Ownership percentage as of March 31, 2017	As of March 31, 2017	As of June 30, 2016
			(in millions)	
Sky[a][b]	European direct broadcast satellite operator	39%	$ 2,919	$ 2,972
Endemol Shine Group[b]	Global multi-platform content provider	50%	264	445
Other investments		various	496	446
Total investments			$ 3,679	$ 3,863

(a) The Company's investment in Sky had a market value of $8.2 billion as of March 31, 2017 determined using its quoted market price on the London Stock Exchange (a Level 1 measurement as defined in Note 5 – Fair Value). The Company received dividends of approximately $170 million and $210 million from Sky for the nine months ended March 31, 2017 and 2016, respectively. As part of the agreement for the Proposed Sky Acquisition, Sky will not pay any dividends in calendar year 2017 (See Note 2 – Acquisitions, Disposals and Other Transactions under the heading "Sky" for further discussion of this investment).

(b) Equity method investment.

Hulu

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

NOTE 5. FAIR VALUE

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

The tables below present information about financial assets and liabilities carried at fair value on a recurring basis. As of March 31, 2017 and June 30, 2016, there were no assets or liabilities in the Level 1 category.

	Fair value measurements As of March 31, 2017		
	Total	Level 2	Level 3
	(in millions)		
Assets			
Derivatives[a]	$ 47	$ 47	$ -
Other[b]	30	-	30
Liabilities			
Derivatives[a]	(22)	(22)	-
Redeemable noncontrolling interests	(619)	-	(619)
Total	$ (564)	$ 25	$ (589)

	As of June 30, 2016		
	Total	Level 2	Level 3
	(in millions)		
Assets			
Derivatives[a]	$ 6	$ 6	$ -
Liabilities			
Derivatives[a]	(50)	(50)	-
Other[b]	(36)	-	(36)
Redeemable noncontrolling interests	(552)	-	(552)
Total	$ (632)	$ (44)	$ (588)

(a) Represents derivatives associated with the Company's foreign currency forward and option contracts and interest rate swap contracts.
(b) Primarily relates to past acquisitions, including contingent consideration arrangements.

Redeemable Noncontrolling Interests

The Company accounts for redeemable noncontrolling interests in accordance with ASC 480-10-S99-3A, "Distinguishing Liabilities from Equity" ("ASC 480-10-S99-3A"), because their exercise is outside the control of the Company. The redeemable noncontrolling interests recorded at fair value are put arrangements held by the noncontrolling interests in certain of the Company's majority-owned sports networks. The Company utilizes the market, income or cost approaches or a combination of these valuation techniques for its Level 3 fair value measures, using observable inputs such as market data obtained from independent sources. To the extent observable inputs are not available, the Company utilizes unobservable inputs based upon the assumptions market participants would use in valuing the asset (liability). As of March 31, 2017, one minority shareholder's put right will become exercisable in July 2017 and two minority shareholders' put rights will become exercisable in March 2018. The remaining redeemable noncontrolling interests are currently not exercisable.

Financial Instruments

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

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Borrowings		
Fair value	$ 23,141	$ 23,986
Carrying value	$ 19,896	$ 19,553

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

Foreign Currency Contracts

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

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Cash Flow Hedges		
Notional amount	$ 179	$ 409
Fair value	$ (18)	$ (25)

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

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Economic Hedges		
Notional amount[(a)]	$ 12,370	$ 44
Fair value[(a)]	$ 42	$ -

(a) Includes the foreign currency option contract to limit the foreign currency exchange rate risk in connection with the Proposed Sky Acquisition. The foreign currency option contract has a notional amount of $12.3 billion and consists of the foreign currency option and a premium payable of approximately $175 million due on the option expiration date. As of March 31, 2017, the foreign currency option had a fair value of $42 million.

Interest Rate Swap Contracts

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

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Cash Flow Hedges		
Notional amount	$ 676	$ 701
Fair value	$ 1	$ (19)

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 three 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 March 31, 2017 or June 30, 2016 due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

The Company monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. As of March 31, 2017, the Company did not anticipate nonperformance by any of the counterparties.

NOTE 6. BORROWINGS

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Bank loans	$ 1,337	$ 1,446
Public debt		
Predecessor indentures	10,179	10,579
Senior notes issued under August 2009 indenture	8,550	7,700
Total public debt	18,729	18,279
Total principal amount	20,066	19,725
Less: unamortized discount and debt issuance costs[a]	(170)	(172)
Total borrowings	19,896	19,553
Less: current borrowings	(107)	(427)
Non-current borrowings	$ 19,789	$ 19,126

(a) The adoption of ASU 2015-03 resulted in a $172 million decrease in Other non-current assets and Non-current Borrowings in the Consolidated Balance Sheet as of June 30, 2016.

Senior Notes Issued

In November 2016, 21CFA issued $450 million of 3.375% Senior Notes due 2026 and $400 million of 4.750% Senior Notes due 2046. The net proceeds of $842 million are being used for general corporate purposes.

Senior Notes Retired

In October 2016, the Company retired $400 million of 8.00% Senior Notes.

Current Borrowings

As of March 31, 2017, principal payments on the Yankees Entertainment and Sports Network term loan facility of $107 million that are due in the next 12 months are recorded in Borrowings within Current liabilities.

Revolving Credit Agreement

In May 2015, 21CFA entered into a credit agreement (the "Credit Agreement") among 21CFA as Borrower, the Company as Parent Guarantor, the lenders party thereto, the issuing banks party thereto, JPMorgan Chase Bank, N.A. ("JPMorgan Chase") and Citibank, N.A. ("Citibank") as Co-Administrative Agents, JPMorgan Chase as Designated Agent and Bank of America, N.A. ("Bank of America") as Syndication Agent. The Credit Agreement, which was amended on December 22, 2016, 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. Under the Credit Agreement, the Company may request an increase in the amount of the credit facility up to a maximum amount of $2.0 billion and the Company may request that the maturity date be extended for up to two additional one-year periods. Borrowings are issuable in U.S. dollars only, while letters of credit are issuable in U.S. dollars or Euros. The material terms of the agreement include the requirement that the Company maintain specific leverage ratios and limitations on secured indebtedness. Fees under the Credit Agreement will be based on the Company's long-term senior unsecured non-credit enhanced debt ratings. Given the current debt ratings, 21CFA pays a facility fee of 0.125% and an initial drawn cost of LIBOR plus 1.125%.

Bridge Credit Agreement

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

NOTE 7. STOCKHOLDERS' EQUITY

The following tables summarize changes in stockholders' equity:

	For the three months ended March 31, 2017			For the nine months ended March 31, 2017		
	Twenty-First Century Fox stockholders	Noncontrolling interests	Total equity	Twenty-First Century Fox stockholders	Noncontrolling interests	Total equity
	(in millions)					
Balance, beginning of period	$ 14,340	$ 1,215	$ 15,555	$ 13,661	$ 1,220	$ 14,881
Net income	799	28 (a)	827	2,476	105 (a)	2,581
Other comprehensive income (loss)	187	4	191	(51)	(16)	(67)
Issuance (cancellation) of shares, net	1	-	1	(527)	-	(527)
Dividends declared	(333)	-	(333)	(668)	-	(668)
Other	23	(12) (b)	11	126	(74) (b)	52
Balance, end of period	$ 15,017	$ 1,235	$ 16,252	$ 15,017	$ 1,235	$ 16,252

	For the three months ended March 31, 2016			For the nine months ended March 31, 2016		
	Twenty-First Century Fox stockholders	Noncontrolling interests	Total equity	Twenty-First Century Fox stockholders	Noncontrolling interests	Total equity
	(in millions)					
Balance, beginning of period	$ 14,504	$ 991	$ 15,495	$ 17,220	$ 966	$ 18,186
Net income	841	48 (a)	889	2,188	126 (a)	2,314
Other comprehensive income (loss)	74	-	74	(295)	-	(295)
Cancellation of shares, net	(740)	-	(740)	(3,897)	-	(3,897)
Dividends declared	(287)	-	(287)	(586)	-	(586)
Other	79	40 (b)	119	(159)	(13) (b)	(172)
Balance, end of period	$ 14,471	$ 1,079	$ 15,550	$ 14,471	$ 1,079	$ 15,550

(a) Net income attributable to noncontrolling interests excludes $43 million and $36 million for the three months ended March 31, 2017 and 2016, respectively, and $113 million and $96 million for the nine months ended March 31, 2017 and 2016, respectively, relating to redeemable noncontrolling interests which are reflected in temporary equity.

(b) Other activity attributable to noncontrolling interests excludes $(2) million and $(142) million for the three months ended March 31, 2017 and 2016, respectively, and $(46) million and $(206) million for the nine months ended March 31, 2017 and 2016, respectively, relating to redeemable noncontrolling interests.

Comprehensive Income

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

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

	For the three months ended March 31, 2017			For the nine months ended March 31, 2017		
	Before tax	Tax (provision) benefit	Net of tax	Before tax	Tax (provision) benefit	Net of tax
	(in millions)					
Foreign currency translation adjustments						
Unrealized gains (losses)	$ 111	$ -	$ 111	$ (40)	$ -	$ (40)
Other comprehensive income (loss)	$ 111	$ -	$ 111	$ (40)	$ -	$ (40)
Cash flow hedges						
Unrealized gains	$ 1	$ -	$ 1	$ 14	$ (5)	$ 9
Amount reclassified on hedging activity(a)	9	(4)	5	16	(6)	10
Other comprehensive income	$ 10	$ (4)	$ 6	$ 30	$ (11)	$ 19
Benefit plan adjustments						
Unrealized gains(b)	$ 104	$ (38)	$ 66	$ 104	$ (38)	$ 66
Reclassification adjustments realized in net income(c)	13	(5)	8	81	(30)	51
Other comprehensive income	$ 117	$ (43)	$ 74	$ 185	$ (68)	$ 117
Equity method investments						
Unrealized gains (losses) and reclassifications	$ 5	$ (5)	$ -	$ (218)	$ 55	$ (163)
Other comprehensive income (loss)	$ 5	$ (5)	$ -	$ (218)	$ 55	$ (163)

	For the three months ended March 31, 2016			For the nine months ended March 31, 2016		
	Before tax	Tax (provision) benefit	Net of tax	Before tax	Tax (provision) benefit	Net of tax
	(in millions)					
Foreign currency translation adjustments						
Unrealized gains (losses)	$ 42	$ -	$ 42	$ (125)	$ 2	$ (123)
Other comprehensive income (loss)	$ 42	$ -	$ 42	$ (125)	$ 2	$ (123)
Cash flow hedges						
Unrealized losses	$ (40)	$ 15	$ (25)	$ (19)	$ 7	$ (12)
Amount reclassified on hedging activity[(a)]	11	(6)	5	14	(6)	8
Other comprehensive loss	$ (29)	$ 9	$ (20)	$ (5)	$ 1	$ (4)
Losses on securities						
Amount reclassified on sale of securities[(d)]	$ -	$ -	$ -	$ (7)	$ 3	$ (4)
Other comprehensive loss	$ -	$ -	$ -	$ (7)	$ 3	$ (4)
Benefit plan adjustments						
Unrealized losses	$ -	$ -	$ -	$ (2)	$ -	$ (2)
Reclassification adjustments realized in net income[(c)]	9	(4)	5	26	(9)	17
Other comprehensive income	$ 9	$ (4)	$ 5	$ 24	$ (9)	$ 15
Equity method investments						
Unrealized gains (losses) and reclassifications	$ 56	$ (9)	$ 47	$ (154)	$ (25)	$ (179)
Other comprehensive income (loss)	$ 56	$ (9)	$ 47	$ (154)	$ (25)	$ (179)

(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 nine months ended March 31, 2017 and 2016 (See Note 5 – Fair Value for additional information regarding hedging activity).

(b) For the three and nine months ended March 31, 2017, the Company recorded a net unrealized actuarial gain from the remeasurement of its pension plan.

(c) Reclassifications of amounts related to benefit plan adjustments are included in Selling, general and administrative expenses or Other, net, as appropriate, in the Unaudited Consolidated Statements of Operations for the three and nine months ended March 31, 2017 and 2016.

(d) Reclassifications of amounts related to gains and losses on securities are included in Other, net in the Unaudited Consolidated Statements of Operations for the nine months ended March 31, 2016.

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 March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Income from continuing operations	$ 882	$ 928	$ 2,713	$ 2,418
Less: Net income attributable to noncontrolling interests	(71)	(84)	(218)	(222)
Income from continuing operations attributable to Twenty-First Century Fox stockholders	$ 811	$ 844	$ 2,495	$ 2,196

Stock Repurchase Program

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

As of March 31, 2017, the Company's remaining buyback authorization was approximately $3.1 billion representing approximately $110 million under the fiscal 2016 authorization and $3 billion under the fiscal 2017 authorization.

Dividends

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
Cash dividend per share	$ 0.18	$ 0.15	$ 0.36	$ 0.30

The Company declared a dividend of $0.18 per share on both the Class A Common Stock and Class B Common Stock in the three months ended March 31, 2017, which was paid in April 2017 to the stockholders on record as of March 15, 2017.

NOTE 8. EQUITY-BASED COMPENSATION

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

	For the three months ended March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Equity-based compensation	$ 35	$ 34	$ 97	$ 158
Intrinsic value of all settled equity-based awards	$ 1	$ 2	$ 70	$ 192
Tax benefit on vested equity-based awards	$ -	$ -	$ 25	$ 69

As of March 31, 2017, the Company's total estimated compensation cost related to equity-based awards, not yet recognized, was approximately $150 million, and is expected to be recognized over a weighted average period between one and two years. Compensation expense on all equity-based awards is generally recognized on a straight-line basis over the vesting period of the entire award.

Performance Stock Units

The Company's stock based awards are granted in Class A Common Stock. During the nine months ended March 31, 2017, approximately 7.4 million performance stock units ("PSUs") were granted and approximately 2.6 million PSUs vested.

During the nine months ended March 31, 2016, approximately 6.2 million PSUs were granted and approximately 5.9 million PSUs vested.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments under certain firm contractual arrangements ("firm commitments") to make future payments. These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The total firm commitments and future debt payments as of March 31, 2017 and June 30, 2016 were approximately $80 billion and $84 billion, respectively. The decrease from June 30, 2016 was primarily due to payments related to sports programming rights. In addition, the Company has made an offer to purchase the fully diluted share capital of Sky which the Company does not already own (See Note 2 – Acquisitions, Disposals and Other Transactions under the heading "Sky").

Contingent Guarantees

The Company's contingent guarantees as of March 31, 2017 have not changed significantly from disclosures included in the 2016 Form 10-K. Included in the Company's contingent guarantees as of March 31, 2017 and June 30, 2016 is $115 million of Hulu's $338 million five-year term loan which is due in October 2017. In addition, the Company is party to a capital funding agreement related to Hulu (See Note 4 – Investments under the heading "Hulu").

Contingencies

Shareholder Litigation

Southern District of New York

On July 19, 2011, a purported class action lawsuit captioned Wilder v. News Corp., et al., 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 opposed. On September 21, 2016, the court denied the motion for reconsideration and on October 21, 2016, plaintiffs' time to appeal expired and the case was closed.

Fox News Channel

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

Other

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

The Company establishes an accrued liability for legal claims when the Company determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters. Any fees, expenses, fines, penalties, judgments or settlements which might be incurred by the Company in connection with the various proceedings could affect the Company's results of operations and financial condition.

The Company's operations are subject to tax in various domestic and international jurisdictions and as a matter of course, the Company is regularly audited by federal, state and foreign tax authorities. The Company believes it has appropriately accrued for the

expected outcome of all pending tax matters and does not currently anticipate that the ultimate resolution of pending tax matters will have a material adverse effect on its consolidated financial condition, future results of operations or liquidity.

NOTE 10. SEGMENT INFORMATION

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

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

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

Segment OIBDA is defined as Revenues less Operating expenses and Selling, general and administrative expenses. Segment OIBDA does not include: Amortization of cable distribution investments, Depreciation and amortization, Impairment and restructuring charges, Equity (losses) earnings of affiliates, Interest expense, net, Interest income, Other, net, Income tax expense, Loss from discontinued operations, net of tax and Net income attributable to noncontrolling interests. Management believes that Segment OIBDA is an appropriate measure for evaluating the operating performance of the Company's business segments because it is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources to the Company's businesses.

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

Total Segment OIBDA may be considered a non-GAAP measure and should be considered in addition to, not as a substitute for, net income, cash flow and other measures of financial performance reported in accordance with GAAP. In addition, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment charges, which are significant components in assessing the Company's financial performance.

The following table reconciles Income from continuing operations before income tax expense to Total Segment OIBDA for the three and nine months ended March 31, 2017 and 2016:

	For the three months ended March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Income from continuing operations before income tax expense	$ 1,252	$ 1,391	$ 3,874	$ 3,608
Add				
Amortization of cable distribution investments	15	18	46	53
Depreciation and amortization	140	133	410	391
Impairment and restructuring charges	37	15	213	46
Equity losses (earnings) of affiliates	51	9	57	(38)
Interest expense, net	310	295	909	888
Interest income	(9)	(12)	(27)	(28)
Other, net	142	32	241	226
Total Segment OIBDA	$ 1,938	$ 1,881	$ 5,723	$ 5,146

The following tables set forth the Company's Revenues and Segment OIBDA for the three and nine months ended March 31, 2017 and 2016:

	For the three months ended March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Revenues				
Cable Network Programming	$ 4,024	$ 3,941	$ 11,801	$ 11,108
Television	1,690	1,299	4,646	4,064
Filmed Entertainment	2,256	2,321	6,432	6,467
Other, Corporate and Eliminations	(406)	(333)	(1,127)	(959)
Total revenues	$ 7,564	$ 7,228	$ 21,752	$ 20,680
Segment OIBDA				
Cable Network Programming	$ 1,446	$ 1,375	$ 4,160	$ 3,931
Television	190	125	757	600
Filmed Entertainment	373	470	1,073	921
Other, Corporate and Eliminations	(71)	(89)	(267)	(306)
Total Segment OIBDA	$ 1,938	$ 1,881	$ 5,723	$ 5,146

Intersegment revenues, generated by the Filmed Entertainment segment, of $407 million and $315 million for the three months ended March 31, 2017 and 2016, respectively, and of $1,085 million and $878 million for the nine months ended March 31, 2017 and 2016, respectively, have been eliminated within the Other, Corporate and Eliminations segment.

	For the three months ended March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Depreciation and amortization				
Cable Network Programming	$ 87	$ 79	$ 252	$ 229
Television	28	29	85	88
Filmed Entertainment	19	20	59	60
Other, Corporate and Eliminations	6	5	14	14
Total depreciation and amortization	$ 140	$ 133	$ 410	$ 391

Depreciation and amortization includes the amortization of definite lived intangible assets of $62 million and $64 million for the three months ended March 31, 2017 and 2016, respectively, and $192 million and $182 million for the nine months ended March 31, 2017 and 2016, respectively.

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Assets		
Cable Network Programming	$ 25,090	$ 24,974
Television	7,247	6,959
Filmed Entertainment	10,695	9,579
Other, Corporate and Eliminations	3,973	2,818
Investments	3,679	3,863
Total assets	$ 50,684	$ 48,193

Revenues by Component

	For the three months ended March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Revenues				
Affiliate fees	$ 3,160	$ 2,939	$ 8,989	$ 8,321
Advertising	2,203	1,907	6,338	5,950
Content	2,078	2,288	5,979	6,046
Other	123	94	446	363
Total revenues	$ 7,564	$ 7,228	$ 21,752	$ 20,680

NOTE 11. ADDITIONAL FINANCIAL INFORMATION

Impairment and restructuring charges

Impairment and restructuring charges of $37 million and $213 million for the three and nine months ended March 31, 2017, respectively, are primarily comprised of costs in connection with management and employee transitions and restructuring at several of the Company's business units and impairment charges related to certain of the Company's programming rights.

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 March 31,		For the nine months ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Acquisition related and other transaction costs[a]	$ (137)	$ -	$ (170)	$ (66)
Investment impairment losses[b]	-	-	-	(99)
Other[c]	(5)	(32)	(71)	(61)
Total other, net	$ (142)	$ (32)	$ (241)	$ (226)

(a) The acquisition related and other transaction costs for the three and nine months ended March 31, 2017 primarily represent the change in fair value of a foreign currency option contract to limit the foreign currency exchange rate risk in connection with the Proposed Sky Acquisition (See Note 2 – Acquisitions, Disposals and Other Transactions under the heading "Sky" for further discussion). The acquisition related costs for the nine months ended March 31, 2016 are primarily due to the revision of a contingency estimate related to a past acquisition.

(b) See Note 7 – Investments in the 2016 Form 10-K under the heading "Other" for further discussion.

(c) Other for the three and nine months ended March 31, 2017 included approximately $10 million and $45 million, respectively, of costs related to settlements of pending and potential litigations following the July 2016 resignation of the Chairman and CEO of Fox News Channel after a public complaint was filed containing allegations of sexual harassment.

Receivables, net

Receivables are presented net of an allowance for returns and doubtful accounts, which is an estimate of amounts that may not be collectible. Allowances for returns and doubtful accounts as of March 31, 2017 and June 30, 2016 were $552 million and $576 million, respectively.

Supplemental Cash Flows Information

	For the nine months ended March 31,	
	2017	2016
	(in millions)	
Supplemental cash flows information		
Cash paid for income taxes	$ (747)	$ (586)
Cash paid for interest	$ (890)	$ (873)
Supplemental information on acquisitions and additional investments		
Fair value of assets acquired	$ -	$ 1,199
Cash acquired	-	8
Liabilities assumed	-	(110)
Cash paid	-	(916)
Fair value of equity instruments issued to third parties[a]	-	181
Issuance of subsidiary common units	-	(181)
Fair value of equity instruments consideration	$ -	$ -

(a) Includes Redeemable noncontrolling interests.

NOTE 12. SUPPLEMENTAL GUARANTOR INFORMATION

The Parent Guarantor presently guarantees the senior public indebtedness of 21CFA and the guarantee is full and unconditional. The supplemental condensed consolidating financial information of the Parent Guarantor should be read in conjunction with these Unaudited Consolidated Financial Statements (See Note 6 – Borrowings).

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.

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

Supplemental Condensed Consolidating Statement of Operations
For the three months ended March 31, 2017
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	$ 1	$ -	$ 7,563	$ -	$ 7,564
Expenses	(90)	-	(5,728)	-	(5,818)
Equity losses of affiliates	-	-	(51)	-	(51)
Interest expense, net	(423)	(195)	(19)	327	(310)
Interest income	1	3	332	(327)	9
Earnings from subsidiary entities	1,883	1,002	-	(2,885)	-
Other, net	(140)	1	(3)	-	(142)
Income from continuing operations before income tax expense	1,232	811	2,094	(2,885)	1,252
Income tax expense	(365)	-	(620)	615	(370)
Income from continuing operations	867	811	1,474	(2,270)	882
Loss from discontinued operations, net of tax	-	(12)	-	-	(12)
Net income	867	799	1,474	(2,270)	870
Less: Net income attributable to noncontrolling interests	-	-	(71)	-	(71)
Net income attributable to Twenty-First Century Fox stockholders	$ 867	$ 799	$ 1,403	$ (2,270)	$ 799
Comprehensive income attributable to Twenty-First Century Fox stockholders	$ 1,005	$ 986	$ 1,578	$ (2,583)	$ 986

See notes to supplemental guarantor information

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

Supplemental Condensed Consolidating Statement of Operations
For the three months ended March 31, 2016
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	$ 1	$ -	$ 7,227	$ -	$ 7,228
Expenses	(88)	-	(5,425)	-	(5,513)
Equity losses of affiliates	(1)	-	(8)	-	(9)
Interest expense, net	(408)	(179)	(17)	309	(295)
Interest income	5	1	315	(309)	12
Earnings from subsidiary entities	1,570	1,022	-	(2,592)	-
Other, net	(6)	-	(26)	-	(32)
Income from continuing operations before income tax expense	1,073	844	2,066	(2,592)	1,391
Income tax expense	(358)	-	(689)	584	(463)
Income from continuing operations	715	844	1,377	(2,008)	928
Loss from discontinued operations, net of tax	-	(3)	-	-	(3)
Net income	715	841	1,377	(2,008)	925
Less: Net income attributable to noncontrolling interests	-	-	(84)	-	(84)
Net income attributable to Twenty-First Century Fox stockholders	$ 715	$ 841	$ 1,293	$ (2,008)	$ 841
Comprehensive income attributable to Twenty-First Century Fox stockholders	$ 703	$ 915	$ 1,415	$ (2,118)	$ 915

See notes to supplemental guarantor information

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

Supplemental Condensed Consolidating Statement of Operations
For the nine months ended March 31, 2017
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	$ 1	$ -	$ 21,751	$ -	$ 21,752
Expenses	(328)	-	(16,370)	-	(16,698)
Equity losses of affiliates	(1)	-	(56)	-	(57)
Interest expense, net	(1,246)	(572)	(58)	967	(909)
Interest income	3	4	987	(967)	27
Earnings from subsidiary entities	5,358	3,062	-	(8,420)	-
Other, net	(226)	1	(16)	-	(241)
Income from continuing operations before income tax expense	3,561	2,495	6,238	(8,420)	3,874
Income tax expense	(1,067)	-	(1,870)	1,776	(1,161)
Income from continuing operations	2,494	2,495	4,368	(6,644)	2,713
Loss from discontinued operations, net of tax	-	(19)	-	-	(19)
Net income	2,494	2,476	4,368	(6,644)	2,694
Less: Net income attributable to noncontrolling interests	-	-	(218)	-	(218)
Net income attributable to Twenty-First Century Fox stockholders	$ 2,494	$ 2,476	$ 4,150	$ (6,644)	$ 2,476
Comprehensive income attributable to Twenty-First Century Fox stockholders	$ 2,249	$ 2,425	$ 4,011	$ (6,260)	$ 2,425

See notes to supplemental guarantor information

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

Supplemental Condensed Consolidating Statement of Operations
For the nine months ended March 31, 2016
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
Revenues	$ 1	$ -	$ 20,679	$ -	$ 20,680
Expenses	(283)	-	(15,741)	-	(16,024)
Equity (losses) earnings of affiliates	(2)	-	40	-	38
Interest expense, net	(1,212)	(532)	(56)	912	(888)
Interest income	6	3	931	(912)	28
Earnings from subsidiary entities	4,803	2,725	-	(7,528)	-
Other, net	(114)	-	(112)	-	(226)
Income from continuing operations before income tax expense	3,199	2,196	5,741	(7,528)	3,608
Income tax expense	(1,055)	-	(1,894)	1,759	(1,190)
Income from continuing operations	2,144	2,196	3,847	(5,769)	2,418
Loss from discontinued operations, net of tax	-	(8)	-	-	(8)
Net income	2,144	2,188	3,847	(5,769)	2,410
Less: Net income attributable to noncontrolling interests	-	-	(222)	-	(222)
Net income attributable to Twenty-First Century Fox stockholders	$ 2,144	$ 2,188	$ 3,625	$ (5,769)	$ 2,188
Comprehensive income attributable to Twenty-First Century Fox stockholders	$ 1,657	$ 1,893	$ 3,301	$ (4,958)	$ 1,893

See notes to supplemental guarantor information

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

Supplemental Condensed Consolidating Balance Sheet
As of March 31, 2017
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
ASSETS					
Current assets					
Cash and cash equivalents	$ 49	$ 4,166	$ 1,357	$ -	$ 5,572
Receivables, net	13	-	7,207	(1)	7,219
Inventories, net	-	-	3,418	-	3,418
Other	67	-	462	-	529
Total current assets	129	4,166	12,444	(1)	16,738
Non-current assets					
Receivables, net	15	-	523	-	538
Inventories, net	-	-	7,725	-	7,725
Property, plant and equipment, net	230	-	1,461	-	1,691
Intangible assets, net	-	-	6,579	-	6,579
Goodwill	-	-	12,733	-	12,733
Other non-current assets	252	-	749	-	1,001
Investments					
Investments in associated companies and other investments	174	37	3,468	-	3,679
Intragroup investments	104,343	58,994	-	(163,337)	-
Total investments	104,517	59,031	3,468	(163,337)	3,679
Total assets	$ 105,143	$ 63,197	$ 45,682	$ (163,338)	$ 50,684
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	$ -	$ -	$ 107	$ -	$ 107
Other current liabilities	620	386	6,344	(1)	7,349
Total current liabilities	620	386	6,451	(1)	7,456
Non-current liabilities					
Borrowings	18,563	-	1,226	-	19,789
Other non-current liabilities	535	-	6,033	-	6,568
Intercompany	38,926	47,794	(86,720)	-	-
Redeemable noncontrolling interests	-	-	619	-	619
Total equity	46,499	15,017	118,073	(163,337)	16,252
Total liabilities and equity	$ 105,143	$ 63,197	$ 45,682	$ (163,338)	$ 50,684

See notes to supplemental guarantor information

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

Supplemental Condensed Consolidating Balance Sheet
As of June 30, 2016
(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	$ 661	$ 2,019	$ 1,744	$ -	$ 4,424
Receivables, net	20	-	6,239	(1)	6,258
Inventories, net	-	-	3,291	-	3,291
Other	13	-	963	-	976
Total current assets	694	2,019	12,237	(1)	14,949
Non-current assets					
Receivables, net	15	-	374	-	389
Inventories, net	-	-	7,041	-	7,041
Property, plant and equipment, net	213	-	1,479	-	1,692
Intangible assets, net	-	-	6,777	-	6,777
Goodwill	-	-	12,733	-	12,733
Other non-current assets	235	-	514	-	749
Investments					
Investments in associated companies and other investments	137	37	3,689	-	3,863
Intragroup investments	98,965	55,895	-	(154,860)	-
Total investments	99,102	55,932	3,689	(154,860)	3,863
Total assets	$ 100,259	$ 57,951	$ 44,844	$ (154,861)	$ 48,193
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	$ 400	$ -	$ 27	$ -	$ 427
Other current liabilities	489	144	6,009	(1)	6,641
Total current liabilities	889	144	6,036	(1)	7,068
Non-current liabilities					
Borrowings	17,712	-	1,414	-	19,126
Other non-current liabilities	605	-	5,961	-	6,566
Intercompany	37,838	44,146	(81,984)	-	-
Redeemable noncontrolling interests	-	-	552	-	552
Total equity	43,215	13,661	112,865	(154,860)	14,881
Total liabilities and equity	$ 100,259	$ 57,951	$ 44,844	$ (154,861)	$ 48,193

See notes to supplemental guarantor information

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

Supplemental Condensed Consolidating Statement of Cash Flows
For the nine months ended March 31, 2017
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
OPERATING ACTIVITIES					
Net cash (used in) provided by operating activities from continuing operations	$ (884)	$ 3,121	$ 181	$ -	$ 2,418
INVESTING ACTIVITIES					
Property, plant and equipment	(10)	-	(192)	-	(202)
Investments	(95)	-	(71)	-	(166)
Net cash used in investing activities from continuing operations	(105)	-	(263)	-	(368)
FINANCING ACTIVITIES					
Borrowings	842	-	37	-	879
Repayment of borrowings	(400)	-	(146)	-	(546)
Repurchase of shares	-	(619)	-	-	(619)
Dividends paid and distributions	-	(335)	(187)	-	(522)
Other financing activities, net	(44)	(20)	1	-	(63)
Net cash provided by (used in) financing activities from continuing operations	398	(974)	(295)	-	(871)
Discontinued operations					
Net decrease in cash and cash equivalents from discontinued operations	(21)	-	-	-	(21)
Net (decrease) increase in cash and cash equivalents	(612)	2,147	(377)	-	1,158
Cash and cash equivalents, beginning of year	661	2,019	1,744	-	4,424
Exchange movement on cash balances	-	-	(10)	-	(10)
Cash and cash equivalents, end of period	$ 49	$ 4,166	$ 1,357	$ -	$ 5,572

See notes to supplemental guarantor information

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

Supplemental Condensed Consolidating Statement of Cash Flows
For the nine months ended March 31, 2016
(in millions)

	21st Century Fox America, Inc.	Twenty-First Century Fox	Non-Guarantor	Reclassifications and Eliminations	Twenty-First Century Fox and Subsidiaries
OPERATING ACTIVITIES					
Net cash (used in) provided by operating activities from continuing operations	$ (585)	$ 1,569	$ 1,028	$ -	$ 2,012
INVESTING ACTIVITIES					
Property, plant and equipment	(5)	-	(151)	-	(156)
Investments	(185)	(586)	(453)	-	(1,224)
Net cash used in investing activities from continuing operations	(190)	(586)	(604)	-	(1,380)
FINANCING ACTIVITIES					
Borrowings	987	-	208	-	1,195
Repayment of borrowings	(200)	-	(302)	-	(502)
Repurchase of shares	-	(3,958)	-	-	(3,958)
Dividends paid and distributions	-	(299)	(166)	-	(465)
Purchase of subsidiary shares from noncontrolling interests	-	(56)	(231)	-	(287)
Other financing activities, net	-	11	-	-	11
Net cash provided by (used in) financing activities from continuing operations	787	(4,302)	(491)	-	(4,006)
Discontinued operations					
Net decrease in cash and cash equivalents from discontinued operations	(15)	-	-	-	(15)
Net decrease in cash and cash equivalents	(3)	(3,319)	(67)	-	(3,389)
Cash and cash equivalents, beginning of year	767	5,913	1,748	-	8,428
Exchange movement on cash balances	-	-	(46)	-	(46)
Cash and cash equivalents, end of period	$ 764	$ 2,594	$ 1,635	$ -	$ 4,993

See notes to supplemental guarantor information

Notes to Supplemental Guarantor Information

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

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

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

This document contains statements that constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended. The words "expect," "estimate," "anticipate," "predict," "believe" and similar expressions and variations thereof are intended to identify forward-looking statements. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of Twenty-First Century Fox, Inc., its directors or its officers with respect to, among other things, trends affecting Twenty-First Century Fox, Inc.'s financial condition or results of operations. The readers of this document are cautioned that any forward-looking statements are not guarantees of future performance and involve risks and uncertainties. More information regarding these risks, uncertainties and other factors is set forth under the heading Part II "Other Information," Item 1A "Risk Factors" in this report. Twenty-First Century Fox, Inc. does not ordinarily make projections of its future operating results and undertakes no obligation (and expressly disclaims any obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Readers should carefully review this document and the other documents filed by Twenty-First Century Fox, Inc. with the Securities and Exchange Commission (the "SEC"). This section should be read together with the Unaudited Consolidated Financial Statements of Twenty-First Century Fox, Inc. and related notes set forth elsewhere herein and Twenty-First Century Fox, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, ("fiscal") 2016 as filed with the SEC on August 11, 2016 (the "2016 Form 10-K").

INTRODUCTION

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

- ***Results of Operations*** - This section provides an analysis of the Company's results of operations for the three and nine months ended March 31, 2017 and 2016. This analysis is presented on both a consolidated and a segment basis. In addition, a brief description is provided of significant transactions and events that impact the comparability of the results being analyzed.
- ***Liquidity and Capital Resources*** - This section provides an analysis of the Company's cash flows for the nine months ended March 31, 2017 and 2016, as well as a discussion of the Company's outstanding debt and commitments, both firm and contingent, that existed as of March 31, 2017. Included in the discussion of outstanding debt is a discussion of the amount of financial capacity available to fund the Company's future commitments and obligations, as well as a discussion of other financing arrangements.

RESULTS OF OPERATIONS

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

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

	For the three months ended March 31,			For the nine months ended March 31,		
	2017	2016	% Change	2017	2016	% Change
	(in millions, except %)					
Revenues						
Affiliate fees	$ 3,160	$ 2,939	8 %	$ 8,989	$ 8,321	8 %
Advertising	2,203	1,907	16 %	6,338	5,950	7 %
Content	2,078	2,288	(9) %	5,979	6,046	(1) %
Other	123	94	31 %	446	363	23 %
Total revenues	7,564	7,228	5 %	21,752	20,680	5 %
Operating expenses	(4,763)	(4,472)	7 %	(13,472)	(12,902)	4 %
Selling, general and administrative	(878)	(893)	(2) %	(2,603)	(2,685)	(3) %
Depreciation and amortization	(140)	(133)	5 %	(410)	(391)	5 %
Impairment and restructuring charges	(37)	(15)	**	(213)	(46)	**
Equity (losses) earnings of affiliates	(51)	(9)	**	(57)	38	**
Interest expense, net	(310)	(295)	5 %	(909)	(888)	2 %
Interest income	9	12	(25) %	27	28	(4) %
Other, net	(142)	(32)	**	(241)	(226)	(7) %
Income from continuing operations before income tax expense	1,252	1,391	(10) %	3,874	3,608	7 %
Income tax expense	(370)	(463)	(20) %	(1,161)	(1,190)	(2) %
Income from continuing operations	882	928	(5) %	2,713	2,418	12 %
Loss from discontinued operations, net of tax	(12)	(3)	**	(19)	(8)	**
Net income	870	925	(6) %	2,694	2,410	12 %
Less: Net income attributable to noncontrolling interests	(71)	(84)	(15) %	(218)	(222)	(2) %
Net income attributable to Twenty-First Century Fox stockholders	$ 799	$ 841	(5) %	$ 2,476	$ 2,188	13 %

** not meaningful

Overview – The Company's revenues increased 5% for the three and nine months ended March 31, 2017, as compared to the corresponding periods of fiscal 2016, primarily due to higher affiliate fee and advertising revenues partially offset by lower content revenue. The increase in affiliate fee revenue was primarily attributable to higher average rates per subscriber across most channels. The increase in advertising revenue was primarily due to revenues resulting from the broadcast of *Super Bowl LI* in February 2017 and higher ratings at Fox News Channel ("Fox News") partially offset by lower entertainment ratings at Fox Broadcasting Company ("FOX"), the absence of the broadcast of the International Cricket Council ("ICC") Cricket World Twenty20 matches in fiscal 2016 and the effect of the Indian government's demonetization initiatives on the general advertising market in India. The decrease in content revenue was primarily attributable to lower worldwide theatrical and home entertainment revenues from motion picture productions partially offset by higher network and syndication revenues and subscription video-on-demand ("SVOD") revenue from television productions. These revenue increases are net of decreases of approximately $35 million and $195 million due to the strengthening of the U.S. dollar against local currencies for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016.

Operating expenses increased 7% and 4% for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016, primarily due to higher programming rights amortization at the Cable Network Programming and Television segments, including *Super Bowl LI* at the Television segment. Also contributing to the increase in the nine months ended March 31, 2017 was 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") partially offset by lower marketing costs at the Filmed Entertainment segment.

Selling, general and administrative expenses remained relatively constant for the three months ended March 31, 2017, as compared to the corresponding period of fiscal 2016. Selling, general and administrative expenses decreased 3% for the nine months ended March 31, 2017, as compared to the corresponding period of fiscal 2016, primarily due to lower compensation expense.

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

Equity (losses) earnings of affiliates – Equity (losses) earnings of affiliates decreased $42 million and $95 million for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016. The decreases were primarily due to higher losses at Hulu, LLC ("Hulu") and Endemol Shine Group. Also contributing to the decrease in the nine months ended March 31, 2017 was lower equity earnings for Sky plc ("Sky") primarily due to the impact of the strengthening of the U.S. dollar against the Pound Sterling.

	For the three months ended March 31,			For the nine months ended March 31,		
	2017	**2016**	**% Change**	**2017**	**2016**	**% Change**
			(in millions, except %)			
Sky	$ 93	$ 95	(2) %	$ 255	$ 305	(16) %
Other equity affiliates	(144)	(104)	(38) %	(312)	(267)	(17) %
Equity (losses) earnings of affiliates	$ (51)	$ (9)	**	$ (57)	$ 38	**

** not meaningful

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

Income tax expense – The Company's effective income tax rate for the three and nine months ended March 31, 2017 was 30%, as compared to the statutory rate of 35%. For the three and nine months ended March 31, 2017, the rate was lower than the statutory rate primarily due to a 3% benefit from domestic production activities and other permanent items.

The Company's effective income tax rate for the three and nine months ended March 31, 2016 was 33%, as compared to the statutory rate of 35%. For the three and nine months ended March 31, 2016, the rate was lower than the statutory rate primarily due to income tax benefits due to tax credits related to the Company's foreign operations and other permanent items partially offset by additional valuation allowances related to capital losses.

Net income – Net income decreased for the three months ended March 31, 2017, as compared to the corresponding period of fiscal 2016, as higher operating results were more than offset by acquisition related and other transaction costs primarily related to the Proposed Sky Acquisition (See Note 11 – Additional Financial Information to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Other, net") and lower contributions from the Company's equity affiliates. Net income increased for the nine months ended March 31, 2017, as compared to the corresponding period of fiscal 2016, primarily due to higher operating results partially offset by Impairment and restructuring charges (See Note 11 – Additional Financial Information to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Impairment and restructuring charges") and lower contributions from the Company's equity affiliates.

Segment Analysis

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

Segment OIBDA is defined as Revenues less Operating expenses and Selling, general and administrative expenses. Segment OIBDA does not include: Amortization of cable distribution investments, Depreciation and amortization, Impairment and restructuring charges, Equity (losses) earnings of affiliates, Interest expense, net, Interest income, Other, net, Income tax expense, Loss from discontinued operations, net of tax and Net income attributable to noncontrolling interests. Management believes that Segment OIBDA is an appropriate measure for evaluating the operating performance of the Company's business segments because it is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources to the Company's businesses.

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

Total Segment OIBDA may be considered a non-GAAP measure and should be considered in addition to, not as a substitute for, net income, cash flow and other measures of financial performance reported in accordance with U.S. generally accepted accounting principles ("GAAP"). In addition, this measure does not reflect cash available to fund requirements and excludes items, such as depreciation and amortization and impairment charges, which are significant components in assessing the Company's financial performance.

The following table reconciles Income from continuing operations before income tax expense to Total Segment OIBDA for the three and nine months ended March 31, 2017, as compared to the three and nine months ended March 31, 2016:

	For the three months ended March 31,			For the nine months ended March 31,		
	2017	2016	% Change	2017	2016	% Change
	(in millions, except %)					
Income from continuing operations before income tax expense	$ 1,252	$ 1,391	(10) %	$ 3,874	$ 3,608	7 %
Add						
Amortization of cable distribution investments	15	18	(17) %	46	53	(13) %
Depreciation and amortization	140	133	5 %	410	391	5 %
Impairment and restructuring charges	37	15	**	213	46	**
Equity losses (earnings) of affiliates	51	9	**	57	(38)	**
Interest expense, net	310	295	5 %	909	888	2 %
Interest income	(9)	(12)	(25) %	(27)	(28)	(4) %
Other, net	142	32	**	241	226	(7) %
Total Segment OIBDA	$ 1,938	$ 1,881	3 %	$ 5,723	$ 5,146	11 %

** not meaningful

The following table sets forth the computation of Total Segment OIBDA for the three and nine months ended March 31, 2017, as compared to the three and nine months ended March 31, 2016:

	For the three months ended March 31,			For the nine months ended March 31,		
	2017	2016	% Change	2017	2016	% Change
	(in millions, except %)					
Revenues	$ 7,564	$ 7,228	5 %	$ 21,752	$ 20,680	5 %
Operating expenses	(4,763)	(4,472)	7 %	(13,472)	(12,902)	4 %
Selling, general and administrative	(878)	(893)	(2) %	(2,603)	(2,685)	(3) %
Amortization of cable distribution investments	15	18	(17) %	46	53	(13) %
Total Segment OIBDA	$ 1,938	$ 1,881	3 %	$ 5,723	$ 5,146	11 %

The following tables set forth the Company's Revenues and Segment OIBDA for the three and nine months ended March 31, 2017, as compared to the three and nine months ended March 31, 2016:

	For the three months ended March 31,			For the nine months ended March 31,		
	2017	2016	% Change	2017	2016	% Change
	(in millions, except %)					
Revenues						
Cable Network Programming	$ 4,024	$ 3,941	2 %	$ 11,801	$ 11,108	6 %
Television	1,690	1,299	30 %	4,646	4,064	14 %
Filmed Entertainment	2,256	2,321	(3) %	6,432	6,467	(1) %
Other, Corporate and Eliminations	(406)	(333)	(22) %	(1,127)	(959)	(18) %
Total revenues	$ 7,564	$ 7,228	5 %	$ 21,752	$ 20,680	5 %

	For the three months ended March 31,			For the nine months ended March 31,		
	2017	2016	% Change	2017	2016	% Change
	(in millions, except %)					
Segment OIBDA						
Cable Network Programming	$ 1,446	$ 1,375	5 %	$ 4,160	$ 3,931	6 %
Television	190	125	52 %	757	600	26 %
Filmed Entertainment	373	470	(21) %	1,073	921	17 %
Other, Corporate and Eliminations	(71)	(89)	20 %	(267)	(306)	13 %
Total Segment OIBDA	$ 1,938	$ 1,881	3 %	$ 5,723	$ 5,146	11 %

Cable Network Programming (54% of the Company's consolidated revenues in the first nine months of fiscal 2017 and 2016)

For the three and nine months ended March 31, 2017, revenues at the Cable Network Programming segment increased $83 million, or 2%, and $693 million, or 6%, respectively, as compared to the corresponding periods of fiscal 2016, primarily due to higher affiliate fee revenue. Partially offsetting the increase in affiliate fee revenue for the three months ended March 31, 2017 were lower advertising and content and other revenues. Also contributing to the increase in revenues for the nine months ended March 31, 2017 were higher content and other revenues.

	For the three months ended March 31, 2017 % Increase (Decrease)			For the nine months ended March 31, 2017 % Increase (Decrease)		
	Domestic	International	Consolidated	Domestic	International	Consolidated
Affiliate fees	8 %	5 %	7 %	8 %	6 %	7 %
Advertising	- %	(18) %	(8) %	6 %	(7) %	- %
Content and other	6 %	(27) %	(10) %	29 %	(4) %	16 %
Total	6 %	(7) %	2 %	9 %	- %	6 %

These revenue increases are net of decreases of approximately $20 million and $145 million due to the strengthening of the U.S. dollar against local currencies, primarily in Latin America and Europe, for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016.

For the three and nine months ended March 31, 2017, Segment OIBDA at the Cable Network Programming segment increased $71 million, or 5%, and $229 million, or 6%, respectively, as compared to the corresponding periods of fiscal 2016, primarily due to the revenue increases noted above. Expenses were consistent for the three months ended March 31, 2017 as compared to the corresponding period of fiscal 2016. Partially offsetting the revenue increase for the nine months ended March 31, 2017 were higher expenses of $464 million, or 6% primarily due to higher operating expenses at the domestic channels. For the nine months ended March 31, 2017, the Segment OIBDA increase is net of a decrease of approximately $60 million due to the strengthening of the U.S. dollar against local currencies as compared to the corresponding period of fiscal 2016. The incremental revenues and expenses related to the NGS Media Business as a result of the acquisition were approximately $140 million for the nine months ended March 31, 2017, as compared to the corresponding period of fiscal 2016.

Domestic Channels

For the three and nine months ended March 31, 2017, domestic affiliate fee revenue increased, as compared to the corresponding periods of fiscal 2016, primarily due to higher average rates per subscriber led by Fox News and the Regional Sports

Networks ("RSNs") partially offset by the impact of lower average subscribers. Also contributing to the increase was Fox Sports 1 ("FS1") and FX Networks due to higher average rates per subscriber and higher average subscribers. For the three months ended March 31, 2017, domestic advertising revenue remained constant, as compared to the corresponding period of fiscal 2016, as higher ratings at Fox News and new programming at FS1 were offset by lower revenue at the NGS Media Business. For the nine months ended March 31, 2017, domestic advertising revenue increased primarily due to higher advertising volume, pricing and ratings at Fox News and higher ratings for the broadcasts of the Major League Baseball ("MLB") postseason games at FS1 partially offset by the impact of lower ratings at FX Networks. The increase in domestic content and other revenues for the nine months ended March 31, 2017, as compared to the corresponding period of fiscal 2016, was primarily due to the acquisition of the NGS Media Business.

For the three months ended March 31, 2017, domestic channels OIBDA remained constant, as compared to the corresponding period of fiscal 2016, as the revenue increases noted above were offset by higher expenses. For the nine months ended March 31, 2017, domestic channels OIBDA increased 6%, as compared to the corresponding period of fiscal 2016, primarily due to the revenue increases noted above partially offset by higher expenses. Operating expenses increased by approximately $185 million and $445 million for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016, principally related to higher programming and marketing costs, including higher rights amortization related to National Basketball Association ("NBA") at the RSNs and National Association of Stock Car Auto Racing ("NASCAR") at FS1, and higher programming and marketing costs related to the launch of new programming at FX Networks and National Geographic Channels. Also contributing to the increase for the nine months ended March 31, 2017 was the acquisition of the NGS Media Business and higher MLB rights amortization at FS1 and the RSNs.

International Channels

For the three and nine months ended March 31, 2017, international affiliate fee revenues increased, as compared to the corresponding periods of fiscal 2016, as a result of local currency growth of 7% and 12%, respectively, led by additional subscribers and higher rates in Latin America at Fox Networks Group International ("FNGI") and increases at STAR India ("STAR"). Partially offsetting these increases for the three and nine months ended March 31, 2017 was the adverse impact of the strengthening of the U.S. dollar against local currencies. For the three and nine months ended March 31, 2017, international advertising revenues decreased, as compared to the corresponding periods of fiscal 2016, as local currency growth at FNGI was more than offset by lower local currency advertising revenue at STAR due to the absence of the broadcast of the ICC Cricket World Twenty20 matches in fiscal 2016, the effect of the Indian government's demonetization initiatives on the general advertising market in India and a decrease in viewership. The adverse impact of the strengthening of the U.S. dollar against local currencies also contributed to the decrease in international advertising revenue. The decreases in international content and other revenues for the three and nine months ended March 31, 2017 were primarily due to the absence of syndication revenues from STAR's broadcast of the ICC Cricket World Twenty20 matches in fiscal 2016 partially offset by higher network and syndication revenues in Latin America at FNGI.

For the three months ended March 31, 2017, international channels OIBDA increased 44%, as compared to the corresponding period of fiscal 2016, primarily due to lower expenses partially offset by a decrease in revenues noted above. Operating expenses decreased approximately $160 million for the three months ended March 31, 2017, as compared to the corresponding period of fiscal 2016, primarily due to lower sports programming costs at STAR, as a result of the absence of STAR's broadcast of the ICC Cricket World Twenty20 matches in fiscal 2016, partially offset by higher programming costs at FNGI. For the nine months ended March 31, 2017, international channels OIBDA remained relatively constant, as compared to the corresponding period of fiscal 2016, as both revenues and expenses remained consistent. Operating expenses remained constant as lower sports programming costs at STAR, as a result of the absence of STAR's broadcast of the ICC Cricket World Twenty20 matches in fiscal 2016, was offset by higher entertainment programming rights amortization in Europe and Latin America at FNGI and sports programming rights amortization at FNGI, including soccer rights and the broadcast of the Rio Olympics in fiscal 2017.

Television (21% and 20% of the Company's consolidated revenues in the first nine months of fiscal 2017 and 2016, respectively)

For the three and nine months ended March 31, 2017, revenues at the Television segment increased $391 million, or 30%, and $582 million, or 14%, respectively, as compared to the corresponding periods of fiscal 2016, primarily due to higher advertising and affiliate fee revenues. Also contributing to the increase in revenues for the nine months ended March 31, 2017 were higher content and other revenues. Advertising revenue increased 39% and 12% for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016, primarily due to revenues resulting from the broadcast of *Super Bowl LI* in February 2017 of approximately $425 million after agency commissions, the broadcast of one additional National Football League ("NFL") divisional playoff game and higher ratings of the NFL postseason partially offset by the absence of *American Idol*, which concluded its final season in fiscal 2016, and lower entertainment ratings at FOX. Also contributing to the increase in advertising revenue, for the nine months ended March 31, 2017, were two additional games and higher ratings of the MLB World Series and higher political advertising related to the 2016 elections partially offset by lower local advertising resulting from the broadcast of the Rio Olympics on a competitor network, the absence of the Emmy Awards and the Fédération Internationale de Football Association ("FIFA") Women's World Cup, and lower ratings for the broadcast of the NFL regular season. Affiliate fee revenue increased 9% and 15% as a result of higher retransmission consent rates for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016. Content and other revenues increased 58% for the nine months ended March 31, 2017, as compared to the corresponding period of fiscal 2016, primarily due to higher SVOD revenue at FOX and revenues generated by the television stations to permit the commercial use of adjacent wireless spectrum in one of the Company's markets.

For the three and nine months ended March 31, 2017, Segment OIBDA at the Television segment increased $65 million, or 52%, and $157 million, or 26%, respectively, as compared to the corresponding periods of fiscal 2016, primarily due to the revenue increases noted above partially offset by higher expenses of $326 million, or 28%, and $425 million, or 12%, respectively. Operating expenses increased by approximately $340 million and $465 million for the three and nine months ended March 31, 2017, respectively, as compared to the corresponding periods of fiscal 2016, primarily due to higher sports programming rights amortization at FOX, including *Super Bowl LI* and one additional NFL divisional playoff game, and higher advertising and promotion costs at FOX partially offset by a decrease in entertainment programming rights amortization at FOX, primarily due to the absence of *American Idol*. The increases in operating expenses noted above were partially offset by a decrease in selling, general and administrative expenses.

Filmed Entertainment (30% and 31% of the Company's consolidated revenues in the first nine months of fiscal 2017 and 2016, respectively)

For the three and nine months ended March 31, 2017, revenues at the Filmed Entertainment segment decreased $65 million, or 3%, and $35 million, or 1%, respectively, as compared to the corresponding periods of fiscal 2016, primarily due to lower worldwide theatrical and home entertainment revenues partially offset by higher network and syndication revenues from television productions, led by a number of new series licensed for distribution, and higher SVOD revenue from television productions, led by the licensing of *The People v. O.J. Simpson: American Crime Story*. Also contributing to the higher SVOD revenue for the nine months ended March 31, 2017 was the licensing of *Homeland*. For the three and nine months ended March 31, 2017, revenues included the worldwide theatrical performances of *Logan* and *Hidden Figures*, as compared to the corresponding periods of fiscal 2016, which included the worldwide theatrical releases of *Deadpool* and *Kung Fu Panda 3*. The nine months ended March 31, 2017 also included the worldwide theatrical and home entertainment performances of *Trolls* and *Ice Age: Collision Course*, as compared to the corresponding period of fiscal 2016, which included the worldwide theatrical and home entertainment release of *The Martian*. The strengthening of the U.S. dollar against local currencies resulted in a revenue decrease of approximately $50 million for the nine months ended March 31, 2017, as compared to the corresponding period of fiscal 2016.

For the three months ended March 31, 2017, Segment OIBDA at the Filmed Entertainment segment decreased $97 million, or 21%, primarily due to the revenue decreases noted above and higher expenses of $32 million, or 2%, as compared to the corresponding period of fiscal 2016. Operating expenses increased by approximately $20 million for the three months ended March 31, 2017, as compared to the corresponding period of fiscal 2016, primarily due to higher production amortization and participation costs partially offset by lower releasing and marketing costs related to motion picture productions. For the nine months ended March 31, 2017, Segment OIBDA increased $152 million, or 17%, as compared to the corresponding period of fiscal 2016, primarily due to lower expenses of $187 million, or 3%, partially offset by the revenue decreases noted above. For the nine months ended March 31, 2017, operating expenses decreased by approximately $170 million, as compared to the corresponding period of fiscal 2016, primarily due to lower marketing costs due to the number and mix of theatrical releases in the current period compared to the prior year partially offset by higher production amortization and participation costs. For the nine months ended March 31, 2017, the Segment OIBDA increase is net of a decrease of approximately $40 million due to the strengthening of the U.S. dollar against local currencies as compared to the corresponding period of fiscal 2016.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

The Company's principal source of liquidity is internally generated funds. The Company also has an unused $1.4 billion revolving credit facility, as amended, which expires in May 2020, and has access to various film co-financing alternatives to supplement its cash flows. In addition, the Company has access to the worldwide capital markets, subject to market conditions. As of March 31, 2017, the Company was in compliance with all of the covenants under the revolving credit facility, and it does not anticipate any violation of such covenants. The Company's internally generated funds are highly dependent upon the state of the advertising markets and public acceptance of its film and television productions.

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

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

Sources and Uses of Cash

Net cash provided by operating activities for the nine months ended March 31, 2017 and 2016 was as follows (in millions):

For the nine months ended March 31,	2017	2016
Net cash provided by operating activities from continuing operations	$ 2,418	$ 2,012

The increase in net cash provided by operating activities during the nine months ended March 31, 2017, as compared to the corresponding period of fiscal 2016, primarily reflects higher operating results and the absence of the CLT20 contract termination costs (See Note 5 – Restructuring Programs in the 2016 Form 10-K under the heading "Fiscal 2015") partially offset by higher billings than collections at the Filmed Entertainment and Television segments and higher tax payments.

Net cash used in investing activities for the nine months ended March 31, 2017 and 2016 was as follows (in millions):

For the nine months ended March 31,	2017	2016
Net cash used in investing activities from continuing operations	$ (368)	$ (1,380)

The decrease in net cash used in investing activities during the nine months ended March 31, 2017, as compared to the corresponding period of fiscal 2016, was primarily due to the comparative effect of the cash used for the National Geographic Partners and MAA Television Network transactions in fiscal 2016 (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Fiscal 2016").

Net cash used in financing activities for the nine months ended March 31, 2017 and 2016 was as follows (in millions):

For the nine months ended March 31,	2017	2016
Net cash used in financing activities from continuing operations	$ (871)	$ (4,006)

The decrease in net cash used in financing activities during the nine months ended March 31, 2017, as compared to the corresponding period of fiscal 2016, was primarily due to fewer shares repurchased partially offset by a decrease in net borrowings.

Stock Repurchase Program

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

Debt Instruments

The following table summarizes cash from borrowings and cash used in repayment of borrowings for the nine months ended March 31, 2017 and 2016:

	For the nine months ended March 31,	
	2017	2016
	(in millions)	
Borrowings		
Notes due 2026 and 2046[(a)]	$ 842	$ -
Notes due 2025 and 2045	-	987
Bank loans[(b)]	37	208
Total borrowings	$ 879	$ 1,195
Repayment of borrowings		
Notes due October 2016[(a)]	$ (400)	$ -
Notes due October 2015	-	(200)
Bank loans[(b)]	(146)	(302)
Total repayment of borrowings	$ (546)	$ (502)

(a) See Note 6 – Borrowings to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the headings "Senior Notes Issued" and "Senior Notes Retired".

(b) The fiscal 2017 borrowings and repayments were related to the Yankees Entertainment and Sports Network (the "YES Network") secured revolving credit facility. The fiscal 2016 activity includes $208 million in borrowings and $269 million in repayments under the YES Network secured revolving credit facility.

Ratings of the public debt

The following table summarizes the Company's credit ratings as of March 31, 2017:

Rating Agency	Senior Debt	Outlook
Moody's	Baa1	Stable
Standard & Poor's[(a)]	BBB+	Watch negative

(a) Standard & Poor's changed the outlook of the Company's public debt from Stable to Watch negative in December 2016 following the Company's announcement of the Proposed Sky Acquisition (See Note 2 – Acquisitions, Disposals and Other Transactions to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Sky").

Revolving Credit Agreement

See Note 6 – Borrowings to the accompanying Unaudited Consolidated Financial Statements of Twenty-First Century Fox under the heading "Revolving Credit Agreement".

Bridge Credit Agreement

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

Commitments, Contingent Guarantees and Contingencies

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

Recent Accounting Pronouncements

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

Foreign Currency Exchange Rates

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

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Notional Amount (Foreign currency purchases and sales)		
Foreign currency purchases	$ 12,418	$ 152
Foreign currency sales	131	301
Aggregate notional amount	$ 12,549	$ 453
Notional Amount (Hedge type)		
Cash flow hedges	$ 179	$ 409
Economic hedges	12,370	44
Aggregate notional amount	$ 12,549	$ 453
Fair Value		
Total fair value of financial instruments with foreign currency exchange rate risk: asset (liability)	$ 24	$ (25)
Sensitivity Analysis		
Potential change in fair values resulting from a 10% adverse change in quoted foreign currency exchange rates: loss	$ (38)	$ (15)

Interest Rates

The Company's current financing arrangements and facilities include approximately $18.7 billion of outstanding fixed-rate debt and, at the Yankees Entertainment and Sports Network, approximately $1.3 billion of outstanding variable-rate bank debt, before adjustments for unamortized discount and debt issuance costs. As of March 31, 2017, the notional amount of interest rate swap contracts outstanding was $676 million and the fair value of the interest rate swap contracts outstanding was an asset of $1 million.

Fixed and variable-rate debts are impacted differently by changes in interest rates. A change in the interest rate or yield of fixed-rate debt will only impact the fair market value of such debt, while a change in the interest rate of variable-rate debt will impact interest expense, as well as the amount of cash required to service such debt. As of March 31, 2017, all of the Company's financial instruments with exposure to interest rate risk were denominated in U.S. dollars. Information on financial instruments with exposure to interest rate risk is presented below:

	As of March 31, 2017	As of June 30, 2016
	(in millions)	
Fair Value		
Total fair value of financial instruments with exposure to interest rate risk: liability[(a)]	$ (23,140)	$ (24,005)
Sensitivity Analysis		
Potential change in fair values resulting from a 10% adverse change in quoted interest rates: loss	$ (882)	$ (805)

(a) The change in the fair values of the Company’s financial instruments with exposure to interest rate risk is primarily due to the effect of changes in interest rates partially offset by higher average debt outstanding.

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 March 31, 2017	As of June 30, 2016
	(in millions)	
Fair Value		
Total fair value of common stock investments	$ 8,242	$ 7,596
Sensitivity Analysis		
Potential change in fair values resulting from a 10% adverse change in quoted market prices: loss[(a)]	$ (824)	$ (760)

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

Concentrations of Credit Risk

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

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

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

(b) Internal Control Over Financial Reporting

There has been no change in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company’s third quarter of fiscal 2017 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

Fox News Channel

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

Other

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

ITEM 1A. RISK FACTORS

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

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

Technology, particularly digital technology used in the entertainment industry, continues to evolve rapidly, leading to alternative methods for the delivery and storage of digital content. These technological advancements have driven changes in consumer behavior and have empowered consumers to seek more control over when, where and how they consume digital content. Content owners are increasingly delivering their content directly to consumers over the Internet and innovations in distribution platforms have enabled consumers to view such Internet-delivered content on televisions and portable devices. The growth of direct to consumer video offerings, including video-on-demand 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 Content, Including Its Films and Television Programming, by the Public is Difficult to Predict, Which Could Lead to Fluctuations in Revenues.

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

The 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 affiliate fees and their ability to sell national and local advertising time. The Company is dependent upon the maintenance of affiliation agreements with third party owned television stations and there can be no assurance that these affiliation agreements will be renewed in the future on terms acceptable to the Company. The loss of a significant number of these affiliation arrangements could reduce the distribution of FOX and MyNetworkTV and adversely affect the Company's ability to sell national advertising time.

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

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

In a variety of the Company's businesses, the Company and its partners engage the services of writers, directors, actors and other talent, trade employees and others who are subject to collective bargaining agreements, including employees of the Company's film and television studio operations. If the Company or its partners are unable to renew expiring collective bargaining agreements, it is possible that the affected unions could take action in the form of strikes or work stoppages. Such actions, as well as higher costs in connection with these collective bargaining agreements or a significant labor dispute, could have an adverse effect on the Company's business by causing delays in production or by reducing profit margins.

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

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

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

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

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

The Company Could Be Subject to Significant Additional Tax Liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Proposed Sky Acquisition is subject to the receipt of approval of the UK Secretary of State as a pre-condition, and the satisfaction (or waiver) of certain conditions (including the sanction of the scheme of arrangement to implement the Proposed Sky Acquisition by the High Court of Justice of England and Wales and the approval of Sky's shareholders, as well as the receipt of various other antitrust and foreign investment approvals, other regulatory consents and waivers and the scheme of arrangement becoming effective by October 15, 2018).

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

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

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

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

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

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

As of March 31, 2017, the Company's remaining buyback authorization was approximately $3.1 billion representing approximately $110 million under the fiscal 2016 authorization and $3 billion under the fiscal 2017 authorization.

The Company did not repurchase any of its Class A Common Stock or Class B Common Stock during the three months ended March 31, 2017.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

(a) Exhibits.

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 March 31, 2017 formatted in eXtensible Business Reporting Language: (i) Unaudited Consolidated Statements of Operations for the three and nine months ended March 31, 2017 and 2016; (ii) Unaudited Consolidated Statements of Comprehensive Income for the three and nine months ended March 31, 2017 and 2016; (iii) Consolidated Balance Sheets as of March 31, 2017 (unaudited) and June 30, 2016 (audited); (iv) Unaudited Consolidated Statements of Cash Flows for the nine months ended March 31, 2017 and 2016; and (v) Notes to the Unaudited Consolidated Financial Statements.*

* Filed herewith.
** Furnished herewith.

SIGNATURE

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

TWENTY-FIRST CENTURY FOX, INC.
(Registrant)

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

Date: May 10, 2017

Exhibit 12.1

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

	For the nine months ended March 31,	
	2017	**2016**
Earnings		
Income from continuing operations before income tax expense	$ 3,874	$ 3,608
Add		
Equity losses (earnings) of affiliates	57	(38)
Cash distributions received from affiliates	182	225
Fixed charges, excluding capitalized interest	969	947
Amortization of capitalized interest	19	17
Total earnings available for fixed charges	$ 5,101	$ 4,759
Fixed charges		
Interest on debt and finance lease charges	$ 909	$ 888
Capitalized interest	14	17
Interest element on rental expense	60	59
Total fixed charges	$ 983	$ 964
Ratio of earnings to fixed charges	5.2	4.9

Exhibit 31.1

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

I, James R. Murdoch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Twenty-First Century Fox, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

May 10, 2017

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

Exhibit 31.2

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

I, John P. Nallen, certify that:

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

May 10, 2017

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

Exhibit 32.1

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

In connection with the Quarterly Report of Twenty-First Century Fox, Inc. on Form 10-Q for the fiscal quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, the undersigned officers of Twenty-First Century Fox, Inc., certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

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

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

May 10, 2017

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

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